

MARION COUNTY

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

JUNE 30, 2009

TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-15
BASIC FINANCIAL STATEMENTS	
Exhibit	
Government-Wide Financial Statements:	
A Statement of Net Assets	18-19
B Statement of Activities	20
Governmental Fund Financial Statements:	
C Balance Sheet	22-25
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	26
E Statement of Revenues, Expenditures and Changes in Fund Balances	28-29
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	30-31
Proprietary Fund Financial Statements:	
G Statement of Net Assets	32
H Statement of Revenues, Expenses, and Changes in Net Assets	33
I Statement of Cash Flows	34
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Assets and Liabilities – Agency Funds	35
Notes to Financial Statements	36-52
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	54
Budget to GAAP Reconciliation	55
Notes to Required Supplementary Information – Budgetary Reporting	56
Schedule of Funding Progress for the Retiree Health Plan	57
OTHER SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	60-62
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	64-66
Internal Service Funds:	
3 Combining Schedule of Net Assets	67
4 Combining Schedule of Revenues, Expenses and Changes in Net Assets	68
5 Combining Schedule of Cash Flows	69
Agency Funds:	
6 Combining Schedule of Fiduciary Assets and Liabilities	70-75
7 Combining Schedule of Changes in Fiduciary Assets and Liabilities	76-81
8 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	82
9 Schedule of Title III Activity	83
10 Schedule of Public Transportation Activity	84
11 Schedule of Revenues, Expenditures and Balances – Iowa Department of Public Health	86-87
12 Schedule of Expenditures of Federal Awards	88-90

TABLE OF CONTENTS
(continued)

	Page
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	91-92
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	93-94
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	95-101

MARION COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Howard Pothoven	Board of Supervisors	Jan. 2011
Sam Nichols	Board of Supervisors	Jan. 2009
Dwight Mater, Jr.	Board of Supervisors	Jan. 2009
Jake Grandia	County Auditor	Jan. 2009
Denise Emal	County Treasurer	Jan. 2011
Karen Schwanebeck	County Recorder	Jan. 2011
Ronald Goemaat	County Sheriff	Jan. 2009
Terry Rachels	County Attorney	Jan. 2011
Drew Sanders	County Assessor	Jan. 2010
(After January 2009)		
Howard Pothoven	Board of Supervisors	Jan. 2011
Sam Nichols	Board of Supervisors	Jan. 2013
Jim Kingery	Board of Supervisors	Jan. 2013
Jake Grandia	County Auditor	Jan. 2013
Denise Emal	County Treasurer	Jan. 2011
Karen Schwanebeck	County Recorder	Jan. 2011
Ronald Goemaat	County Sheriff	Jan. 2013
Terry Rachels	County Attorney	Jan. 2011
Drew Sanders	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Marion County:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2010 on our consideration of Marion County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 54 through 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 12, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
March 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

County governmental funds revenue increased 7.7% or \$1,470,661 from 2008 to 2009. Property and other county taxes increased approximately \$579,000.

County governmental funds expenditures increased 2%, or approximately \$380,000, from 2008 to 2009. Capital project expenditures decreased approximately \$83,400.

The County's governmental activities net assets increased 4.1%, or \$1,242,446, from 2008 to 2009.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Marion County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Marion County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marion County acts solely as an agent or custodian for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Required supplementary information provides a comparison of actual receipts and disbursements to amounts budgeted.

Other supplementary Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

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

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

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

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Mental Health, Rural Service, and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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 required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds include the County's employee group dental and vision insurance internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

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

Summary reconciliations between government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position.

The County's combined net assets increased by \$1,242,446 from FY 2008. The increase in net assets is due to a mix of factors including increased mental health funding and careful control over various expenditures. Our analysis below focuses on the net assets of the County's governmental activities.

<u>Net Assets of Governmental Activities</u>		
	<u>2008</u>	<u>2009</u>
Current and other assets	19,369,593	21,300,948
Capital assets	26,160,133	25,604,980
Total assets	<u>45,529,726</u>	<u>46,905,928</u>
Long-term liabilities	5,241,485	4,997,392
Other liabilities	9,718,706	10,096,555
Total Liabilities	<u>14,960,191</u>	<u>15,093,947</u>
Net assets:		
Invested in capital assets, net of related debt	21,250,133	20,964,980
Restricted	6,874,771	7,563,097
Unrestricted	2,444,631	3,283,904
Total net assets	<u>30,569,535</u>	<u>31,811,981</u>

The net assets of the County's governmental activities increased by 4.1%. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$2,444,631 at June 30, 2008 to \$3,283,904 at the end of this year, an increase of 34.3 percent.

This increase of \$839,273 in unrestricted net assets was a result of increased property tax revenue and intergovernmental revenue. The county decreased its investment in roadway equipment and road construction by approximately \$232,714 over the prior year. The County has adopted a five year plan to replace aging equipment and bring all County secondary roads up to the standards established by the County Planning Committee, and adopted by the County Board of Supervisors, on February 9, 2009.

Changes in Net Assets of Governmental Activities

	2008	2009	Net Change
Revenues:			
Program revenues:			
Charges for service and sales	2,318,064	1,785,535	(532,529)
Operating grants and contributions	5,867,020	7,344,482	1,477,462
Capital grants and contributions	1,424,026	1,066,754	(357,272)
General revenues:			
Property tax, state credits, penalty	8,471,939	9,161,179	689,240
Local option sales and services tax	1,185,294	1,078,216	(107,078)
Unrestricted investment earnings	365,178	155,853	(209,325)
Other general revenues (expenses)	283,134	45,961	(237,173)
Total revenues	19,914,655	20,637,980	723,325
Program expenses:			
Public safety and legal services	3,020,283	3,143,419	123,136
Physical health and social services	2,362,827	2,327,142	(35,685)
Mental health	2,877,407	2,278,823	(598,584)
County environment and education	1,278,775	1,351,184	72,409
Roads and transportation	6,981,023	7,145,645	164,622
Government services to residents	568,545	656,233	87,688
Administration or general government	2,127,953	2,298,077	170,124
Interest on long-term debt	204,134	195,011	(9,123)
Total expenses	19,420,947	19,395,534	(25,413)
Increase in net assets	493,708	1,242,446	748,738
Net assets July 1	30,075,827	30,569,535	
Net assets June 30	30,569,535	31,811,981	

The County's total government wide revenues increased 3.6%. The total government wide cost of all programs and services decreased .1%. The County covered this year's expenses.

Governmental Activities

Property tax, state credits and penalties revenue for the year increased 8.1%. The County decreased countywide property tax rates in 2009 by \$.36314. The levy decrease was due to an approximate \$116,560,000 taxable valuation increase. A Debt Service Levy of .14458 in 2008 was decreased to .13945 in 2009 due to additional valuation for debt service. Property tax revenues are budgeted to increase by an additional \$528,387 in 2010.

The cost of all governmental activities this year was \$19,395,534 compared to \$19,420,947 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes and reserves was only \$10,077,289 because some of the cost was paid by those directly benefiting from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. The County's governmental program revenues, including grants, intergovernmental aid, and fees for services, increased in 2009 from \$9,609,110 to \$10,196,771.

THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$11,131,403, which is an increase from last year's total of \$9,598,838. The County funds received \$1,532,565 more than were expended for the year. The following are the major reasons for the changes in fund balances for the year:

General Fund revenues increased by 5% over the prior year, from \$9,419,398 in 2008 to \$9,887,796 in 2009. The increase in revenues can be directly attributed to an increase in intergovernmental revenue. General Fund expenses increased from \$8,765,031 in 2008 to \$9,134,286 in 2009, or 4.2%.

