

**HARRISON COUNTY, IOWA
Independent Auditors' Report
Basic Financial Statements
and
Supplementary Information
Schedule of Findings and
Questioned Costs
June 30, 2009**

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HARRISON COUNTY, IOWA

COUNTY OFFICIALS

Name	Title	Term Expires
Gaylord Pitt	Board of Supervisors	12-31-12
Larry D. King	Board of Supervisors	12-31-10
Robert V. Smith	Board of Supervisors	12-31-10
Susan E. Bonham	County Auditor	12-31-12
Vicki Argotsinger	County Treasurer	12-31-10
Lorie A. Thompson	County Recorder	12-31-10
Patrick Sears	County Sheriff	12-31-12
Jennifer Mumm	County Attorney	12-31-10
Dennis Alvis	County Assessor	12-31-15



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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Harrison County, Iowa

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

We conducted our audits 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, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof 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 September 20, 2010 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis, OPEB schedule of funding progress, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County's financial statements as a whole. 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 therein) and expressed unqualified opinions on those financial statements.

The supplementary information including the combining nonmajor fund financial statements and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also is not a required part of the basic financial statements of Harrison County. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
September 20, 2010

**HARRISON COUNTY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

As the Board of Supervisors of Harrison County, Iowa, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- During the year, the county had governmental expenses of \$14,355,458, which was \$101,829 more than the prior year.
- The County collected \$20,355,385 in property taxes and tax credits. Of that amount, the County retained \$7,046,786 to finance County operations. This was a 12% increase from last year.
- The County received \$2,577,440 in road use tax allocation, which was \$73,026 less than last year.
- Interest on Investments during the year was \$163,130, which was down from last year's total of \$329,746.
- The County's total debt decreased by \$345,000 during the current fiscal year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE COUNTY AS A WHOLE

One of the most important questions asked about the County's finances is, "is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, 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.

These two statements report the County's net assets and changes in them. You can think of the County's net-assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However the County establishes many other funds to help it control and manage money for particular purposes.

Harrison County has two kinds of funds: Governmental funds and Fiduciary funds.

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the general fund (general basic and general supplemental), (2) the special revenue funds such as mental health, rural services, secondary roads and others, (3) the debt service fund, and (4) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

Fiduciary funds are used to report assets held in a trust or agency capacity for others and can't be used to support the government's own programs. These fiduciary funds include agency funds that account for employee health insurance, drainage districts, emergency management services and the county assessor.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes of the net assets for our activities:

	Net Assets of Governmental Activities		Net Assets of Business-Type Activities	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and Other Assets	\$18,545,746	\$ 216,652	\$ 213,203	\$ 108,334
Capital Assets	30,261,995	26,728,668	2,304,481	2,073,869
TOTAL ASSETS	48,807,741	44,941,320	2,517,684	2,182,203
Long Term Liabilities Outstanding	2,815,690	2,739,206	758,000	758,000
Other Liabilities	7,419,354	7,260,954	155,886	188,799
TOTAL LIABILITIES	10,235,044	10,000,160	913,886	946,799
Net Assets				
Invested in Capital Assets, Net of Related Debt	29,156,995	24,623,668	1,546,481	1,315,869
Restricted	1,014,788	1,063,908	-	-
Unrestricted	8,400,914	9,253,584	57,317	(80,465)
TOTAL NET ASSETS	\$38,572,697	\$34,941,160	\$1,603,798	\$1,235,404

The largest portion of the County's net assets is the Invested in Capital Assets (land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

	Changes in Net Assets of Governmental Activities		Changes in Net Assets of Business-Type Activities	
	2009	2008	2009	2008
REVENUES				
Program Revenues				
Charges for Services	\$1,404,241	\$1,365,358	\$ 30,497	\$ -
Program Revenues, Operating				
Grants & Contributions & Interest	4,089,640	3,131,038	-	-
Capital Grants & Contributions	4,490,098	4,190,114	398,251	1,102,972
General Revenues				
Property Taxes	6,192,958	5,884,505	-	-
Penalty & Interest on taxes	53,180	50,829	-	-
State Tax Credits	853,828	315,906	-	-
Local Option Sales Tax	477,574	465,664	-	-
Unrestricted Investment Earnings	163,130	329,746	-	-
Other General Revenues	487,504	2,122,829	-	-
Total Revenues	18,212,153	17,855,989	428,748	1,102,972
PROGRAM EXPENSES				
Public Safety & Legal Services	1,996,850	1,949,573	-	-
Physical Health & Social Services	1,619,174	1,674,724	-	-
Mental Health, MR & DD	1,786,275	2,022,201	-	-
County Environment & Education	1,349,009	1,189,241	-	-
Roads & Transportation	5,193,966	5,545,318	-	-
Government Services to Residents	506,573	485,152	-	-
Administration	1,809,813	1,272,609	-	-
Interest on Long Term Debt	93,798	114,811	-	-
Business-Type Activities	-	-	60,354	-
Total Expenses	14,355,458	14,253,629	60,354	-
Change in Net Assets	3,856,695	3,602,360	368,394	1,102,972
Net Assets Beginning of Year	34,941,160	31,286,228	1,235,404	-
Prior Period Adjustment	(225,158)	52,572	-	132,432
Net Assets End of Year	\$38,572,697	\$34,941,160	\$ 1,603,798	\$1,235,404

Harrison County's January 1, 2007 taxable valuation (payable in fiscal year 2008-09) was \$588,742,646, an increase of \$30,932,191 from the previous year.

Harrison County decreased its levy rate per \$1000 per taxable valuation by \$0.73016 as shown on the following chart of property tax rates from fiscal year ending June 30, 2008 to fiscal year ending June 30, 2009.

	FY09	FY08
General Basic/General Supplemental	6.80957	6.66344
MH-DD	1.56360	1.65031
Rural Basic	3.15254	3.29866
Debt Service	.39653	.41934
TOTAL	11.92224	12.65240

INDIVIDUAL MAJOR FUND ANALYSIS

Harrison County completed the year with its governmental funds reporting a combined fund balance of \$10,910,298. This is \$54,329 more than the combined fund balance of the fiscal year ending June 30, 2008.

The General fund ended the year with a fund balance of \$3,549,267, a \$28,151 increase from the FY08 fund balance.

The MH-DD fund had an ending fund balance of \$154,166. This is an increase of \$260,474 from the previous year.

The Rural Services had an ending fund balance of \$1,529,886. This is a \$22,653 increase over the FY08 fund balance.

Secondary Roads had a fiscal year ending June 30, 2009 fund balance of \$4,531,083 which was a \$179,406 decrease from FY08.

The Debt Service fund had a fiscal year ending June 30, 2009 fund balance of \$644,615. In FY08, the ending fund balance was \$819,148.

General Budgetary Highlights

The Harrison County budget was amended on May 28, 2009. The amendment included increasing the revenues by \$925,900, when broken down reflects an increase of \$802,500 for Intergovernmental revenues; \$2,000 for Use of Money & Property, and \$121,400 for Miscellaneous.

On the expense side, the amendment increases included \$20,000 under Public Safety; \$10,000 for Physical Health & Social Services; \$150,000 for MH-DD; \$17,000 for County Environment & Education; \$22,000 for Governmental Services; \$36,000 for Administration; and \$848,900 for Capital Projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Harrison County ended FY09 with approximately \$51,000,000 invested in a broad range of capital assets. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and bridges.

Depreciation expense of \$1,770,866 and the total accumulated depreciation of \$18,625,314 were reported as of June 30, 2009.

Debt

Harrison County had the following general obligation bonds outstanding as of the end of FY09.

		<u>FY09</u>	<u>FY08</u>
1996	Solid Waste Disposal	\$ -	\$ 780,000
1999	Law Enforcement Center	-	920,000
2001	Solid Waste Disposal	40,000	50,000
2003	Courthouse HVAC System	300,000	355,000
2008	USDA Sewer Revenue Note	300,000	300,000
2008	USDA Sewer Revenue Note	458,000	458,000
2009	Refinance (1999 & 1996 issuances)	1,420,000	-

The bonds for the Solid Waste Disposal are for the Harrison County Landfill Commission. They are operated under a 28E agreement among the County and all 10 cities within the County. The Harrison County Landfill Commission is responsible for their debt. However, because these notes are General Obligation debt, the County will record all debt and related payments to their annual financial report and record an offsetting receivable in the Debt Service fund.

Economic Factors and Next Year's Budgets and Rates:

Harrison County's Board of Supervisors considered many factors for the fiscal year 2010 budget. Taxable valuations were a little higher than last year's levels.

The estimated July 1, 2008 population of Harrison County was 15,328, a decrease of 338 from the 15,666 as reported on the 2000 census. Harrison County has a labor force of 7690 and an unemployment rate of 4.1% as reported on the June, 2009 monthly report by the Iowa Workforce Development.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the 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, contact the Harrison County Auditor, Harrison County, 111 North Second Ave., Logan, IA 51546.