The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$2,278,438, a decrease of 21% from the prior year. The Mental Health Fund balance at year end increased by \$1,158,420, or 784%, from the prior year. The increase was due to carefully controlling costs as well as an additional \$1.05 million in State provided funding.

Rural Service Fund revenues increased 2.1% from \$1,961,982 in 2008 to \$2,003,375 in 2009. The Rural Service ending fund balance decreased by \$152,476 or 19.2% due to an increase in monies transferred for Secondary Roads and Transportation. Secondary Roads Fund expenditures increased by \$240,314 or 4.3% over the prior year. Transfers-in increased by \$130,112. The ending fund balance in the Secondary Roads Fund was \$2,031,367, a decrease of \$250,063 from the prior year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget one time, increasing budgeted disbursements by \$1,031,327. The amendment was made on May 26, 2009. Highlights of the budget amendment were mental health disbursements, public safety disbursements and secondary road disbursements and receipts in connection with mental health, natural disaster expense and FEMA reimbursement. No budget function areas were exceeded at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY09, Marion County had \$25,604,980, net of accumulated depreciation of \$15,421,840, invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net decrease (including additions and deletions) of \$555,153, or 2.1%, over last year. This decrease is due primarily to an excess of depreciation expense over new assets added for the year.

Capital Assets of Governmental Activities at Year End

	2009	2008
Land & other non-depreciable assets	\$ 300,281	598,552
Buildings & Improvements	10,698,479	10,648,034
Machinery & Equipment	2,392,546	2,281,869
Infrastructure	12,213,674	12,631,678
Totals	\$ 25,604,980	26,160,133

Long-term Liabilities

At year-end, the County had approximately \$4,997,000 in long-term liabilities compared to approximately \$5,241,000 last year as shown below.

Long-term Liabilities of Governmental Activities at Year-End		
	2009	2008
Compensated absences	\$ 306,509	323,878
Net OPEB Liability	40,184	0
Early Retirement	10,699	7,607
General Obligation Courthouse Improvement Bonds	325,000	385,000
General Obligation Law Enforcement Center Bonds	4,315,000	4,525,000
Totals	\$ 4,997,392	5,241,485

Long-term liabilities decreased as a result of payments made on General Obligation Bond debt. Other obligations include accrued vacation pay, compensatory time, OPEB liability and early retirement. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marion County's elected and appointed officials and citizens considered many factors when setting the 2010 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Residential sales of property in the County have slowed down. Countywide valuations remained steady in 2009. Unemployment in the State now stands at 6.6 percent versus 4.9 percent a year ago. The Consumer Price Increase was 1.4%.

These indicators were taken into account when adopting the County budget for 2010. Budgeted revenues in the operating budget are \$21,013,451, an increase of 1.29 percent over the final 2009 budget. Marion County will use these receipts to finance programs currently offered and offset the effect we expect inflation to have on program costs. The County has added no major new programs to the 2010 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marion County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Marion County, 214 E Main Street, Knoxville, Iowa.

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Basic Financial Statements

MARION COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 10,204,810
Receivables:	
Property tax:	
Delinquent	29,961
Succeeding year	9,200,000
Interest and penalty on property tax	38,758
Accounts	194,405
Accrued interest	14,832
Due from other governments	791,709
Inventories	826,473
Capital assets, net of accumulated depreciation (note 5)	<u>25,604,980</u>
 Total assets	 <u>46,905,928</u>
Liabilities	
Accounts payable	421,593
Salaries and benefits payable	271,852
Due to other governments (note 6)	176,876
Accrued interest payable	14,234
Claims incurred but not reported	12,000
Deferred revenue:	
Succeeding year property tax	9,200,000
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Early retirement	6,411
General obligation bonds	275,000
Compensated absences	306,509
Portion due or payable after one year:	
Early retirement	4,288
General obligation bonds	4,365,000
Net OPEB liability	<u>40,184</u>
 Total liabilities	 <u>15,093,947</u>

MARION COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 20,964,980
Restricted for:	
Supplemental levy purposes	2,880,361
Mental health purposes	990,126
Rural services	294,879
Secondary roads	1,919,303
Debt service	16,172
Other special revenue purposes	1,462,256
Unrestricted	<u>3,283,904</u>
Total net assets	<u>\$ 31,811,981</u>

See notes to financial statements.

MARION COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 3,143,419	\$ 398,811	\$ 246,425	\$ 36,094	\$ (2,462,089)
Physical health and social services	2,327,142	38,974	1,529,843	3,941	(754,384)
Mental health	2,278,823	10,213	2,339,786	-	71,176
County environment and education	1,351,184	314,834	81,159	17,611	(937,580)
Roads and transportation	7,145,645	309,858	3,092,039	789,238	(2,954,510)
Government services to residents	656,233	535,135	7,048	219,870	105,820
Administration	2,298,077	177,710	48,182	-	(2,072,185)
Interest on long-term debt	195,011	-	-	-	(195,011)
Total	<u>\$ 19,395,534</u>	<u>\$ 1,785,535</u>	<u>\$ 7,344,482</u>	<u>\$ 1,066,754</u>	<u>(9,198,763)</u>
General revenues (expenses):					
Property and other county tax levied for:					
General purposes					8,544,438
Debt service					150,013
Penalty and interest on property tax					102,808
State tax credits					363,920
Local option sales and services tax					1,078,216
Unrestricted investment earnings					155,853
Miscellaneous					130,199
Loss on disposal of assets					<u>(84,238)</u>
Total general revenues (expenses)					<u>10,441,209</u>
Change in net assets					1,242,446
Net assets beginning of year					<u>30,569,535</u>
Net assets end of year					<u>\$ 31,811,981</u>

See notes to financial statements.

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MARION COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 5,899,815	\$ 1,248,567	\$ 641,260	\$ 1,001,839
Receivables:				
Property tax:				
Delinquent	18,312	3,137	8,088	-
Succeeding year	6,069,000	1,040,000	1,944,000	-
Interest and penalty on property tax	38,758	-	-	-
Accounts	89,097	249	-	94,408
Accrued interest	14,553	-	-	-
Due from other governments	317,045	8,092	17,747	337,795
Inventories	-	-	-	826,473
Total assets	\$ 12,446,580	\$ 2,300,045	\$ 2,611,095	\$ 2,260,515

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,379,283	\$ 10,170,764
424	29,961
147,000	9,200,000
-	38,758
10,651	194,405
279	14,832
111,030	791,709
-	826,473
<u>\$ 1,648,667</u>	<u>\$ 21,266,902</u>

MARION COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 176,994	\$ 89,987	\$ 1,333	\$ 143,336
Salaries and benefits payable	167,163	1,180	17,697	85,812
Due to other governments (note 6)	-	176,876	-	-
Deferred revenue:				
Succeeding year property tax	6,069,000	1,040,000	1,944,000	-
Other	55,229	2,954	7,534	-
Total liabilities	<u>6,468,386</u>	<u>1,310,997</u>	<u>1,970,564</u>	<u>229,148</u>
Fund balances:				
Reserved for:				
Inventories	-	-	-	826,473
Supplemental levy purposes	2,617,337	-	336,997	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	3,360,857	-	-	-
Special revenue funds	-	989,048	303,534	1,204,894
Total fund balances	<u>5,978,194</u>	<u>989,048</u>	<u>640,531</u>	<u>2,031,367</u>
Total liabilities and fund balances	<u>\$ 12,446,580</u>	<u>\$ 2,300,045</u>	<u>\$ 2,611,095</u>	<u>\$ 2,260,515</u>

See notes to financial statements.

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 9,005	\$ 420,655
-	271,852
-	176,876
147,000	9,200,000
399	66,116
<u>156,404</u>	<u>10,135,499</u>
-	826,473
-	2,954,334
30,007	30,007
-	3,360,857
<u>1,462,256</u>	<u>3,959,732</u>
<u>1,492,263</u>	<u>11,131,403</u>
<u>\$ 1,648,667</u>	<u>\$ 21,266,902</u>

MARION COUNTY

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

Total fund balances of governmental funds	\$ 11,131,403
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$41,026,820 and the accumulated depreciation is \$15,421,840.	25,604,980
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	66,116
The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the County's health and vision insurance and flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	21,108
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(14,234)
Long-term liabilities, including early retirement payable, bonds payable, compensated absences payable, and net OPEB liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,997,392)</u>
Net assets of governmental activities	<u><u>\$ 31,811,981</u></u>

See notes to financial statements.

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MARION COUNTY

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

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 6,121,588	\$ 1,042,004	\$ 1,916,250	\$ -
Interest and penalty on property tax	94,916	-	-	-
Intergovernmental	2,436,578	2,384,641	87,125	3,826,121
Licenses and permits	12,541	-	-	5,574
Charges for service	958,348	-	-	68,364
Use of money and property	204,883	-	-	-
Miscellaneous	58,942	10,213	-	291,076
Total revenues	<u>9,887,796</u>	<u>3,436,858</u>	<u>2,003,375</u>	<u>4,191,135</u>
Expenditures:				
Operating:				
Public safety and legal services	2,782,024	-	222,980	-
Physical health and social services	2,347,248	-	-	-
Mental health	-	2,278,438	-	-
County environment and education	958,950	-	246,377	-
Roads and transportation	335,223	-	257,436	5,755,914
Government services to residents	622,205	-	2,744	-
Administration	2,055,377	-	-	-
Debt service	14,410	-	-	-
Capital projects	18,849	-	41	111,978
Total expenditures	<u>9,134,286</u>	<u>2,278,438</u>	<u>729,578</u>	<u>5,867,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>753,510</u>	<u>1,158,420</u>	<u>1,273,797</u>	<u>(1,676,757)</u>
Other financing sources (uses):				
Sale of capital assets	2,400	-	-	421
Interfund transfers in (note 4)	-	-	-	1,426,273
Interfund transfers out (note 4)	-	-	(1,426,273)	-
Total other financing sources (uses)	<u>2,400</u>	<u>-</u>	<u>(1,426,273)</u>	<u>1,426,694</u>
Net change in fund balances	755,910	1,158,420	(152,476)	(250,063)
Fund balances beginning of year	<u>5,222,284</u>	<u>(169,372)</u>	<u>793,007</u>	<u>2,281,430</u>
Fund balances end of year	<u>\$ 5,978,194</u>	<u>\$ 989,048</u>	<u>\$ 640,531</u>	<u>\$ 2,031,367</u>

See notes to financial statements.

Nonmajor Governmental		
<u>Funds</u>		<u>Total</u>
\$ 689,073	\$	9,768,915
-		94,916
71,495		8,805,960
-		18,115
134,049		1,160,761
1,360		206,243
75,205		435,436
<u>971,182</u>		<u>20,490,346</u>
10,600		3,015,604
-		2,347,248
-		2,278,438
-		1,205,327
-		6,348,573
195		625,144
44,085		2,099,462
451,419		465,829
444,109		574,977
<u>950,408</u>		<u>18,960,602</u>
20,774		1,529,744
-		2,821
300,000		1,726,273
<u>(300,000)</u>		<u>(1,726,273)</u>
-		2,821
20,774		1,532,565
<u>1,471,489</u>		<u>9,598,838</u>
<u>\$ 1,492,263</u>	<u>\$</u>	<u>11,131,403</u>

MARION COUNTY

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

Net change in fund balances - total governmental funds \$ 1,532,565

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

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

Expenditures for capital assets	\$ 1,019,835	
Capital assets contributed by the Iowa Office of the Secretary of State	219,870	
Depreciation expense	<u>(1,710,620)</u>	(470,915)

In the Statement of Activities, the loss on the disposition of capital assets
is reported, whereas the governmental funds report the proceeds from the
disposition as an increase in financial resources. (84,238)

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

Property tax	3,752	
Other	<u>5,418</u>	9,170

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Assets. 270,000

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

Compensated absences and early retirement	14,277	
Net OPEB liability	(40,184)	
Interest on long-term debt	<u>818</u>	(25,089)

MARION COUNTY

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

The Internal Service Funds are used by management to charge the costs of the self funding of the County's dental insurance benefit plan to individual funds and to account for the costs of the County's health and vision insurance and flexible benefits plan. The change in net assets of the Internal Service Funds are reported with governmental activities.

\$ 10,953

Change in net assets of governmental activities

\$ 1,242,446

See notes to financial statements.

MARION COUNTY
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 June 30, 2009

	<u>Internal Service Funds</u>
Assets	
Cash and cash equivalents	\$ <u>34,046</u>
Liabilities	
Accounts payable	938
Claims incurred but not reported	<u>12,000</u>
Total liabilities	<u>12,938</u>
Net Assets	
Unrestricted	\$ <u><u>21,108</u></u>

See notes to financial statements.

MARION COUNTY

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

	<u>Internal Service Funds</u>
Operating revenues:	
Contributions	\$ <u>1,317,245</u>
Operating expenses:	
Claims	119,666
Insurance premiums	1,179,534
Administrative fees	7,103
Total operating expenses	<u>1,306,303</u>
Operating income	10,942
Non-operating revenues:	
Interest on investments	<u>11</u>
Net income	10,953
Net assets beginning of year	<u>10,155</u>
Net assets end of year	\$ <u><u>21,108</u></u>

See notes to financial statements.

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

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received for contributions	\$ 1,317,245
Cash payments for claims	(117,728)
Cash payments for insurance premiums	(1,179,534)
Cash payments for fees and other expenses	(7,103)
Net cash provided by operating activities	<u>12,880</u>
Cash flows from investing activities:	
Interest on investments	<u>11</u>
Net increase in cash and cash equivalents	12,891
Cash and cash equivalents beginning of year	<u>21,155</u>
Cash and cash equivalents end of year	<u>\$ 34,046</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 10,942
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	938
Increase in claims incurred but not reported	<u>1,000</u>
Net cash provided by operating activities	<u>\$ 12,880</u>

See notes to financial statements.

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

Assets

Cash and pooled investments:		
County Treasurer	\$	1,489,721
Other County officials (note 3)		270,656
Receivables:		
Property tax:		
Delinquent		74,690
Succeeding year		27,003,000
Accounts		56,696
Accrued interest		83
Due from other governments		<u>80,631</u>
 Total assets	 \$	 <u><u>28,975,477</u></u>

Liabilities

Accounts payable	\$	115,684
Salaries and benefits payable		10,093
Due to other governments (note 6)		28,535,147
Trusts payable		305,066
Early retirement		3,013
Compensated absences		<u>6,474</u>
 Total liabilities	 \$	 <u><u>28,975,477</u></u>

See notes to financial statements.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Marion County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Marion County Assessor's Conference Board, Marion County Emergency Management Commission, and Marion County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary funds of the County apply 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

Asset Class	Amount
Infrastructure	\$ 250,000
Land, buildings and improvements	50,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-40
Improvements other than buildings	20-40
Infrastructure	10-65
Equipment	3-20
Vehicles	5-20

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$7,563,097.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amount budgeted in any County function. However, disbursements in the E-911 department exceeded the amount appropriated.