HARRISON COUNTY, IOWA
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 8,025,777	\$ 2,131	\$ 8,027,908
Receivables			
Accounts	108,134	3,625	111,759
Property Tax			
Delinquent	14,637		14,637
Succeeding Year	6,406,660		6,406,660
Accrued Interest	11,342		11,342
Notes (Note 13)	655,000		655,000
Drainage Assessments	165,434		165,434
Due from Other Governments	426,518	207,447	633,965
Inventories	2,537,602		2,537,602
Prepaid Maintenance	28,781		28,781
Prepaid Insurance	127,025		127,025
Bond Issuance Costs	38,836		38,836
Construction in Progress (Note 7)	1,145,001		1,145,001
Land (Note 7)	2,762,305		2,762,305
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 7)	26,354,689	2,304,481	28,659,170
Total Assets	48,807,741	2,517,684	51,325,425
LIABILITIES			
Accounts Payable	743,693		743,693
Accrued Interest Payable	4,593		4,593
Salaries and Benefits Payable	129,964		129,964
Unearned Revenue	42,878		
Interfund Balances	(155,886)	155,886	-
Due to Other Governments (Note 8)	247,452		247,452
Advance from Other Funds			
Deferred Revenue:			
Succeeding Year Property Tax	6,406,660		6,406,660
Long-Term Liabilities (Note 9)			
Portion Due or Payable Within One Year			
General Obligation Bonds	430,000		430,000
Compensated Absences	121,124		121,124
Portion Due or Payable After One Year			
General Obligation Bonds	1,330,000	758,000	2,088,000
Compensated Absences	900,396		900,396
Other Postemployment Benefits Liability	34,170		34,170
Total Liabilities	10,235,044	913,886	11,148,930
NET ASSETS			
Invested in Capital Assets, Net of Related Debt (Note 7)	29,156,995	1,546,481	30,703,476
Restricted for			
Drainage Warrants	155,750		155,750
Debt Service	642,155		642,155
Conservation Land Acquisition	216,883		216,883
Unrestricted	8,400,914	57,317	8,458,231
Total Net Assets	\$ 38,572,697	\$ 1,603,798	\$ 40,176,495

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Activities
For the Year Ended June 30, 2009

	Expenses	Charges for Services	Program Revenues	
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs				
Governmental Activities				
Public Safety and Legal Services	\$ 1,996,850	\$ 138,006		
Physical Health and Social Services	1,619,174	722,583	\$ 603,833	
Mental Health	1,786,275		586,776	
County Environment and Education	1,349,009	156,993	248,540	\$ 956,107
Roads and Transportation	5,193,966	68,064	2,576,014	3,533,991
Government Services to Residents	506,573	318,595	74,477	
Administrative Services	1,809,813			
Interest on Long-Term Debt	93,798			
Total Governmental Activities	<u>14,355,458</u>	<u>1,404,241</u>	<u>4,089,640</u>	<u>4,490,098</u>
Business-Type Activity				
Waste Water	60,354	30,497		398,251
Total Business-Type Activity	<u>60,354</u>	<u>30,497</u>		<u>398,251</u>
Total Primary Government	<u>\$ 14,415,812</u>	<u>\$ 1,434,738</u>	<u>\$ 4,089,640</u>	<u>\$ 4,888,349</u>

General Revenues

Property and Other County Tax Levied for
General Purpose
Debt Service
Penalty and Interest on Property Tax
State Tax Credits
Local Option Sales Tax
Unrestricted Intergovernmental Revenue
Unrestricted Investment Earnings
Miscellaneous
Total General Revenues
Change in Net Assets
Net Assets - Beginning of Year
Prior Period Adjustment (Note 15)
Net Assets - Beginning of Year as Restated
Net Assets - End of Year

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activity	Total
\$ (1,858,844)		\$ (1,858,844)
(292,758)		(292,758)
(1,199,499)		(1,199,499)
12,631		12,631
984,103		984,103
(113,501)		(113,501)
(1,809,813)		(1,809,813)
(93,798)		(93,798)
<u>(4,371,479)</u>		<u>(4,371,479)</u>
	\$ 368,394	368,394
	<u>368,394</u>	<u>368,394</u>
<u>(4,371,479)</u>	<u>368,394</u>	<u>(4,003,085)</u>
5,967,167		5,967,167
225,791		225,791
53,180		53,180
853,828		853,828
477,574		477,574
1,207		1,207
163,130		163,130
486,297		486,297
<u>8,228,174</u>	<u>-</u>	<u>8,228,174</u>
3,856,695	368,394	4,225,089
34,941,160	1,235,404	36,176,564
(225,158)		(225,158)
<u>34,716,002</u>	<u>1,235,404</u>	<u>35,951,406</u>
<u>\$ 38,572,697</u>	<u>\$ 1,603,798</u>	<u>\$ 40,176,495</u>

HARRISON COUNTY, IOWA
Balance Sheet
Governmental Funds
June 30, 2009

	Special Revenue Funds		
	General	Rural Services	Secondary Roads
Assets			
Cash and Pooled Investments	\$ 3,234,688	\$ 1,509,298	\$ 1,871,954
Receivables			
Future Property Taxes			
Accounts	80,767		1,800
Property Tax			
Delinquent	11,869	996	
Succeeding Year	3,928,191	1,309,937	
Accrued Interest	10,910		
Notes			
Drainage Assessments			
Interfund Receivables	174,136		
Due from Other Governments	91,112	20,584	271,725
Inventories			2,537,602
Prepaid Maintenance	28,781		
Prepaid Insurance	86,409		40,616
Total Assets	7,646,863	2,840,815	4,723,697
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	83,436		107,885
Accrued Interest Payable			
Salaries and Benefits Payable	53,280		76,684
Unearned Revenue			
Interfund Payables			7,928
Due to Other Governments	21,162		117
Deferred Revenue			
Succeeding Year Property Tax	3,928,191	1,309,937	
Other	11,527	992	
Total Liabilities	4,097,596	1,310,929	192,614
Fund Balances			
Reserved for			
Inventories			2,537,602
Note Receivable			
Prepaid Maintenance	28,781		
Prepaid Insurance	86,409		40,616
Conservation Land Acquisition			
Unreserved, Reported In			
General Fund	3,434,077		
Special Revenue Funds		1,529,886	1,952,865
Debt Service Fund			
Total Fund Balances	3,549,267	1,529,886	4,531,083
Total Liabilities and Fund Balances	\$ 7,646,863	\$ 2,840,815	\$ 4,723,697

See Accompanying Notes to Financial Statements

<u>Special Revenue Funds</u>				
<u>Mental Health</u>	<u>Shadow Valley TIF</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 899,615	\$ 79,158		\$ 431,064	\$ 8,025,777
			25,567	108,134
1,384		\$ 388		14,637
888,581	42,557	237,394		6,406,660
			432	11,342
		655,000		655,000
			165,434	165,434
		4,832		178,968
			43,097	426,518
				2,537,602
				28,781
				127,025
<u>1,789,580</u>	<u>121,715</u>	<u>897,614</u>	<u>665,594</u>	<u>18,685,878</u>
520,320		75	31,977	743,693
			2,133	2,133
				129,964
			42,878	42,878
		15,154		23,082
225,174			999	247,452
888,581	42,557	237,394		6,406,660
1,339		376	165,484	179,718
<u>1,635,414</u>	<u>42,557</u>	<u>252,999</u>	<u>243,471</u>	<u>7,775,580</u>
				2,537,602
		655,000		655,000
				28,781
				127,025
			216,883	216,883
				3,434,077
154,166	79,158		205,240	3,921,315
		(10,385)		(10,385)
<u>154,166</u>	<u>79,158</u>	<u>644,615</u>	<u>422,123</u>	<u>10,910,298</u>
<u>\$ 1,789,580</u>	<u>\$ 121,715</u>	<u>\$ 897,614</u>	<u>\$ 665,594</u>	<u>\$ 18,685,878</u>

HARRISON COUNTY, IOWA
Reconciliation of The Balance Sheet of Governmental Funds
To The Statement of Net Assets
June 30, 2009

Total Governmental Fund Balances (page 13)	\$	10,910,298
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Amounts reported for governmental activities in the statement of net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.		30,261,995
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. This is current deferred revenue on delinquent property tax.		179,718
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Bond issue cost is reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		38,836
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Accrued interest payable is not due in the current period and, therefore, is not reported in the funds.		(2,460)
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The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term debt		(1,760,000)
Other Postemployment Benefits Payable		(34,170)
Compensated absences payable		(1,021,520)
		(1,021,520)

Total Net Assets - Governmental Activities (page 9)	\$	38,572,697
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HARRISON COUNTY, IOWA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue		
	General	Rural Services	Secondary Roads
Revenue			
Property and Other County Tax	\$ 3,814,299	\$ 1,234,451	
Penalty and Interest on Property Tax	53,180		
Local Option Sales Tax		119,394	\$ 358,180
Intergovernmental Revenue	803,353	62,582	2,813,322
Licenses and Permits	27,757		5,605
Charges for Services	1,272,679		62,459
Use of Money and Property Assessments	160,352		
Contributions			
Miscellaneous	187,892	2,100	265,586
Total Revenue	<u>6,319,512</u>	<u>1,418,527</u>	<u>3,505,152</u>
Expenditures			
Current			
Public Safety and Legal Services	1,907,119		
Physical Health and Social Services	1,594,322		
Mental Health			
County Environment and Education Services	959,220	210,273	
Roads and Transportation			4,523,788
Governmental Services to Residents	503,844		
Administrative Services	1,231,356	151	446,676
Debt Service			
Principal			
Interest			
Total Expenditures	<u>6,195,861</u>	<u>210,424</u>	<u>4,970,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>123,651</u>	<u>1,208,103</u>	<u>(1,465,312)</u>
Other Financing Sources (Uses)			
Proceeds From Refunding Bonds			
Payment of Refunded Bonds			
Insurance Recovery			194,504
Transfers In			1,280,950
Transfers Out	(95,500)	(1,185,450)	
Total Other Financing Sources (Uses)	<u>(95,500)</u>	<u>(1,185,450)</u>	<u>1,475,454</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	28,151	22,653	10,142
Fund Balances - Beginning of Year	<u>3,521,116</u>	<u>1,507,233</u>	<u>4,710,489</u>
(Decrease) in Reserve for Inventory			(189,548)
Fund Balances - End of Year	<u>\$ 3,549,267</u>	<u>\$ 1,529,886</u>	<u>\$ 4,531,083</u>

See Accompanying Notes to Financial Statements

Special Revenue			Other Governmental Funds	Total
Mental Health	Shadow Valley TIF	Debt Service		
\$ 872,436	\$ 41,218	\$ 225,791		\$ 6,188,195
				53,180
				477,574
1,169,238		11,739	\$ 929,594	5,789,828
				33,362
			35,741	1,370,879
			2,778	163,130
			58,057	58,057
			143,229	143,229
5,075		68,570	30,283	559,506
<u>2,046,749</u>	<u>41,218</u>	<u>306,100</u>	<u>1,199,682</u>	<u>14,836,940</u>
				1,907,119
			68	1,594,390
1,786,275				1,786,275
	25,798		1,113,741	2,309,032
				4,523,788
			3,304	507,148
			999	1,679,182
		381,859		381,859
		133,774		133,774
<u>1,786,275</u>	<u>25,798</u>	<u>515,633</u>	<u>1,118,112</u>	<u>14,822,567</u>
<u>260,474</u>	<u>15,420</u>	<u>(209,533)</u>	<u>81,570</u>	<u>14,373</u>
		1,420,000		1,420,000
		(1,385,000)		(1,385,000)
				194,504
				1,280,950
				(1,280,950)
<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>229,504</u>
260,474	15,420	(174,533)	81,570	243,877
(106,308)	63,738	819,148	340,553	10,855,969
				(189,548)
<u>\$ 154,166</u>	<u>\$ 79,158</u>	<u>\$ 644,615</u>	<u>\$ 422,123</u>	<u>\$ 10,910,298</u>

HARRISON COUNTY, IOWA
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds (page 16) \$ 54,329

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

Governmental funds report capital outlays, including infrastructure, as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the asset. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 5,149,196	
Depreciation expense	<u>(1,742,352)</u>	3,406,844

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.