Note 2. Cash and Pooled Investments

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

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 3. Cash – Other County Officials

The following is a summary of cash and investments held by other County officials at June 30, 2009:

Office:

County Auditor:			
Office fees	\$	45	
Cemetery trusts		<u>3,825</u>	\$ 3,870
County Recorder:			
Office fees			46,083
County Sheriff:			
Office fees			61,954
Board of Supervisors:			
Knoxville Congregate Meals Trust		157,757	
Senior Activity Trust		<u>992</u>	<u>158,749</u>
			\$ <u><u>270,656</u></u>

Note 4. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services	\$ 1,426,273
Debt Service: Courthouse Roof	Local Option Sales and Services Tax	<u>300,000</u>
		\$ <u><u>1,726,273</u></u>

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

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

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 300,281	\$ -	\$ -	\$ 300,281
Construction in progress	298,271	-	298,271	-
Total capital assets not being depreciated	<u>598,552</u>	<u>-</u>	<u>298,271</u>	<u>300,281</u>
Capital assets being depreciated:				
Buildings	13,065,853	397,797	-	13,463,650
Improvements other than buildings	251,987	-	-	251,987
Machinery and equipment	8,950,636	841,908	291,624	9,500,920
Infrastructure	17,211,711	298,271	-	17,509,982
Total capital assets being depreciated	<u>39,480,187</u>	<u>1,537,976</u>	<u>291,624</u>	<u>40,726,539</u>
Less accumulated depreciation for:				
Buildings	2,534,293	336,166	-	2,870,459
Improvements other than buildings	135,513	11,186	-	146,699
Machinery and equipment	6,668,767	646,993	207,386	7,108,374
Infrastructure	4,580,033	716,275	-	5,296,308
Total accumulated depreciation	<u>13,918,606</u>	<u>1,710,620</u>	<u>207,386</u>	<u>15,421,840</u>
Total capital assets being depreciated, net	<u>25,561,581</u>	<u>(172,644)</u>	<u>84,238</u>	<u>25,304,699</u>
Governmental activities capital assets, net	<u>\$ 26,160,133</u>	<u>\$ (172,644)</u>	<u>\$ 382,509</u>	<u>\$ 25,604,980</u>

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

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	217,261
Physical health and social services		12,314
County environment and education		108,003
Roads and transportation		1,118,351
Government services to residents		50,882
Administration		<u>203,809</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>1,710,620</u></u>

Note 6. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ <u><u>176,876</u></u>
Agency:		
County Assessor	Collections	\$ 551,385
Townships		437,416
Schools		17,069,002
Corporations		8,740,633
Area Schools		620,158
Auto License and Use Tax		609,852
All Other		<u>506,701</u>
 Total for agency funds		 \$ <u><u>28,535,147</u></u>

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 7. Long-Term Liabilities

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

	Early Retirement	General Obligation Courthouse Improvement Bonds	General Obligation Law Enforcement Center Bonds	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 7,607	\$ 385,000	\$ 4,525,000	\$ 323,878	\$ -	\$ 5,241,485
Increases	8,342	-	-	306,509	40,184	355,035
Decreases	5,250	60,000	210,000	323,878	-	599,128
Balance end of year	<u>\$ 10,699</u>	<u>\$ 325,000</u>	<u>\$ 4,315,000</u>	<u>\$ 306,509</u>	<u>\$ 40,184</u>	<u>\$ 4,997,392</u>
Due within one year	<u>\$ 6,411</u>	<u>\$ 60,000</u>	<u>\$ 215,000</u>	<u>\$ 306,509</u>	<u>\$ -</u>	<u>\$ 587,920</u>

Early Retirement

The County offers an early retirement plan to all employees over the age of 62 or who qualify for full retirement benefits under the Iowa Public Employees Retirement System.

The early retirement benefit for each employee is 50% of the employee's accumulated sick leave to be applied to future health insurance coverage under the County's health insurance plan until the employee reaches age 65. The employee may only continue the plan benefits in effect at the time of retirement.

Employees who retire after reaching age 65 and are not eligible to continue on the County's health insurance plan may receive a lump sum payment of one-half of their unused sick leave at the date of their retirement.

At June 30, 2009, the County had obligations to two participants with a total liability of \$10,699. Early retirement expenditures for the year totaled \$5,250. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements. Early retirement benefits will be paid by the Special Revenue Fund, Secondary Roads.

In addition, the Emergency Management Commission, reported as an Agency Fund of the County, had obligations to one participant totaling \$3,013 and Emergency Management early retirement expenditures totaled \$4,090.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 7. Long-Term Liabilities (continued)

Courthouse Improvement Bonds Payable

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.25 %	\$ 60,000	\$ 11,610	\$ 71,610
2011	3.45	60,000	9,660	69,660
2012	3.60	65,000	7,590	72,590
2013	3.70	70,000	5,250	75,250
2014	3.80	70,000	2,660	72,660
		<u>\$ 325,000</u>	<u>\$ 36,770</u>	<u>\$ 361,770</u>

Law Enforcement Center Bonds Payable

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.00 %	\$ 215,000	\$ 161,150	\$ 376,150
2011	3.15	220,000	154,700	374,700
2012	3.25	230,000	147,770	377,770
2013	3.30	240,000	140,295	380,295
2014	3.40	250,000	132,375	382,375
2015	3.50	260,000	123,875	383,875
2016	3.60	270,000	114,775	384,775
2017	3.70	285,000	105,055	390,055
2018	3.80	295,000	94,510	389,510
2019	3.90	310,000	83,300	393,300
2020	4.00	325,000	71,210	396,210
2021	4.00	340,000	58,210	398,210
2022	4.10	355,000	44,610	399,610
2023	4.15	370,000	30,055	400,055
2024	4.20	350,000	14,700	364,700
		<u>\$ 4,315,000</u>	<u>\$ 1,476,590</u>	<u>\$ 5,791,590</u>

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 7. Long-Term Liabilities (continued)

Non-current Interfund Loan

The General Supplemental Fund within the General Fund account loaned the General Basic Fund within the General Fund account \$1,000,000 on June 30, 2004 to help temporarily finance the courthouse roof repair project. The loan will be paid back to the General Supplemental Fund over a 10 year period at 2% interest. The County combines these two funds into the General Fund for reporting purposes so this loan is not reflected on the face of the financial statements. Payments on the loan during the year ended June 30, 2009, totaled \$96,916, leaving a balance of \$623,588 at June 30, 2009.

Note 8. Other Postemployment Benefits (OPEB)

Marion County prospectively 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. There are 142 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage 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.

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	\$ 69,103
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>69,103</u>
Contributions made	<u>28,919</u>
Increase in net OPEB obligation	40,184
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 40,184</u></u>

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 8. Other Postemployment Benefits (OPEB) (continued)

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.

For the year ended June 30, 2009, the County contributed \$28,919 to the medical plan.

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:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 69,103	41.85%	\$ 40,184

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 \$502,058, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$502,058. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,303,000 and the ratio of the UAAL to covered payroll was 8.0%. 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.

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 the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include 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.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 8. Other Postemployment Benefits (OPEB) (continued)

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from scale T-9 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are \$692 per month for retirees under age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Note 9. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$422,562, \$394,625 and \$356,301, respectively, equal to the required contributions for each year.

Note 10. Risk Management

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

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

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

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2009

Note 10. Risk Management (continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2009 were \$262,339.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Marion County Employee Dental Insurance Plan

Marion County has an administrative services agreement with Delta Dental to administer the self-funded employee dental benefit plan. Monthly payments of service fees and contributions to fund the plans are paid to the Marion County Auditor, trustee for the plan. The monthly payments of service fees and plan contributions are recorded as expenditures at the time of the payment to the trustee. Under the agreement, payments for service fees and paid claims are remitted to Delta Dental on a weekly basis.

At June 30, 2009, the Marion County Employee Dental Plan had net assets of \$4,642.