Property Tax	4,763	
Drainage Assessments	<u>73,737</u>	78,500

Payment of certain expenditures are recorded in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal Payments	380,000	
Bond Refunding	1,385,000	
Compensated Absences	(35,643)	
Other Postemployment Benefits	<u>(34,170)</u>	1,695,187

Proceeds from bond issues is recorded as revenue in the governmental funds but the proceeds increases long-term liabilities in the Statement of Net Assets. Current year proceeds:

Refunding Bond Proceeds		(1,420,000)
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Unamortized bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.

33,446

Some expenses are an expenditure in the governmental funds, but the payment reduces liabilities in the Statement of Net Assets.

Interest on long-term debt		<u>8,389</u>
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Change in Net Assets of Governmental Activities (page 11) \$ 3,856,695

HARRISON COUNTY, IOWA
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Business Type Activity
	Water and Waster Water Disposal System
Assets	
Current Assets:	
Cash and Pooled Investments	\$ 2,131
Receivables	3,625
Due from Other Governments	207,447
Total Current Assets	213,203
Noncurrent Assets:	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,304,481
Total Noncurrent Assets	2,304,481
Total Assets	2,517,684
Liabilities	
Current Liabilities:	
Due to Other Funds	155,886
Total Current Liabilities	155,886
Noncurrent Liabilities:	
Bonds Payable	758,000
Total Noncurrent Liabilities	758,000
Total Liabilities	913,886
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,546,481
Unrestricted	57,317
Total Net Assets	\$ 1,603,798

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Revenue, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	<u>Business Type Activity</u>
	<u>Water and Waster Water Disposal System</u>
Operating Revenues:	
Charges for Services	\$ 30,497
Operating Expenses:	
Depreciation	28,514
Total Operating Expenses	<u>28,514</u>
Operating Income	1,983
Non-Operating Income (Expense):	
Interest Expense	(31,840)
Grant Reimbursement	398,251
Total Non-Operating Income	<u>366,411</u>
Income before Transfers	368,394
Change in Net Assets	368,394
Net Assets - Beginning of Year	<u>1,235,404</u>
Net Assets - End of Year	<u>\$ 1,603,798</u>

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

	Business Type Activity
	Water and Waster Water Disposal System
Cash Flows from Operating Activities	
Cash Received From Customers	\$ 26,872
Net Cash Provided by Operating Activities	26,872
Cash Flows from Noncapital Financing Activities	
None	
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(447,925)
Grants Received	371,178
Interest Paid on Bonds	(31,840)
Increase in Due to Other Funds	83,846
Net Cash (Used) by Related Financing Activities	(24,741)
Cash Flows from Investing Activities	
None	
Net Increase in Cash and Cash Equivalents	2,131
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	2,131
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	1,983
Depreciation	28,514
(Increase) Decrease in Accounts Receivable	(3,625)
Total Adjustments	24,889
Net Cash Provided by Operating Activities	\$ 26,872

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and Pooled Investments	
County Treasurer	\$ 1,017,148
Other County Officials	<u>56,532</u>
Receivables	
Accounts	26,515
Property Tax	
Delinquent	29,223
Succeeding Year	14,049,706
Special Assessments	20,463
Future Drainage Assessments	66,375
Due From Other Governments	228,450
Accrued Interest	470
Prepaid Insurance	8,892
Total Assets	<u><u>15,503,774</u></u>

Liabilities

Accounts Payable	170,712
Accrued Interest Payable	2,598
Salaries and Benefits Payable	10,938
Due to Other Governments	15,216,608
Compensated Absences	68,115
Trusts Payable	34,803
Total Liabilities	<u><u>\$ 15,503,774</u></u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Harrison County has included all funds, organizations, account groups, 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 Harrison 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 that 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.

Certain 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 Harrison County Board of Supervisors. These 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 transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Harrison County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Harrison County Assessor's Conference Board, Region XIII Southwest Iowa Planning Council (SWIPCO), Harrison County Emergency Management Commission, Harrison County Joint E-911 Service Board, Harrison County Landfill Commission and Multi-County 28E Agreement Regarding Juvenile Detention Center and Emergency Juvenile Services. 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 organizations and, as such, are reported in Agency Funds of the County.

B. Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government 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, reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The County's general, special revenue, debt service, and remaining nonmajor governmental funds are classified as governmental activities. The water and waste water disposal system fund is classified as the business-type activity.

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

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

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

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, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are 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.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

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

The County reports the following governmental funds and business-type activity:

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

Special Revenue

1. 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.
2. The Secondary Roads Fund is used to account for secondary road construction and maintenance.
3. 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.
4. Shadow Valley TIF is used to account for tax increments financial revenues for the Shadow Valley TIF district.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County maintains this business-type activity. The major enterprise fund is as follows:

1. The Water and Waste Disposal System Fund is used to account for the collection of fees from users to pay for the bonds that were issued to construct the water and waste disposal system for Little Sioux and River Sioux communities.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

Fiduciary Funds – The Trust and Agency Funds are used to account for assets received and held by the County in a trustee capacity or as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

1. Board of Supervisors, County Recorder, County Sheriff, Agricultural Extension, County Assessor, Schools, Area Schools, Corporations, Townships, Future Tax Payments, Auto License and Use Tax, City Special Assessment, Brucellosis and Tuberculosis Eradication, Drainage District, Emergency Management Services, Rural Tax Sale Redemption, E-911 Service Commission, Preservation Commission, Cafeteria Plan, Driver's License Trust, Future Tax Holding, Self Funded Health Insurance - To account for the collection of various revenue sources, including property taxes, auto licenses, payroll withholding, and special assessments, and the apportioning and disbursing of such funds to the applicable taxing authorities.

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. The government-wide financial statements and the proprietary funds are reported using 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 the year end.

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

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

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

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 enterprise fund are charges to customers for services. Operating expenses of the enterprise fund include costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, and Fund Equity

Cash and Temporary Investments - 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 and the Treasurer of the State of Iowa; 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.

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 taxes 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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

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

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years. The Enterprise Fund consists only of construction in progress which will begin depreciating once the assets are placed in service.

Infrastructure	\$ 50,000
Land, Buildings and Improvements	5,000
Equipment and Vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and Improvements	25 – 50
Infrastructure	10 – 65
Equipment	3 – 20
Vehicles	5 – 15

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

Trusts Payable - Trusts payable represent 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or 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, as well as delinquent property tax receivables, and other receivables not collected within sixty days after year end.

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

Compensated Absences and Related Employee Benefits – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies - (Continued)

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

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

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 amounts budgeted in the County Environment and Education and Debt Service functions.

Note 2 – Cash and Pooled Investments

The County's deposits at June 30, 2009 were entirely covered by federal depository insurance collateralized with securities or letter of credit held by the County or the County's agent in the County's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Note 3 – Pension and Retirement

Iowa Public Employees Retirement System - 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.

Plan members are required to contribute 4.10% of their annual salary and the County is required to contribute 6.35% of annual covered payroll except for certain employees in special risk occupations who contribute at an actuarially determined contribution, as does the County. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$308,368, \$278,361 and \$259,356, respectively, equal to the required contributions for each year.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 4 – Local Government Risk Pool

Harrison County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members that include various 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 and inland marine. 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 300 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 contribution to the Pool for the year ended June 30, 2009 was \$226,114.

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 official's liability risk up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 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.

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 4 – Local Government Risk Pool - (Continued)

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. 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 the employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for Workman's Compensation insurance.

Note 5 – Interfund Receivables and Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Waste Water	\$ 151,054
General Fund	Debt Service	15,154
General Fund	Secondary Roads	7,928
Debt Service Fund	Waste Water	4,832
Total		<u>\$ 178,968</u>

Note 6 – Interfund Transfers

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

<u>Transfers To</u>	<u>Transfer From</u>	<u>Amount</u>
Special Revenue - Secondary Roads	General	\$ 95,500
Secondary Roads	Special Revenue – Rural Services	1,185,450
Total Transfers		<u>\$ 1,280,950</u>

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 – Capital Assets

	Balance July 1, 2008	Additions	Deletions	Reclassifications	Balance June 30, 2009
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$1,807,501	\$ 935,222	\$ -	\$ 19,582	\$ 2,762,305
Construction in Progress	1,320,238	3,706,629	3,881,866	-	1,145,001
Total Capital Assets Not Being Depreciated	<u>3,127,739</u>	<u>4,641,851</u>	<u>3,881,866</u>	<u>19,582</u>	<u>3,907,306</u>
Capital Assets Being Depreciated:					
Buildings	4,993,252	14,976	-	349,796	5,358,024
Machinery & Equipment	7,560,505	839,967	353,309	-	8,047,163
Infrastructure	28,033,814	3,881,866	-	(369,378)	31,546,302
Total Capital Assets Being Depreciated	<u>40,587,571</u>	<u>4,736,809</u>	<u>353,309</u>	<u>(19,582)</u>	<u>44,951,489</u>
Less Accumulated Depreciation for:					
Buildings	1,528,470	143,581	-	-	1,672,051
Machinery & Equipment	3,727,345	540,375	132,194	-	4,135,526
Infrastructure	11,730,827	1,058,396	-	-	12,789,223
Total Accumulated Depreciation	<u>16,986,642</u>	<u>1,742,352</u>	<u>132,194</u>	<u>-</u>	<u>18,596,800</u>
Total Capital Assets Being Depreciated, Net	<u>23,600,929</u>	<u>2,994,457</u>	<u>221,115</u>	<u>(19,582)</u>	<u>26,354,689</u>
Governmental Activities Capital Assets, Net	<u>\$26,728,668</u>	<u>\$7,636,308</u>	<u>\$4,102,981</u>	<u>\$ -</u>	<u>\$ 30,261,995</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 2,073,869	\$ 259,126	\$2,332,995	\$ -	\$ -
Total Capital Assets Not Being Depreciated	<u>2,073,869</u>	<u>259,126</u>	<u>2,332,995</u>	<u>-</u>	<u>-</u>
Capital Assets Being Depreciated:					
Utility System	-	2,332,995	-	-	2,332,995
Total Capital Assets Being Depreciated	<u>-</u>	<u>2,332,995</u>	<u>-</u>	<u>-</u>	<u>2,332,995</u>
Less Accumulated Depreciation for:					
Utility System	-	28,514	-	-	28,514
Total Accumulated Depreciation	<u>-</u>	<u>28,514</u>	<u>-</u>	<u>-</u>	<u>28,514</u>
Total Capital Assets Being Depreciated, Net	<u>-</u>	<u>2,304,481</u>	<u>-</u>	<u>-</u>	<u>2,304,481</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,073,869</u>	<u>\$2,563,607</u>	<u>\$2,332,995</u>	<u>\$ -</u>	<u>\$ 2,304,481</u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 7 – Capital Assets (Continued)

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 89,403
Physical Health and Social Services	23,516
County Environment and Education	50,927
Roads and Transportation	1,485,660
Administration	92,846
	<u>\$ 1,742,352</u>

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 2,762,305	\$ -
Construction in Progress	1,145,001	-
Capital Assets (Net of Accumulated Depreciation)	26,354,689	2,304,481
Less: General Obligation Bonds	(1,105,000)	(758,000)
	<u>\$ 29,156,995</u>	<u>\$ 1,546,481</u>
Invested in Capital Assets, Net of Related Debt		

Note 8 – Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Governmental Funds:		
General	Services	\$ 21,162
Special Revenue		
Secondary Roads	Services	117
Mental Health	Services	225,174
Non-Major Funds	Services	999
Total for Governmental Funds		<u>\$ 247,452</u>
Agency Funds:		
Drainage Districts		\$ 263,469
Schools		9,860,620
Community Colleges		556,328
Corporations		3,277,652
Townships		261,024
Auto License and Use Tax		325,730
All Other		671,785
Total for Agency Funds		<u>\$15,216,608</u>

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 9 – Changes in Long-Term Debt

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

	Compensated Absences	Landfill GO Bonds	Geo-Thermal LEC Bonds	USDA Loans	Total
Balance Beginning of Year	\$ 634,206	\$ 830,000	\$ 1,275,000	\$ 758,000	\$ 3,497,206
Prior Period Adjustment	351,671	-	-	-	351,671
Increases	377,665	615,000	805,000	-	1,797,665
Reductions	342,022	790,000	975,000	-	2,107,022
Balance End of Year	<u>\$ 1,021,520</u>	<u>\$ 655,000</u>	<u>\$ 1,105,000</u>	<u>\$ 758,000</u>	<u>\$ 3,539,520</u>
Due in One Year	<u>\$ 121,124</u>	<u>\$ 205,000</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 551,124</u>

In July 1996, the County issued \$2,265,000 in General Obligation Solid Waste Disposal Capital Loan Notes to provide for long-term financing of Bond Anticipation Notes issued to construct facilities for the collection and disposal of solid waste.

In June 2000, the County issued \$500,000 in General Obligation Solid Waste Disposal Notes to provide long-term financing for the construction of the expansion of the Harrison County Landfill.

In May, 2002, the County issued \$100,000 in General Obligation Solid Waste Disposal Notes to finance the construction of an office building at the Harrison County Landfill. This debt will be financed by the Harrison County Landfill Commission, which executed an agreement with Harrison County to be responsible for all debt service payments. Because these notes are General Obligation debt, the County will record all debt and related payments on their annual financial report and record an offsetting receivable in the Debt Service Fund (Note 12).

In February 1999, the County issued \$1,900,000 in General Obligation Bonds to finance the construction of the new Harrison County Law Enforcement Center in Logan, Iowa. The debt matures June, 2014.

In December 2003, the County issued \$560,000 in General Obligation bonds to finance the installation of a new HVAC System in the County Courthouse. The debt matures in December 2013.

In June 2008, the County obtained a loan of \$300,000 from the United States Department of Agriculture for the construction of a new water and waste disposal system in Little Sioux and River Sioux communities. The debt has an interest rate of 4.125% and matures July 1, 2047.

In June 2008, the County obtained a loan of \$458,000 from the United States Department of Agriculture for the construction of a new water and waste disposal system in Little Sioux and River Sioux communities. The debt has an interest rate of 4.25% and matures July 1, 2047.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 9 – Changes in Long-Term Debt (Continued)

In June 2009 the County issued \$1,420,000 of General Obligation Refunding Capital Loan Notes which were used to current refund \$600,000 of the 1996 General Obligation Solid Waste Disposal Capital Loan Notes and \$785,000 of the General Obligation Bonds, Series 1999. The 2009 bonds have an average interest rate of 1.58% and the bonds being refunded had an average rate of 4%. As a result of this refunding the County will reduce its debt service payments over the next five years by \$82,248, and obtain an economic gain of \$78,755.

The annual requirements to retire general obligation bonds and USDA loans are listed below. Interest rates range from 1.10% to 5.9%.

Year Ending <u>June 30,</u>	Governmental General Obligation		Business-Type USDA Loans	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 430,000	\$ 35,984	\$ -	\$ 31,840
2011	445,000	29,908	8,439	31,486
2012	445,000	22,423	8,793	31,116
2013	215,000	13,158	9,163	30,731
2014	225,000	8,384	9,548	30,331
2015 – 2019	-	-	54,100	145,023
2020 – 2024	-	-	66,456	132,148
2025 – 2029	-	-	81,635	116,331
2030 – 2034	-	-	100,282	96,901
2035 – 2039	-	-	123,189	73,031
2040 – 2044	-	-	151,330	43,108
2045	-	-	145,065	4,658
Total	\$ 1,760,000	\$ 101,473	\$ 758,000	\$ 766,704

Bond Covenants – As a condition of the issuance of the loans from the USDA, the County was required to establish and fund various sinking and reserve accounts, per the terms of the loan agreements. As of June 30, 2009, the required amounts had not been placed in these accounts as required. Management is aware of these requirements and has requested increased charges to allow the funding of these amounts.

Note 10 - Other Postemployment Benefits (OPEB)

Harrison County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 10 - Other Postemployment Benefits (OPEB) (Continued)

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$	62,610
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		62,610
Contributions made		(28,440)
Increase in net OPEB obligation		34,170
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	34,170

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 62,610	45.40%	\$ 34,170

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$630,834, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$630,834. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,400,000 and the ratio of the UAAL to covered payroll was 14.3%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 10 - Other Postemployment Benefits (OPEB) (Continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table. Annual retirement and termination probabilities were based on 25% for actives currently electing coverage beginning at age 55 and 0% for actives currently waiving coverage.

Projected claim costs of the medical plan are \$926 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 11 – Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

Note 12 – Deficit Fund Balances

As of June 30, 2009, the following fund had a deficit fund balance in the amount shown:

Special Revenue:	
Drainage Districts	\$ 9,734

The Drainage Districts deficit will be funded through future drainage assessment and grant collections.

Note 13 – Notes Receivable

Harrison County has issued general obligation bonds for the Harrison County Landfill Commission to finance expansion and building projects. The balance of these bonds is \$655,000 at June 30, 2009. The landfill reimburses the County for the bond and interest payments, with the interest ranging from 1.1% to 5.9%, see Note 9.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 13 – Notes Receivable (Continued)

The bond payments constitute a receivable to the County and are recorded in the debt service fund. The future principal payments are listed below.

Year Ending <u>June 30,</u>	Loan Principal
2010	205,000
2011	220,000
2012	<u>230,000</u>
Total	\$ <u>655,000</u>

Note 14 – Local Government Guarantee

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

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and postclosure costs to the Commission have been estimated at \$1,359,383 and \$953,114 as of June 30, 2009.

The Commission has begun to accumulate resources to fund these closure costs, and at June 30, 2009 deposits of \$755,937 are held for these purposes. Since the commission is anticipated to accumulate the full amount of funds required for closure and postclosure during the life of the landfill, no liability has been recognized on the County's financial statements.

The County has provided a Local Government Guarantee for the closure and postclosure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation equals \$2,312,497 as of June 30, 2009.

Note 15 – Prior Period Adjustments

Accrued Absences – It was determined a prior period adjustment was necessary to record the June 30, 2008 balance of sick leave hours accrued by applicable secondary roads employees whom meet certain age and accrued hour requirements and may convert those hours to be used to fund insurance premiums after retirement. This amount had not been previously recorded.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2009

Note 15 – Prior Period Adjustments (Continued)

Capitalized Assets – A prior period adjustment was necessary to increase the Construction in Progress balance at June 30, 2008 to include project costs which were improperly expensed in the prior year.