MARION COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

Note 10. Risk Management (continued)

Marion County Employee Dental Insurance Plan (continued)

The change in the incurred but not reported and unpaid claims liability for the year ended June 30, 2009 is as follows:

	Self-Funded Dental Insurance
	<u> </u>
Unpaid claims at July 1, 2008	\$ 11,000
Incurred claims and claim adjustments	79,594
Claims paid	<u>77,656</u>
Unpaid claims at June 30, 2009	\$ <u><u>12,938</u></u>

Note 11. Contingent Liabilities

Landfill Closure Assurance Guaranty

The County participates in an agreement with the South Central Iowa Solid Waste Agency, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Agency includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

State and federal laws and regulations require the Agency 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 post-closure costs to the Agency have been estimated at \$2,563,017. The Agency has begun to accumulate resources to fund these closure costs, and as of June 30, 2009, expects to hold deposits of \$2,738,658 for this purpose. The Agency is required to accumulate the full amount of funds required for closure and post-closure during the life of the landfill. However, it must have additional mechanisms in place at all times during the life of the landfill to equal 100 percent of the current cost estimates. No financial assurance guaranty was required from the County for the fiscal year ended June 30, 2009.

Litigation

The County is involved in an ongoing lawsuit alleging assault by a County employee. The County's insurance carrier is affording coverage for this litigation.

Note 12. Subsequent Events

On March 2, 2010, the County approved the issuance of \$750,000 in general obligation bonds to be used for the purchase and remodeling of a building to house Marion County public health services. The bonds will be issued in April, 2010 and further details are unavailable at this time.

On March 22, 2010, the County approved entering into a loan agreement for \$300,000 to refund the outstanding balance of the County's general obligation courthouse improvement bonds.

Required Supplementary Information

MARION COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2009

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 9,771,905	\$ 9,792,422	\$ 9,792,422	\$ (20,517)
Interest and penalty on property tax	95,444	-	-	95,444
Intergovernmental	8,772,003	7,062,882	8,986,523	(214,520)
Licenses and permits	17,109	24,400	24,400	(7,291)
Charges for service	1,230,135	1,015,880	1,102,740	127,395
Use of money and property	236,406	239,661	239,661	(3,255)
Miscellaneous	420,462	743,700	724,861	(304,399)
Total receipts	<u>20,543,464</u>	<u>18,878,945</u>	<u>20,870,607</u>	<u>(327,143)</u>
DISBURSEMENTS:				
Public safety and legal services	2,986,856	3,361,111	3,558,036	571,180
Physical health and social services	2,373,474	2,674,920	2,577,493	204,019
Mental health	2,489,793	2,231,868	2,506,868	17,075
County environment and education	1,209,876	1,229,518	1,257,518	47,642
Roads and transportation	6,301,842	5,844,139	6,694,099	392,257
Government services to residents	621,185	886,590	886,590	265,405
Administration	2,100,634	2,094,616	2,253,485	152,851
Debt service	465,829	470,031	470,031	4,202
Capital projects	604,817	1,425,000	1,045,000	440,183
Total disbursements	<u>19,154,306</u>	<u>20,217,793</u>	<u>21,249,120</u>	<u>2,094,814</u>
Excess (deficiency) of receipts over (under) disbursements	1,389,158	(1,338,848)	(378,513)	1,767,671
Other financing sources, net	<u>2,821</u>	<u>39,000</u>	<u>10,000</u>	<u>(7,179)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,391,979	(1,299,848)	(368,513)	1,760,492
Balance beginning of year	<u>8,778,785</u>	<u>8,422,518</u>	<u>8,422,518</u>	<u>356,267</u>
Balance end of year	<u>\$ 10,170,764</u>	<u>\$ 7,122,670</u>	<u>\$ 8,054,005</u>	<u>\$ 2,116,759</u>

See accompanying independent auditor's report.

MARION COUNTY

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

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 20,543,464	\$ (53,118)	\$ 20,490,346
Expenditures	19,154,306	(193,704)	18,960,602
Net	1,389,158	140,586	1,529,744
Other financing sources, net	2,821	-	2,821
Beginning fund balances	8,778,785	820,053	9,598,838
Ending fund balances	<u>\$ 10,170,764</u>	<u>\$ 960,639</u>	<u>\$ 11,131,403</u>

See accompanying independent auditor's report.

MARION COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,031,327. 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted in any County function. However, disbursements in the E-911 department exceeded the amount appropriated.

MARION COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 Required Supplementary Information
 Year Ended June 30, 2009

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	\$ -	\$ 502,058	\$ 502,058	0.0%	\$ 6,303,000	8.0%

See note 8 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.

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Other Supplementary Information

MARION COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>Special Revenue</u>			
	<u>County Recorder's Records Management</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Emergency Medical Service</u>	<u>Conservation Land Acquisition</u>
Assets				
Cash and pooled investments	\$ 32,632	\$ 29	\$ 13,955	\$ 476,484
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	781	-	-	9,825
Accrued interest	17	-	-	-
Due from other governments	-	-	-	-
	<hr/>			
Total assets	<u>\$ 33,430</u>	<u>\$ 29</u>	<u>\$ 13,955</u>	<u>\$ 486,309</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Unreserved	33,430	29	13,955	486,309
Total fund balances	<u>33,430</u>	<u>29</u>	<u>13,955</u>	<u>486,309</u>
	<hr/>			
Total liabilities and fund balances	<u>\$ 33,430</u>	<u>\$ 29</u>	<u>\$ 13,955</u>	<u>\$ 486,309</u>

<u>Resource Enhancement and Protection</u>	<u>County Government Assistance</u>	<u>Local Option Sales and Services Tax</u>	<u>Sheriff's Forfeiture</u>	<u>Attorney's Forfeiture</u>
\$ 311,010	\$ 75,898	\$ 349,028	\$ 17,933	\$ 1,602
-	-	-	-	-
-	-	-	-	-
-	45	-	-	-
169	-	-	-	-
-	-	111,030	-	-
<u>\$ 311,179</u>	<u>\$ 75,943</u>	<u>\$ 460,058</u>	<u>\$ 17,933</u>	<u>\$ 1,602</u>
\$ -	\$ -	\$ 6,005	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	6,005	-	-
-	-	-	-	-
311,179	75,943	454,053	17,933	1,602
311,179	75,943	454,053	17,933	1,602
<u>\$ 311,179</u>	<u>\$ 75,943</u>	<u>\$ 460,058</u>	<u>\$ 17,933</u>	<u>\$ 1,602</u>

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

	<u>Care Facility Maintenance</u>	<u>Courthouse Security</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 33,616	\$ 37,207	\$ 29,889	\$ 1,379,283
Receivables:				
Property tax:				
Delinquent	-	-	424	424
Succeeding year	-	-	147,000	147,000
Accounts	-	-	-	10,651
Accrued interest	-	-	93	279
Due from other governments	-	-	-	111,030
	<hr/>			
Total assets	<u>\$ 33,616</u>	<u>\$ 37,207</u>	<u>\$ 177,406</u>	<u>\$ 1,648,667</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,000	\$ -	\$ -	\$ 9,005
Deferred revenue:				
Succeeding year property tax	-	-	147,000	147,000
Other	-	-	399	399
Total liabilities	<u>3,000</u>	<u>-</u>	<u>147,399</u>	<u>156,404</u>
Fund balances:				
Reserved for:				
Debt service	-	-	30,007	30,007
Unreserved	30,616	37,207	-	1,462,256
Total fund balances	<u>30,616</u>	<u>37,207</u>	<u>30,007</u>	<u>1,492,263</u>
	<hr/>			
Total liabilities and fund balances	<u>\$ 33,616</u>	<u>\$ 37,207</u>	<u>\$ 177,406</u>	<u>\$ 1,648,667</u>

See accompanying independent auditor's report.

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MARION COUNTY

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

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Emergency Medical Service	Conservation Land Acquisition
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	-
Intergovernmental	-	-	-	40,000
Charges for service	7,086	-	-	106,727
Use of money and property	99	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>7,185</u>	<u>-</u>	<u>-</u>	<u>146,727</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Government services to residents	-	195	-	-
Administration	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	40,000
Total expenditures	<u>-</u>	<u>195</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over (under) expenditures	7,185	(195)	-	106,727
Other financing sources (uses):				
Interfund transfers in	-	-	-	-
Interfund transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,185	(195)	-	106,727
Fund balances beginning of year	<u>26,245</u>	<u>224</u>	<u>13,955</u>	<u>379,582</u>
Fund balances end of year	<u>\$ 33,430</u>	<u>\$ 29</u>	<u>\$ 13,955</u>	<u>\$ 486,309</u>

<u>Resource Enhancement and Protection</u>	<u>County Government Assistance</u>	<u>Local Option Sales and Services Tax</u>	<u>Sheriff's Forfeiture</u>	<u>Attorney's Forfeiture</u>
\$ -	\$ -	\$ 539,108	\$ -	\$ -
23,403	2,383	-	-	-
-	814	-	-	-
1,029	-	-	-	-
-	-	4,300	5,035	910
<u>24,432</u>	<u>3,197</u>	<u>543,408</u>	<u>5,035</u>	<u>910</u>
-	-	-	2,047	3,809
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,007	398,102	-	-
<u>-</u>	<u>6,007</u>	<u>398,102</u>	<u>2,047</u>	<u>3,809</u>
24,432	(2,810)	145,306	2,988	(2,899)
-	-	-	-	-
-	-	(300,000)	-	-
<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
24,432	(2,810)	(154,694)	2,988	(2,899)
<u>286,747</u>	<u>78,753</u>	<u>608,747</u>	<u>14,945</u>	<u>4,501</u>
<u>\$ 311,179</u>	<u>\$ 75,943</u>	<u>\$ 454,053</u>	<u>\$ 17,933</u>	<u>\$ 1,602</u>

MARION COUNTY

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

	Care Facility Maintenance	Courthouse Security	Debt Service	Total
Revenues:				
Property and other County tax	\$ -	\$ -	\$ 149,965	\$ 689,073
Intergovernmental	-	-	5,709	71,495
Charges for service	-	19,422	-	134,049
Use of money and property	-	-	232	1,360
Miscellaneous	64,960	-	-	75,205
Total revenues	<u>64,960</u>	<u>19,422</u>	<u>155,906</u>	<u>971,182</u>
Expenditures:				
Operating:				
Public safety and legal services	-	4,744	-	10,600
Government services to residents	-	-	-	195
Administration	44,085	-	-	44,085
Debt service	-	-	451,419	451,419
Capital projects	-	-	-	444,109
Total expenditures	<u>44,085</u>	<u>4,744</u>	<u>451,419</u>	<u>950,408</u>
Excess (deficiency) of revenues over (under) expenditures	20,875	14,678	(295,513)	20,774
Other financing sources (uses):				
Interfund transfers in	-	-	300,000	300,000
Interfund transfers out	-	-	-	(300,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances	20,875	14,678	4,487	20,774
Fund balances beginning of year	<u>9,741</u>	<u>22,529</u>	<u>25,520</u>	<u>1,471,489</u>
Fund balances end of year	<u>\$ 30,616</u>	<u>\$ 37,207</u>	<u>\$ 30,007</u>	<u>\$ 1,492,263</u>

See accompanying independent auditor's report.

MARION COUNTY
 COMBINING SCHEDULE OF NET ASSETS
 INTERNAL SERVICE FUNDS
 June 30, 2009

	<u>Health Insurance Clearing Fund</u>	<u>Self-Funded Dental Insurance</u>	<u>Vision Insurance</u>	<u>Flexible Benefits Plan</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 3,872	\$ 17,580	\$ 5,409	\$ 7,185	\$ 34,046
Liabilities					
Accounts payable	-	938	-	-	938
Claims incurred but not reported	-	12,000	-	-	12,000
Total liabilities	-	12,938	-	-	12,938
Net Assets					
Unrestricted	\$ 3,872	\$ 4,642	\$ 5,409	\$ 7,185	\$ 21,108

See accompanying independent auditor's report.

MARION COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2009

	Health Insurance Clearing Fund	Self-Funded Dental Insurance	Vision Insurance	Flexible Benefits Plan	Total
Operating revenues:					
Contributions	\$ 1,174,065	\$ 91,110	\$ 12,037	\$ 40,033	\$ 1,317,245
Operating expenses:					
Claims	-	79,594	-	40,072	119,666
Insurance premiums	1,172,919	-	6,615	-	1,179,534
Administrative fees	-	7,090	13	-	7,103
Total operating expenses	<u>1,172,919</u>	<u>86,684</u>	<u>6,628</u>	<u>40,072</u>	<u>1,306,303</u>
Operating income (loss)	1,146	4,426	5,409	(39)	10,942
Non-operating revenues:					
Interest on investments	-	11	-	-	11
Net income (loss)	1,146	4,437	5,409	(39)	10,953
Net assets beginning of year	<u>2,726</u>	<u>205</u>	<u>-</u>	<u>7,224</u>	<u>10,155</u>
Net assets end of year	<u>\$ 3,872</u>	<u>\$ 4,642</u>	<u>\$ 5,409</u>	<u>\$ 7,185</u>	<u>\$ 21,108</u>

See accompanying independent auditor's report.

MARION COUNTY
 COMBINING SCHEDULE OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2009

	Health Insurance <u>Clearing Fund</u>	Self-Funded Dental <u>Insurance</u>	Vision <u>Insurance</u>	Flexible Benefits <u>Plan</u>	<u>Total</u>
Cash flows from operating activities:					
Cash received for contributions	\$ 1,174,065	\$ 91,110	\$ 12,037	\$ 40,033	\$ 1,317,245
Cash payments for claims	-	(77,656)	-	(40,072)	(117,728)
Cash payments for insurance premiums	(1,172,919)	-	(6,615)	-	(1,179,534)
Cash payments for fees and other expenses	-	(7,090)	(13)	-	(7,103)
Net cash provided by (used in) operating activities	<u>1,146</u>	<u>6,364</u>	<u>5,409</u>	<u>(39)</u>	<u>12,880</u>
Cash flows from investing activities:					
Interest on investments	-	11	-	-	11
Net increase (decrease) in cash and cash equivalents	1,146	6,375	5,409	(39)	12,891
Cash and cash equivalents beginning of year	<u>2,726</u>	<u>11,205</u>	-	<u>7,224</u>	<u>21,155</u>
Cash and cash equivalents end of year	<u>\$ 3,872</u>	<u>\$ 17,580</u>	<u>\$ 5,409</u>	<u>\$ 7,185</u>	<u>\$ 34,046</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,146	\$ 4,426	\$ 5,409	\$ (39)	\$ 10,942
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Increase in accounts payable	-	938	-	-	938
Increase in claims incurred but not reported	-	1,000	-	-	1,000
Net cash provided by (used in) operating activities	<u>\$ 1,146</u>	<u>\$ 6,364</u>	<u>\$ 5,409</u>	<u>\$ (39)</u>	<u>\$ 12,880</u>

See accompanying independent auditor's report.