	<u>Governmental Activities</u>
Net Assets at June 30, 2008	\$ 34,941,160
Accrued Absences Adjustment	(351,671)
Capitalized Assets Adjustment	<u>126,513</u>
Restated, Net Assets at June 30, 2008	<u>\$ 34,716,002</u>

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in
Balances - Budget and Actual (Cash Basis) - Governmental Funds and Business-Type Activities
Required Supplementary Information
For the Year Ended June 30, 2009

	Governmental Funds Actual	Business-Type Activities Actual	Total Actual
Receipts			
Property and Other County Tax	\$ 6,674,033		\$ 6,674,033
Interest and Penalty on Property Tax	53,119		53,119
Intergovernmental	6,640,458	\$ 371,180	7,011,638
Licenses and Permits	20,758		20,758
Charges for Service	482,838	26,872	509,710
Use of Money and Property	325,841		325,841
Miscellaneous	903,501		903,501
Total Receipts	<u>15,100,548</u>	<u>398,052</u>	<u>15,498,600</u>
Disbursements			
Public Safety and Legal Services	1,909,155		1,909,155
Physical Health and Social Services	1,588,167		1,588,167
Mental Health	1,568,551		1,568,551
County Environment and Education	1,072,029		1,072,029
Roads and Transportation	4,584,802		4,584,802
Government Services to Residents	507,448		507,448
Administrative Services	1,213,306		1,213,306
Debt Service	480,558	31,840	512,398
Capital Projects	1,675,991	447,927	2,123,918
Total Disbursements	<u>14,600,007</u>	<u>479,767</u>	<u>15,079,774</u>
Excess (Deficiency) of Receipts			
Over Disbursements	500,541	(81,715)	418,826
Insurance Recovery			
Insurance Recovery	194,504		194,504
Payment of Refunded Bonds	(1,385,000)		(1,385,000)
Proceeds From Refunding Bonds	1,420,000		1,420,000
Excess (Deficiency) of Receipts and Other			
Financing Sources Over Disbursements and Loan Proceeds	730,045	(81,715)	648,330
Balance Beginning of Year			
	<u>7,451,618</u>	<u>(72,040)</u>	<u>7,379,578</u>
Balance End of Year			
	<u>\$ 8,181,663</u>	<u>\$ (153,755)</u>	<u>\$ 8,027,908</u>

Budgeted Amounts		Final to Actual Variance - Positive (Negative)
Original	Final	
\$ 6,586,940	\$ 6,586,940	\$ 87,093
-	-	53,119
5,918,561	6,721,061	290,577
30,450	30,450	(9,692)
487,825	487,825	21,885
340,570	342,570	(16,729)
1,824,485	1,945,885	(1,042,384)
<u>15,188,831</u>	<u>16,114,731</u>	<u>(616,131)</u>
1,984,350	2,004,350	95,195
1,950,844	1,960,844	372,677
1,787,907	1,937,907	369,356
857,854	874,854	(197,175)
5,277,500	5,277,500	692,698
505,037	527,037	19,589
1,256,022	1,292,022	78,716
479,574	479,574	(32,824)
2,581,900	3,430,800	1,306,882
<u>16,680,988</u>	<u>17,784,888</u>	<u>2,705,114</u>
(1,492,157)	(1,670,157)	2,170,698
		194,504
		(1,385,000)
		<u>1,420,000</u>
(1,492,157)	(1,670,157)	2,400,202
<u>7,379,578</u>	<u>7,379,578</u>	<u>-</u>
<u>\$ 5,887,421</u>	<u>\$ 5,709,421</u>	<u>\$ -</u>

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
For the Year Ended June 30, 2009

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 15,100,548	\$ (263,608)	\$ 14,836,940
Expenditures	14,600,007	222,560	14,822,567
Net	500,541	(486,168)	14,373
Insurance Recovery	194,504		194,504
Payment of Refunded Bonds	(1,385,000)		(1,385,000)
Proceeds From Refunding Bonds	1,420,000		1,420,000
Beginning Fund Balances	7,451,618	3,404,351	10,855,969
Increase in Reserve for Inventories		(189,548)	(189,548)
Ending Fund Balances	<u>\$ 8,181,663</u>	<u>\$ 2,728,635</u>	<u>\$ 10,910,298</u>

Business-Type Activity

<u>Cash</u> <u>Basis</u>	<u>Accrual</u> <u>Adjustments</u>	<u>Accrual</u> <u>Basis</u>
\$ 398,052	\$ (31,641)	\$ 366,411
479,767	(451,253)	28,514
<u>(81,715)</u>	<u>419,612</u>	<u>337,897</u>
		-
		-
		-
(72,040)	1,307,444	1,235,404
		-
<u>\$ (153,755)</u>	<u>\$ 1,727,056</u>	<u>\$ 1,573,301</u>

HARRISON COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2009

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$1,103,900. This budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the County Environment and Education and Debt Service functions. The County budgeted the sewer project in the Capital Projects Governmental Fund, however, it was later determined it should have been budgeted as a Business-Type Activity.

HARRISON COUNTY
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$ 630,834	\$ 630,834	0.00%	\$ 4,400,000	14.30 %

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

HARRISON COUNTY, IOWA
Combining Balance Sheet
Governmental Nonmajor Funds
June 30, 2009

	Special Revenue Funds			
	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
Assets				
Cash and Pooled Investments	\$ -	\$ 84,311	\$ 7,006	\$ 2,344
Receivables				
Accounts			277	
Accrued Interest		310	23	
Drainage Assessments				
Due from Other Governments				
Total Assets	<u>-</u>	<u>84,621</u>	<u>7,306</u>	<u>2,344</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable				
Accrued Interest Payable				
Due to Other Governmental Agencies				
Deferred Revenue				
Unearned Revenue				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity				
Fund Balances				
Reserved for				
Conservation Land Acquisition				
Unreserved	-	84,621	7,306	2,344
Total Fund Equity	<u>-</u>	<u>84,621</u>	<u>7,306</u>	<u>2,344</u>
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 84,621</u>	<u>\$ 7,306</u>	<u>\$ 2,344</u>

Special Revenue Funds						
Supplemental Environmental	Conservation Easement Monitor	Sheriff's Seizure Fund	Flood and Erosion	Drug Search and Seizures	Sheriff's K-9	Sheriff's Officer Memorial
\$ 329	\$ 35,619	\$ 1,600	\$ 68,372	\$ 15,849	\$ 118	\$ 601
1	98					
<u>330</u>	<u>35,717</u>	<u>1,600</u>	<u>68,372</u>	<u>15,849</u>	<u>118</u>	<u>601</u>
			885			
				999		
<u>-</u>	<u>-</u>	<u>-</u>	<u>885</u>	<u>999</u>	<u>-</u>	<u>-</u>
330	35,717	1,600	67,487	14,850	118	601
330	35,717	1,600	67,487	14,850	118	601
<u>\$ 330</u>	<u>\$ 35,717</u>	<u>\$ 1,600</u>	<u>\$ 68,372</u>	<u>\$ 15,849</u>	<u>\$ 118</u>	<u>\$ 601</u>

(Continued)

HARRISON COUNTY, IOWA
Combining Balance Sheet - (Continued)
Governmental Nonmajor Funds
June 30, 2009

Schedule 1

	<u>Special Revenue Funds</u>		
	<u>Drainage Districts</u>	<u>Conservation Land Acquisition Trust</u>	<u>Total Governmental Nonmajor Funds</u>
Assets			
Cash and Pooled Investments	\$ 33,192	\$ 181,723	\$ 431,064
Receivables			
Accounts	50	25,240	25,567
Accrued Interest Receivable			432
Drainage Assessments	165,434		165,434
Due from Other Governments	32,734	10,363	43,097
Total Assets	<u>231,410</u>	<u>217,326</u>	<u>665,594</u>
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	30,649	443	31,977
Accrued Interest Payable	2,133		2,133
Due to Other Governmental Agencies			999
Deferred Revenue	165,484		165,484
Unearned Revenue	42,878		42,878
Total Liabilities	<u>241,144</u>	<u>443</u>	<u>243,471</u>
Fund Equity			
Fund Balances			
Reserved for			
Conservation Land Acquisition		216,883	216,883
Unreserved	(9,734)		205,240
Total Fund Equity	<u>(9,734)</u>	<u>216,883</u>	<u>422,123</u>
Total Liabilities and Fund Equity	<u>\$ 231,410</u>	<u>\$ 217,326</u>	<u>\$ 665,594</u>

HARRISON COUNTY, IOWA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Nonmajor Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			
	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
Revenues				
Intergovernmental Revenue		\$ 17,128		
Charges for Services			\$ 3,185	
Use of Money and Property	\$ -	850	71	
Contributions				
Assessments				
Miscellaneous				
Total Revenues	-	17,978	3,256	-
Expenditures				
Current				
Physical Health and Social Services	68			
County Environment and Education Services		-		
Governmental Services to Residents			3,304	
Administrative Services				
Total Expenditures	68	-	3,304	-
Excess (Deficiency) of Revenues Over Expenditures	(68)	17,978	(48)	-
Fund Balances - Beginning of Year	68	66,643	7,354	\$ 2,344
Fund Balances (Deficits) - End of Year	\$ -	\$ 84,621	\$ 7,306	\$ 2,344

Special Revenue Funds						
Supplemental Environmental	Conservation Easement Monitor	Sheriff's Seizure Fund	Flood and Erosion	Drug Search and Seizures	Sheriff's K-9	Sheriff's Officer Memorial
				\$ 5,995		
\$ 3	\$ 10,280		\$ 20,000	-		
3	10,280	-	20,000	5,995	-	-
			20,450			
				999		
-	-	-	20,450	999	-	-
3	10,280	-	(450)	4,996	-	-
327	25,437	\$ 1,600	67,937	9,854	\$ 118	\$ 601
<u>\$ 330</u>	<u>\$ 35,717</u>	<u>\$ 1,600</u>	<u>\$ 67,487</u>	<u>\$ 14,850</u>	<u>\$ 118</u>	<u>\$ 601</u>

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - (Continued)
Governmental Nonmajor Funds
For the Year Ended June 30, 2009

Schedule 2

	Special Revenue Funds (Continued)		
	Drainage Districts	Conservation Land Acquisition Trust	Total Governmental Nonmajor Funds
Revenues			
Intergovernmental Revenue	\$ 99,588	\$ 812,878	\$ 929,594
Charges for Services		26,561	35,741
Use of Money and Property		1,857	2,778
Contributions		143,229	143,229
Assessments	58,057		58,057
Miscellaneous	-	-	30,283
Total Revenues	<u>157,645</u>	<u>984,525</u>	<u>1,199,682</u>
Expenditures			
Current			
Physical Health and Social Services			68
County Environment and Education Services	228,432	864,859	1,113,741
Governmental Services to Residents			3,304
Administrative Services			999
Total Expenditures	<u>228,432</u>	<u>864,859</u>	<u>1,118,112</u>
Excess (Deficiency) of Revenues Over Expenditures	(70,787)	119,666	81,570
Fund Balances - Beginning of Year	61,053	97,217	340,553
Fund Balances (Deficits) - End of Year	<u>\$ (9,734)</u>	<u>\$ 216,883</u>	<u>\$ 422,123</u>

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities
June 30, 2009

	Agency Funds				
	County Offices				
	Welcome Center	County Recorder	County Sheriff	Agricultural Extension	County Assessor
Assets					
Cash and Pooled Investments					
County Treasurer		\$ 1,028		\$ 7,160	\$ 33,616
Other County Officials	\$ 1,277	20,452	\$ 34,803		
Receivables					
Accounts		625			
Property Tax					
Delinquent				276	318
Succeeding Year				177,340	205,082
Special Assessments					
Drainage Assessments					
Succeeding Year					
Prepaid Insurance					3,064
Total Assets	<u>1,277</u>	<u>22,105</u>	<u>34,803</u>	<u>184,776</u>	<u>242,080</u>
Liabilities					
Accounts Payable					584
Accrued Interest Payable					
Salaries and Benefits Payable					1,328
Compensated Absences					26,844
Due to Other Governments	1,277	22,105		184,776	213,324
Trusts Payable			34,803		
Total Liabilities	<u>\$ 1,277</u>	<u>\$ 22,105</u>	<u>\$ 34,803</u>	<u>\$ 184,776</u>	<u>\$ 242,080</u>

				Agency Funds		
Schools	Area Schools	Corporations	Townships	Future Tax Payments	Preservation Commission	Auto License and Use Tax
\$ 174,464	\$ 8,944	\$ 73,792	\$ 4,286	\$ 2,873	\$ 400	\$ 325,730
15,217	851	12,365	194			
9,670,939	546,533	3,191,495	256,544			
<u>9,860,620</u>	<u>556,328</u>	<u>3,277,652</u>	<u>261,024</u>	<u>2,873</u>	<u>400</u>	<u>325,730</u>
9,860,620	556,328	3,277,652	261,024	2,873	400	325,730
<u>\$ 9,860,620</u>	<u>\$ 556,328</u>	<u>\$ 3,277,652</u>	<u>\$ 261,024</u>	<u>\$ 2,873</u>	<u>\$ 400</u>	<u>\$ 325,730</u>

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities - Continued
June 30, 2009

	Agency Funds				
	City Special Assessments	Drainage Districts	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Tax Redemption Trust
Assets					
Cash and Pooled Investments					
County Treasurer	\$ 3,388	\$ 140,239	\$ 978	\$ 102,357	\$ 13,274
Other County Officials					
Receivables					
Accounts		75			
Interest					
Property Tax					
Delinquent			2		
Succeeding Year			1,773		
Special Assessments	20,463				
Due From Other Governments		198,150			
Drainage Assessments					
Succeeding Year		66,375			
Prepaid Insurance				5,828	
Total Assets	<u>23,851</u>	<u>404,839</u>	<u>2,753</u>	<u>108,185</u>	<u>13,274</u>
Liabilities					
Accounts Payable		138,772		1,154	
Accrued Interest Payable		2,598			
Salaries and Benefits Payable				9,610	
Compensated Absences				41,271	
Due to Other Governments	23,851	263,469	2,753	56,150	13,274
Trusts Payable					
Total Liabilities	<u>\$ 23,851</u>	<u>\$ 404,839</u>	<u>\$ 2,753</u>	<u>\$ 108,185</u>	<u>\$ 13,274</u>

Agency Funds				
<u>E-911 Service Commission</u>	<u>Cafeteria Plan</u>	<u>Tri-County Willow Watershed</u>	<u>Mailing Fees/Refunds</u>	<u>Total</u>
\$ 104,870	\$ 8,249	\$ 11,500	\$ -	1,017,148
				56,532
18,751			7,064	26,515
470				470
				29,223
				14,049,706
				20,463
30,300				228,450
				66,375
				8,892
<u>154,391</u>	<u>8,249</u>	<u>11,500</u>	<u>7,064</u>	<u>15,503,774</u>
26,539	3,663			170,712
				2,598
				10,938
127,852	4,586	11,500	7,064	68,115
				15,216,608
				34,803
<u>\$ 154,391</u>	<u>\$ 8,249</u>	<u>\$ 11,500</u>	<u>\$ 7,064</u>	<u>\$ 15,503,774</u>

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 Agency Funds
 Year Ended June 30, 2009

	Balance June 30, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
Welcome Center				
<i>Assets</i>				
Cash and Pooled Investments	\$ 1,277	\$ -	\$ -	\$ 1,277
Total Assets	<u>1,277</u>	<u>-</u>	<u>-</u>	<u>1,277</u>
<i>Liabilities</i>				
Due to Other Governments	1,277	-	-	1,277
Total Liabilities	<u>1,277</u>	<u>-</u>	<u>-</u>	<u>1,277</u>
County Recorder				
<i>Assets</i>				
Cash and Pooled Investments	19,985	223,557	222,062	21,480
Accounts Receivable	640	625	640	625
Total Assets	<u>20,625</u>	<u>224,182</u>	<u>222,702</u>	<u>22,105</u>
<i>Liabilities</i>				
Due to Other Governments	20,625	224,182	222,702	22,105
Total Liabilities	<u>20,625</u>	<u>224,182</u>	<u>222,702</u>	<u>22,105</u>
County Sheriff				
<i>Assets</i>				
Cash and Pooled Investments	19,888	318,449	303,534	34,803
Total Assets	<u>19,888</u>	<u>318,449</u>	<u>303,534</u>	<u>34,803</u>
<i>Liabilities</i>				
Trusts Payable	19,888	318,449	303,534	34,803
Total Liabilities	<u>19,888</u>	<u>318,449</u>	<u>303,534</u>	<u>34,803</u>
Agricultural Extension Education				
<i>Assets</i>				
Cash and Pooled Investments	6,331	176,880	176,051	7,160
Property Tax Receivable	182	276	182	276
Future Property Tax Receivable	171,526	177,340	171,526	177,340
Total Assets	<u>178,039</u>	<u>354,496</u>	<u>347,759</u>	<u>184,776</u>
<i>Liabilities</i>				
Due to Other Governments	178,039	354,496	347,759	184,776
Total Liabilities	<u>178,039</u>	<u>354,496</u>	<u>347,759</u>	<u>184,776</u>
County Assessor				
<i>Assets</i>				
Cash and Pooled Investments	55,119	176,043	197,546	33,616
Property Tax Receivable	183	318	183	318
Future Property Tax Receivable	170,691	205,082	170,691	205,082
Prepaid Insurance	2,903	3,064	2,903	3,064
Total Assets	<u>228,896</u>	<u>384,507</u>	<u>371,323</u>	<u>242,080</u>
<i>Liabilities</i>				
Accounts Payable	318	584	318	584
Salaries and Benefits Payable	-	1,328	-	1,328
Compensated Absences	-	26,844	-	26,844
Due to Other Governments	228,578	355,751	371,005	213,324
Total Liabilities	<u>\$ 228,896</u>	<u>\$ 384,507</u>	<u>\$ 371,323</u>	<u>\$ 242,080</u>

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2009

	Balance June 30, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
Schools				
<i>Assets</i>				
Cash and Pooled Investments	\$ 130,258	\$ 9,609,658	\$ 9,565,452	\$ 174,464
Property Tax Receivable	9,954	15,217	9,954	15,217
Future Property Tax Receivable	9,321,676	9,670,939	9,321,676	9,670,939
Total Assets	<u>9,461,888</u>	<u>19,295,814</u>	<u>18,897,082</u>	<u>9,860,620</u>
<i>Liabilities</i>				
Due to Other Governments	9,461,888	19,295,814	18,897,082	9,860,620
Total Liabilities	<u>9,461,888</u>	<u>19,295,814</u>	<u>18,897,082</u>	<u>9,860,620</u>
Area Schools				
<i>Assets</i>				
Cash and Pooled Investments	6,912	489,209	487,177	8,944
Property Tax Receivable	505	851	505	851
Future Property Tax Receivable	474,389	546,533	474,389	546,533
Total Assets	<u>481,806</u>	<u>1,036,593</u>	<u>962,071</u>	<u>556,328</u>
<i>Liabilities</i>				
Due to Other Governments	481,806	1,036,593	962,071	556,328
Total Liabilities	<u>481,806</u>	<u>1,036,593</u>	<u>962,071</u>	<u>556,328</u>
Corporations				
<i>Assets</i>				
Cash and Pooled Investments	53,978	3,157,973	3,138,159	73,792
Property Tax Receivable	4,999	12,365	4,999	12,365
Future Property Tax Receivable	3,092,806	3,191,495	3,092,806	3,191,495
Total Assets	<u>3,151,783</u>	<u>6,361,833</u>	<u>6,235,964</u>	<u>3,277,652</u>
<i>Liabilities</i>				
Due to Other Governments	3,151,783	6,361,833	6,235,964	3,277,652
Total Liabilities	<u>3,151,783</u>	<u>6,361,833</u>	<u>6,235,964</u>	<u>3,277,652</u>
Townships				
<i>Assets</i>				
Cash and Pooled Investments	2,904	250,244	248,862	4,286
Property Tax Receivable	143	194	143	194
Future Property Tax Receivable	241,663	256,544	241,663	256,544
Total Assets	<u>244,710</u>	<u>506,982</u>	<u>490,668</u>	<u>261,024</u>
<i>Liabilities</i>				
Due to Other Governments	244,710	506,982	490,668	261,024
Total Liabilities	<u>\$ 244,710</u>	<u>\$ 506,982</u>	<u>\$ 490,668</u>	<u>\$ 261,024</u>