MARION COUNTY

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

	County Offices			Board of
	County Auditor	County Recorder	County Sheriff	Supervisors Congregate Meals
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	-
Other County officials	3,870	46,083	61,954	157,757
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	4,531	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 3,870	\$ 50,614	\$ 61,954	\$ 157,757
LIABILITIES				
Accounts payable	\$ 45	\$ 29,307	\$ 37,625	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	21,307	-	-
Trusts payable	3,825	-	24,329	157,757
Early retirement	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	\$ 3,870	\$ 50,614	\$ 61,954	\$ 157,757

<u>Senior Activity</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>	<u>E-911 Surcharge</u>
\$ -	\$ 3,091	\$ 133,885	\$ 9,321	\$ 269,277	\$ 129,349	\$ 123,647
992	-	-	-	-	-	-
-	591	1,273	1,837	52,725	16,284	-
-	196,000	422,000	609,000	16,747,000	8,595,000	-
-	-	2,209	-	-	-	37,860
-	-	-	-	-	-	83
-	-	-	-	-	-	10,103
<u>\$ 992</u>	<u>\$ 199,682</u>	<u>\$ 559,367</u>	<u>\$ 620,158</u>	<u>\$ 17,069,002</u>	<u>\$ 8,740,633</u>	<u>\$ 171,693</u>
\$ -	\$ -	\$ 1,295	\$ -	\$ -	\$ -	\$ 3,680
-	-	4,187	-	-	-	-
-	199,682	551,385	620,158	17,069,002	8,740,633	168,013
992	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,500	-	-	-	-
<u>\$ 992</u>	<u>\$ 199,682</u>	<u>\$ 559,367</u>	<u>\$ 620,158</u>	<u>\$ 17,069,002</u>	<u>\$ 8,740,633</u>	<u>\$ 171,693</u>

MARION COUNTY

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

	Veteran Affairs	Townships	City Special Assessments	Auto License and Use Tax
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 447	\$ 7,452	\$ 4,152	\$ 609,852
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,964	-	-
Succeeding year	-	428,000	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 447</u>	<u>\$ 437,416</u>	<u>\$ 4,152</u>	<u>\$ 609,852</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Salaries and benefits payable	-	-	-	-
Due to other governments	447	437,416	4,152	609,852
Trusts payable	-	-	-	-
Early retirement	-	-	-	-
Compensated absences	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 447</u>	<u>\$ 437,416</u>	<u>\$ 4,152</u>	<u>\$ 609,852</u>

Brucellosis and Tuberculosis Eradication	Title III	Tax Sale Redemption	Fire District	Emergency Management	Jail Canteen	Chore Service
\$ 58	\$ 1,106	\$ 389	\$ 74	\$ 56,779	\$ 48,954	\$ 6,615
-	-	-	-	-	-	-
10	-	-	6	-	-	-
3,000	-	-	3,000	-	-	-
-	1,513	-	-	35	2,848	2,133
-	-	-	-	-	-	-
-	29,558	-	-	-	-	-
<u>\$ 3,068</u>	<u>\$ 32,177</u>	<u>\$ 389</u>	<u>\$ 3,080</u>	<u>\$ 56,814</u>	<u>\$ 51,802</u>	<u>\$ 8,748</u>
\$ -	\$ 9,622	\$ -	\$ -	\$ 1,036	\$ 563	\$ 3,598
-	4,444	-	-	1,462	-	-
3,068	17,023	-	3,080	48,417	-	-
-	-	389	-	-	51,239	5,150
-	-	-	-	3,013	-	-
-	1,088	-	-	2,886	-	-
<u>\$ 3,068</u>	<u>\$ 32,177</u>	<u>\$ 389</u>	<u>\$ 3,080</u>	<u>\$ 56,814</u>	<u>\$ 51,802</u>	<u>\$ 8,748</u>

MARION COUNTY

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

	Recorder's Electronic Transaction Fee	Advance Tax Payments	Public Transportation	Local Option Sales and Services Tax
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 687	\$ 55,297	\$ 29,245	\$ -
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	781	-	4,786	-
Accrued interest	-	-	-	-
Due from other governments	-	-	970	40,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,468</u>	<u>\$ 55,297</u>	<u>\$ 35,001</u>	<u>\$ 40,000</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	28,913	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	1,468	-	-	40,000
Trusts payable	-	55,297	6,088	-
Early retirement	-	-	-	-
Compensated absences	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 1,468</u>	<u>\$ 55,297</u>	<u>\$ 35,001</u>	<u>\$ 40,000</u>

See accompanying independent auditor's report.

<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>Total</u>
\$ 44	\$ 1,489,721
-	270,656
-	74,690
-	27,003,000
-	56,696
-	83
-	80,631
<u>\$ 44</u>	<u>\$ 28,975,477</u>
\$ -	\$ 115,684
-	10,093
44	28,535,147
-	305,066
-	3,013
-	6,474
<u>\$ 44</u>	<u>\$ 28,975,477</u>

MARION COUNTY

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

	County Offices			Board of
	County Auditor	County Recorder	County Sheriff	Supervisors Congregate Meals
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 3,850	\$ 40,500	\$ 20,873	\$ 154,223
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local options sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	819	454,327	485,435	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	134	-	401,526	3,534
Emergency management - performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	953	454,327	886,961	3,534
Deductions:				
Agency remittances:				
To other funds	799	223,052	465,501	-
To other governments	-	221,161	3,182	-
Trusts paid out	134	-	377,197	-
Total deductions	933	444,213	845,880	-
Balances end of year	\$ 3,870	\$ 50,614	\$ 61,954	\$ 157,757

<u>Care Facility</u>	<u>Senior Activity</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Area Schools</u>	<u>Schools</u>	<u>Corporations</u>
\$ 64,403	\$ 535	\$ 190,788	\$ 435,565	\$ 575,429	\$ 15,929,247	\$ 8,816,115
-	-	196,065	422,048	609,197	16,769,905	8,567,619
-	-	7,565	14,635	22,811	641,532	238,384
-	-	-	-	-	-	-
-	-	41	79	124	66,373	3,170
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
557	5,698	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,216	-	-	-
557	5,698	203,671	438,978	632,132	17,477,810	8,809,173
-	-	-	-	-	-	-
-	-	194,777	315,176	587,403	16,338,055	8,884,655
64,960	5,241	-	-	-	-	-
64,960	5,241	194,777	315,176	587,403	16,338,055	8,884,655
\$ -	\$ 992	\$ 199,682	\$ 559,367	\$ 620,158	\$ 17,069,002	\$ 8,740,633

MARION COUNTY

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

	<u>E-911 Surcharge</u>	<u>Veteran Affairs</u>	<u>Townships</u>	<u>City Special Assessments</u>
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 296,846	\$ 447	\$ 431,313	\$ 13,036
Additions:				
Property and other County tax	-	-	431,413	-
State tax credits	-	-	20,894	-
Local options sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	-	9,661	-
E-911 surcharge	203,852	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	48,993
Trusts	-	-	-	-
Emergency management - performance grants	-	-	-	-
Interest	798	-	-	-
Miscellaneous	995	-	-	-
Total additions	<u>205,645</u>	<u>-</u>	<u>461,968</u>	<u>48,993</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	330,798	-	455,865	57,877
Trusts paid out	-	-	-	-
Total deductions	<u>330,798</u>	<u>-</u>	<u>455,865</u>	<u>57,877</u>
Balances end of year	<u>\$ 171,693</u>	<u>\$ 447</u>	<u>\$ 437,416</u>	<u>\$ 4,152</u>