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2009

	Balance June 30, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
City Special Assessments				
<i>Assets</i>				
Cash and Pooled Investments	\$ 2,484	\$ 8,142	\$ 7,238	\$ 3,388
Assessments Receivable	11,369	20,463	11,369	20,463
Total Assets	<u>13,853</u>	<u>28,605</u>	<u>18,607</u>	<u>23,851</u>
<i>Liabilities</i>				
Due to Other Governments	13,853	28,605	18,607	23,851
Total Liabilities	<u>13,853</u>	<u>28,605</u>	<u>18,607</u>	<u>23,851</u>
Auto License and Use Tax				
<i>Assets</i>				
Cash and Pooled Investments	283,079	3,705,226	3,662,575	325,730
Total Assets	<u>283,079</u>	<u>3,705,226</u>	<u>3,662,575</u>	<u>325,730</u>
<i>Liabilities</i>				
Due to Other Governments	283,079	3,705,226	3,662,575	325,730
Total Liabilities	<u>283,079</u>	<u>3,705,226</u>	<u>3,662,575</u>	<u>325,730</u>
Future Tax Payments				
<i>Assets</i>				
Cash and Pooled Investments	919	1,965	11	2,873
Total Assets	<u>919</u>	<u>1,965</u>	<u>11</u>	<u>2,873</u>
<i>Liabilities</i>				
Due to Other Governments	919	1,965	11	2,873
Total Liabilities	<u>919</u>	<u>1,965</u>	<u>11</u>	<u>2,873</u>
Brucellosis and Tuberculosis Eradication				
<i>Assets</i>				
Cash and Pooled Investments	937	2,054	2,013	978
Property Tax Receivable	2	2	2	2
Future Property Tax	2,001	1,773	2,001	1,773
Total Assets	<u>2,940</u>	<u>3,829</u>	<u>4,016</u>	<u>2,753</u>
<i>Liabilities</i>				
Due to Other Governments	2,940	3,829	4,016	2,753
Total Liabilities	<u>\$ 2,940</u>	<u>\$ 3,829</u>	<u>\$ 4,016</u>	<u>\$ 2,753</u>

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2009

	Balance June 30, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
Preservation Commission				
<i>Assets</i>				
Cash and Pooled Investments	\$ 400	\$ -	\$ -	\$ 400
Total Assets	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
<i>Liabilities</i>				
Due to Other Governments	400	-	-	400
Total Liabilities	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>
E-911				
<i>Assets</i>				
Cash and Pooled Investments	133,826	139,308	168,264	104,870
Accounts Receivable	23,954	18,751	23,954	18,751
Accrued Interest	-	470	-	470
Due from Other Governments	-	30,300	-	30,300
Total Assets	<u>157,780</u>	<u>188,829</u>	<u>192,218</u>	<u>154,391</u>
<i>Liabilities</i>				
Accounts Payable	5,929	26,539	5,929	26,539
Due to Other Governments	151,851	162,290	186,289	127,852
Total Liabilities	<u>157,780</u>	<u>188,829</u>	<u>192,218</u>	<u>154,391</u>
Cafeteria Plan				
<i>Assets</i>				
Cash and Pooled Investments	10,252	30,700	32,703	8,249
Total Assets	<u>10,252</u>	<u>30,700</u>	<u>32,703</u>	<u>8,249</u>
<i>Liabilities</i>				
Due to Other Governments	3,124	27,037	25,575	4,586
Accounts Payable	7,128	3,663	7,128	3,663
Total Liabilities	<u>10,252</u>	<u>30,700</u>	<u>32,703</u>	<u>8,249</u>
Emergency Management Services				
<i>Assets</i>				
Cash	56,628	465,611	419,882	102,357
Prepaid Insurance	-	5,828	-	5,828
Total Assets	<u>56,628</u>	<u>471,439</u>	<u>419,882</u>	<u>108,185</u>
<i>Liabilities</i>				
Due to Other Governments	48,029	419,404	411,283	56,150
Accounts Payable	1,537	1,154	1,537	1,154
Salaries and Benefits Payable	7,062	9,610	7,062	9,610
Compensated Absences	-	41,271	-	41,271
Total Liabilities	<u>\$ 56,628</u>	<u>\$ 471,439</u>	<u>\$ 419,882</u>	<u>\$ 108,185</u>

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2009

	Balance July 1, 2008	Addi- tions	Deduc- tions	Balance June 30, 2009
Drainage Districts				
Assets				
Cash and Pooled Investments	\$ 349,268	\$ 1,903,847	\$ 2,112,876	\$ 140,239
Accounts Receivable	41	75	41	75
Due From Other Governments	-	198,150	-	198,150
Assessments	294,912	66,375	294,912	66,375
Total Assets	<u>644,221</u>	<u>2,168,447</u>	<u>2,407,829</u>	<u>404,839</u>
Liabilities				
Accounts Payable	153,054	138,772	153,054	138,772
Accrued Interest Payable	1,174	2,598	1,174	2,598
Due to Other Governments	489,993	2,027,077	2,253,601	263,469
Total Liabilities	<u>644,221</u>	<u>2,168,447</u>	<u>2,407,829</u>	<u>404,839</u>
Tax Redemption Trust				
Assets				
Cash and Pooled Investments	22,757	233,763	243,246	13,274
Total Assets	<u>22,757</u>	<u>233,763</u>	<u>243,246</u>	<u>13,274</u>
Liabilities				
Due to Other Governments	22,757	233,763	243,246	13,274
Total Liabilities	<u>22,757</u>	<u>233,763</u>	<u>243,246</u>	<u>13,274</u>
Tri-County Willow Watershed				
Assets				
Cash and Pooled Investments	-	18,500	7,000	11,500
Total Assets	<u>-</u>	<u>18,500</u>	<u>7,000</u>	<u>11,500</u>
Liabilities				
Due to Other Governments	-	18,500	7,000	11,500
Total Liabilities	<u>-</u>	<u>18,500</u>	<u>7,000</u>	<u>11,500</u>
Mailing Fees/Refunds				
Assets				
Accounts Receivable	-	37,396	30,332	7,064
Total Assets	<u>-</u>	<u>37,396</u>	<u>30,332</u>	<u>7,064</u>
Liabilities				
Due to Other Governments	-	37,396	30,332	7,064
Total Liabilities	<u>-</u>	<u>37,396</u>	<u>30,332</u>	<u>7,064</u>
Total All Agency Funds				
Assets				
Cash and Pooled Investments	1,157,202	20,911,129	20,994,651	1,073,680
Receivables:				
Property Tax	15,968	29,223	15,968	29,223
Future Property Tax	13,474,752	14,049,706	13,474,752	14,049,706
Accounts	24,635	56,847	54,967	26,515
Assessments	306,281	86,838	306,281	86,838
Prepaid Insurance	2,903	8,892	2,903	8,892
Accrued Interest	-	470	-	470
Due from Other Governments	-	228,450	-	228,450
Total Assets	<u>14,981,741</u>	<u>35,371,555</u>	<u>34,849,522</u>	<u>15,503,774</u>
Liabilities				
Accounts Payable	167,966	170,712	167,966	170,712
Accrued Interest Payable	1,174	2,598	1,174	2,598
Due to Other Governments	14,785,651	34,800,743	34,369,786	15,216,608
Compensated Absences	-	68,115	-	68,115
Trusts Payable	19,888	318,449	303,534	34,803
Salaries and Benefits Payable	7,062	10,938	7,062	10,938
Total Liabilities	<u>\$ 14,981,741</u>	<u>\$ 35,371,555</u>	<u>\$ 34,849,522</u>	<u>\$ 15,503,774</u>

HARRISON COUNTY, IOWA
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Fund Types
For The Last Four Years

	Modified Accrual Basis			
	2009	2008	2007	2006
Revenues				
Property and Other County Tax	\$ 6,188,195	\$ 5,875,034	\$ 5,729,568	\$ 5,336,897
Interest and Penalty on Property Tax	53,180	50,829	57,510	59,258
Local Option Sales Tax	477,574	465,664	425,289	462,321
Intergovernmental	5,789,828	5,194,003	4,776,739	4,677,346
Licenses and Permits	33,362	23,574	23,574	22,645
Charges for Service	1,370,879	1,345,927	1,422,647	1,349,341
Use of Money and Property	163,130	329,746	387,284	317,305
Assessments	58,057	-	-	-
Contributions	143,229	-	-	-
Miscellaneous	559,506	814,032	798,075	867,002
Total Revenues	<u>14,836,940</u>	<u>14,098,809</u>	<u>13,620,686</u>	<u>13,092,115</u>
Expenditures				
Current				
Public Safety and Legal Services	1,907,119	1,865,471	1,782,628	1,749,112
Physical Health and Social Services	1,594,390	1,711,280	1,448,676	1,382,657
Mental Health	1,786,275	2,022,201	1,801,955	1,518,473
County Environment and Education Services	2,309,032	1,196,058	1,294,395	1,002,246
Roads and Transportation	4,523,788	5,065,406	5,246,078	5,244,431
Government Services to Residents	507,148	484,491	431,554	559,230
Administrative Services	1,679,182	1,292,617	1,288,661	1,086,407
Debt Service	515,633	480,546	567,026	564,952
Capital Projects	-	-	185,004	59,645
Total Expenditures	<u>\$ 14,822,567</u>	<u>\$ 14,118,070</u>	<u>\$ 14,045,977</u>	<u>\$ 13,167,153</u>

HARRISON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

	<u>CFDA Number</u>	<u>Program Expenditures</u>
Direct		
U.S. DEPARTMENT OF AGRICULTURE		
Wetlands Reserve Program	10.072	\$ 125,294
Water and Waste Water Disposal System Grant	10.760	415,398
Total Direct		<u>540,692</u>
Indirect		
DEPARTMENT OF AGRICULTURE		
Iowa Department of Human Services:		
State Administrative Matching Grants for Food Stamp Program	10.561	13,119
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Iowa Department of Human Services:		
Promoting Safe and Stable Families	93.556	9,725
Temporary Assistance for Needy Families	93.558	12,173
Child Support Enforcement	93.563	101
Refugee and Entrant Assistance- State Administered Programs	93.566	22
Child Care and Development Fund	93.596	3,444
Foster Care - Title IV-E	93.658	7,345
Adoption Assistance	93.659	1,769
Social Services Block Grant	93.667	68,615
State Children's Insurance Program	93.767	101
Medical Assistance Program	93.778	16,028
Iowa Department of Public Health:		
Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.556	1,395
Immunization Grants	93.268	7,266
Public Health Emergency Preparedness	93.069	18,712
DEPARTMENT OF HOMELAND SECURITY		
Iowa Homeland Security and Emergency Management:		
Disaster Grants - Public Assistance	97.036	515,254
Disaster Grants - Public Assistance	97.036	1,570,349
DEPARTMENT OF TRANSPORTATION		
Iowa Department of Transportation:		
Highway Planning and Construction	20.205	23,659
Safety Incentive Grants for Use of Seatbelts	20.604	1,468
Safety Belt Performance Grants	20.609	3,830
Total Indirect		<u>2,274,375</u>
Total		<u>\$ 2,815,067</u>

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



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison 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 September 20, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Harrison County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Harrison County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Harrison County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of Harrison County's financial statements that is more than inconsequential will not be prevented or detected by Harrison County's internal control. We consider the deficiencies 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 that a material misstatement of the financial statements will not be prevented or detected by Harrison 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 disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09, II-B-09 and II-C-09 are material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Harrison 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 noncompliance that are required to be reported under Government Auditing Standards.

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

Harrison 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 Harrison County's responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of Harrison County, Iowa, in a separate letter dated September 20, 2010.

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

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
September 20, 2010



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

To the Board of Supervisors, Harrison County:

Compliance:

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Harrison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Harrison County's compliance with those requirements.

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

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

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

inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-09 and III-B-09 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiencies noted on the schedule of findings and questioned costs as items III-A-09 and III-B-09 are considered to be material weaknesses.

Harrison 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 Harrison 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 board of supervisors, management, employees and citizens of Harrison County and other parties to whom Harrison 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.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
September 20, 2010

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2009

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies, including material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
 - CFDA Number 97.036 – Disaster Grants – Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Harrison County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance

No matters were reported.

Significant Deficiencies

- II-A-09 Segregation of Accounting Duties – During our review of internal control, the existing procedures are evaluated in order to determine 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. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendations - We recommend that one employee be designated to open the mail and make a prelist of receipts, one employee post the receipts and the employee who opens the mail make the bank deposit.

Response - Due to the limited number of personnel in the office it is not feasible at this time to break down the segregation of duties any further.

Conclusion - We realize there are a limited number of personnel available and we agree with the County's response. Our purpose in making this observation is to remind management of the careful attention and scrutiny of the records that is necessary when a limited number of personnel are available which makes ideal controls impossible.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2009

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

II-B-09 Financial Reporting – During the audit, we identified material amounts of receivables, payables 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.

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

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

II-C-09 Information Systems – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- Password privacy and confidentiality.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring user profiles to help limit access to programs to those who have a legitimate need.

Also, the County does not have a written disaster recover plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A written disaster recover plan should be developed.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree that these policies are needed.

Conclusion – Response accepted.

Part III: Findings Related to Federal Awards

Instances of Non-Compliance
No matters were reported.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2009

Part III: Findings Related to Federal Awards (Continued)

Significant Deficiencies:

CFDA Number 97.036:
Disaster Grants – Public Assistance
Federal Award Year: 2007 and 2008
Department of Homeland Security

III-A-09- Grant Administration

Observation – The County does have an individual in place to monitor the FEMA Disaster grants received by the County, however, the system is insufficient to provide the required information necessary, on a timely basis, to reconcile the information to the County's general ledger information, nor to provide the necessary information needed to produce accurate information for the Schedule of Expenditures of Federal Awards.

Recommendation – The County should assign an individual to be responsible for the grant administration including internal accounting and external reporting to ensure timely reimbursement, reconciliation and reporting to maintain compliance with applicable laws, regulations, contracts, and grant agreements.

Response - The County understands the nature of the weakness and will strive to improve grant administration.

Conclusion – Response accepted.

III-B-09 Financial Reporting/Grant Administration

Observation – During the audit, we identified material amounts of receivables and payables not recorded in the County's financial statements as well as adjustments required for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The County understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables or adjustments to the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-09 Certified Budget - County expenditures during the fiscal year ended June 30, 2009 exceeded the amount budgeted in the County Environment and Education and Debt Service functions. Disbursements in certain departments exceeded the amounts appropriated.

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.

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

Conclusion - Response accepted.

IV-B-09 Questionable Expenses - We noted no expenditures that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-09 Travel Expense - No expenditures of County money for travel expense of spouses of County officials and/or employees were noted.

IV-D-09 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Larry Oliver, EMA Director Owner of Catering Business	Catering of Meeting Meals Performed by Larry Oliver	\$ 61
Larry Oliver, EMA Director Father of Carter Oliver	Gutter Cleaning Performed by Carter Oliver	80
Galen Mikels, Jailer Father of Evan Mikels	Miscellaneous Labor Performed by Evan Mikels	40
Kim Crispin, Dispatcher Owner of Catering Business	Catering of Meeting Meals Performed by Kim Crispin	300

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2009

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

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the County Auditor, Public Health and Maintenance employees do not appear to represent conflicts of interest since the total transaction was less than \$1,500 during the fiscal year.

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Hall, Engineer's Office Employee	Cleaning Performed by Lois Hall Husband of Lois Hall	\$ 6,240
Robert V. Smith, County Supervisor	Cleaning Husband of Cheryl Smith Performed by Cheryl Smith	2,860

The transactions with the County Supervisor and the Engineer's Office employee may represent a conflict of interest. The County should contact legal council for determination.

- IV-E-09 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions, but we suggest that the County review its coverage with the council and insurance agent.
- IV-F-09 Board Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the board. The County has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the board.
- IV-G-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 these financial statements. Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.
- IV-H-09 Resource Enhancement and Protection Certification - The County properly dedicated enough 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 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-J-09 Solid Waste Fee Retainage - There were no solid waste retainage fees used or retained during the year ended June 30, 2009.

Harrison County Auditor

Susan Bonham, Auditor

Schedule of Findings and Questioned Costs Corrective Action Plan

June 30, 2009

Department of Homeland Security

Harrison County, Iowa, respectfully submits the following corrective action plan for the year ended June 30, 2009.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2009.

The findings from the June 30, 2009 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SIGNIFICANT DEFICIENCY:

III-A-09 Grant Administration

Observation – The County does have an individual in place to monitor the FEMA Disaster grants received by the County, however, the system is insufficient to provide the required information necessary, on a timely basis, to reconcile the information to the County's general ledger information, nor to provide the necessary information needed to produce accurate information for the Schedule of Expenditures of Federal Awards.

Recommendation – The County should assign an individual to be responsible for the grant administration including internal accounting and external reporting to ensure timely reimbursement, reconciliation and reporting to maintain compliance with applicable laws, regulations, contracts, and grant agreements.

Response - The County understands the nature of the weakness and will strive to improve grant administration

III-B-09 - Financial Reporting/Grant Administration

Observation – During the audit we identified material amounts of receivables and payables not recorded in the County's financial statements as well as adjustments required for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts in the Schedule Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The County understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables or adjustments to the Schedule of Expenditures of Federal Awards.

If the Department of Homeland Security has questions regarding this plan, please call Susan Bonham at 712-644-2401

Sincerely yours,

HARRISON COUNTY, IOWA

A handwritten signature in cursive script that reads "Susan Bonham".

Susan Bonham, County Auditor

September 20, 2010

Board of Supervisors
Harrison County, Iowa
111 N. 2nd Ave.
Logan, IA

In planning and performing our audit of the financial statements of the Harrison County, Iowa as of and for the year ending June 30, 2009, we have developed the following recommendations concerning matters relating to the internal control over financial reporting, compliance and other accounting, administrative and operating matters. Our consideration of internal controls and compliance would not necessarily disclose all matters that might be significant deficiencies. None of the matters discussed below are considered to be material weaknesses in internal control or material compliance violations.

Electronic Check Images

Finding: It was noted that several offices within the County were not receiving the images of the backs of their cancelled checks as required by Iowa Code Chapter 554D.114(5).

Recommendation: The County should talk with their banks and arrange to receive and retain images of the backs of the cancelled checks whether it be a scanned image or in an electronic format.

TIF Calculation

Finding: It was discovered during the testing of TIF revenues that the distribution of TIF revenues was being incorrectly calculated. The result of this miscalculation was found to be immaterial, however should be addressed.

Recommendation: In order for the County's software to correctly calculate and distribute the TIF revenues the applicable percentages to be input as the percent to TIF must be calculated using the net taxable valuation amounts, as opposed to the 100% valuation amounts that have been used in the past.

USDA Loan Reserve Requirements

Finding: It was found that the County did not have the appropriate funds placed into reserve accounts per the loan agreements.

Recommendation: The County needs to ensure compliance with the loan agreements and begin to make appropriate deposits to the identified reserve accounts per USDA loan agreements

We would like to express our sincere appreciation for the hard work and dedication of the staff at Harrison County. A special thanks to Susan Bonham for her extra effort and continuous involvement during the audit process.

We will be pleased to discuss these comments with you and, if desired, to assist you in implementing any of the suggestions.

Sincerely,


Williams & Company, P.C.
Certified Public Accountants