<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Title III</u>	<u>Tax Sale Redemption</u>	<u>Fire District</u>	<u>Emergency Management</u>	<u>Jail Canteen</u>
\$ 576,143	\$ 4,575	\$ 24,212	\$ 389	\$ 3,066	\$ 56,228	\$ 36,701
-	3,493	-	-	2,735	-	-
-	142	-	-	145	-	-
-	-	-	-	-	-	-
-	1	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,825,312	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	265,008	608,961	-	-	24,414
-	-	-	-	-	17,523	-
-	-	-	-	-	-	-
-	-	-	-	-	84,222	-
<u>6,825,312</u>	<u>3,636</u>	<u>265,008</u>	<u>608,961</u>	<u>2,880</u>	<u>101,745</u>	<u>24,414</u>
293,809	-	-	-	-	-	-
6,497,794	5,143	-	-	2,866	101,159	-
-	-	257,043	608,961	-	-	9,313
<u>6,791,603</u>	<u>5,143</u>	<u>257,043</u>	<u>608,961</u>	<u>2,866</u>	<u>101,159</u>	<u>9,313</u>
\$ <u>609,852</u>	\$ <u>3,068</u>	\$ <u>32,177</u>	\$ <u>389</u>	\$ <u>3,080</u>	\$ <u>56,814</u>	\$ <u>51,802</u>

MARION COUNTY

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

	<u>Chore Service</u>	<u>Recorder's Electronic Transaction Fee</u>	<u>Advance Tax Payments</u>	<u>Public Transportation</u>
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 7,001	\$ 1,304	\$ 30,234	\$ 14,229
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Local options sales and services tax	-	-	-	-
Payments to states in lieu of real estate taxes	-	-	-	-
E-911 surcharge	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	22,622	-	56,450	263,799
Emergency management - performance grants	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	7,086	-	-
Total additions	<u>22,622</u>	<u>7,086</u>	<u>56,450</u>	<u>263,799</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	-	6,922	-	-
Trusts paid out	20,875	-	31,387	243,027
Total deductions	<u>20,875</u>	<u>6,922</u>	<u>31,387</u>	<u>243,027</u>
Balances end of year	<u>\$ 8,748</u>	<u>\$ 1,468</u>	<u>\$ 55,297</u>	<u>\$ 35,001</u>

See accompanying independent auditor's report.

<u>Local Option Sales and Services Tax</u>	<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>Total</u>
\$ <u>40,000</u>	\$ <u>53</u>	\$ <u>27,767,305</u>
-	-	27,002,475
-	-	946,108
240,000	-	240,000
-	-	79,449
-	-	203,852
-	-	940,581
-	-	6,825,312
-	-	48,993
-	-	1,652,703
-	-	17,523
-	-	798
-	423	94,942
<u>240,000</u>	<u>423</u>	<u>38,052,736</u>
-	-	983,161
240,000	432	34,243,265
-	-	1,618,138
<u>240,000</u>	<u>432</u>	<u>36,844,564</u>
\$ <u><u>40,000</u></u>	\$ <u><u>44</u></u>	\$ <u><u>28,975,477</u></u>

MARION COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Property and other County tax	\$ 9,768,915	\$ 9,189,865	\$ 9,274,345	\$ 8,916,108	\$ 8,611,535
Interest and penalty on property tax	94,916	95,094	92,313	82,702	81,839
Intergovernmental	8,805,960	6,789,833	5,858,139	6,049,533	6,139,309
Licenses and permits	18,115	16,897	15,643	18,383	14,938
Charges for service	1,160,761	1,912,090	1,627,868	1,449,997	1,439,528
Use of money and property	206,243	395,560	388,924	387,617	137,568
Miscellaneous	435,436	620,346	404,097	599,682	440,403
Total	\$ 20,490,346	\$ 19,019,685	\$ 17,661,329	\$ 17,504,022	\$ 16,865,120
Expenditures:					
Operating:					
Public safety and legal services	\$ 3,015,604	\$ 2,837,709	\$ 2,494,360	\$ 2,250,878	\$ 2,033,900
Physical health and social services	2,347,248	2,354,699	1,905,738	1,900,406	2,226,147
Mental health	2,278,438	2,885,427	2,679,212	2,412,897	2,226,239
County environment and education	1,205,327	1,167,909	1,109,158	1,023,321	958,101
Roads and transportation	6,348,573	5,701,926	5,595,033	5,393,024	4,590,995
Government services to residents	625,144	523,828	514,848	744,153	502,958
Administration	2,099,462	1,991,003	1,842,881	1,967,014	1,712,002
Debt service	465,829	459,716	463,023	579,104	159,265
Capital projects	574,977	658,409	2,396,298	3,800,454	1,809,179
Total	\$ 18,960,602	\$ 18,580,626	\$ 19,000,551	\$ 20,071,251	\$ 16,218,786

See accompanying independent auditor's report.

MARION COUNTY
 SCHEDULE OF TITLE III ACTIVITY
 Year Ended June 30, 2009

Additions:		
Special program for the aging - Title III Part C nutrition services (noncash)	\$ 15,235	
Special program for the aging - Title III Part C nutrition services	84,653	
Donations and contributions	<u>165,120</u>	\$ 265,008
Deductions:		
Salaries and benefits	101,549	
Food and provisions	104,049	
Supplies	687	
Postage	42	
Travel and training	15,566	
Telephone and utilities	7,714	
Trash removal	1,242	
Rental building	17,304	
Equipment and repair	6,778	
Miscellaneous	<u>2,112</u>	<u>257,043</u>
Net		7,965
Balance beginning of year		<u>24,212</u>
Balance end of year		<u>\$ 32,177</u>

See accompanying independent auditor's report.

MARION COUNTY

SCHEDULE OF PUBLIC TRANSPORTATION ACTIVITY
Year Ended June 30, 2009

		<u>Public Transportation</u>
Additions:		
Federal Transit Administration - HIRTA	\$ 66,869	
State Transit Administration - HIRTA	24,571	
Grants for Supportive Services and Senior Centers	40,158	
Elderly waiver	12,786	
Senior citizen fares	62,935	
Local contributions from County	47,162	
United Way	8,000	
Miscellaneous	1,318	\$ 263,799
		<hr/>
Deductions:		
Wages and benefits	142,279	
Fuel	30,523	
Office supplies	400	
Employee mileage reimbursement	185	
Telephone	550	
Equipment expense	23,970	
Utilities	138	
Administration	7,000	
Insurance	13,605	
Miscellaneous	24,377	243,027
		<hr/>
Net		20,772
Balance beginning of year		<hr/> 14,229
Balance end of year		\$ <u><u>35,001</u></u>

See accompanying independent auditor's report.

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MARION COUNTY

IOWA DEPARTMENT OF PUBLIC HEALTH
 SCHEDULE OF REVENUES, EXPENDITURES AND BALANCES
 Year Ended June 30, 2009

	Women, Infants and Children 5888A053	Women, Infants and Children 5889A053	Maternal Child Health 5888MH06	Maternal Child Health 5889MH06
Revenues:				
Federal	\$ 120,313	\$ 280,942	\$ 33,995	\$ 61,963
State	-	-	-	26,245
Other	-	-	19,510	70,048
Total	120,313	280,942	53,505	158,256
Expenditures:				
Salaries and benefits	41,368	119,908	34,457	121,865
Contracted providers	30,306	71,639	10,047	15,575
Equipment	1,960	25,199	-	-
Miscellaneous	46,679	64,196	9,001	20,816
Total	120,313	280,942	53,505	158,256
Balance	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

Immunization Action Plan <u>5888I488</u>	Immunization Action Plan <u>5889I488</u>
\$ 14,372	\$ 2,725
-	3,750
<u>-</u>	<u>-</u>
<u>14,372</u>	<u>6,475</u>
3,632	4,453
5,064	1,252
-	-
<u>5,676</u>	<u>770</u>
<u>14,372</u>	<u>6,475</u>
<u>\$ -</u>	<u>\$ -</u>

MARION COUNTY

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice:			
Office of Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants	16.710	FY 09	\$ <u>13,440</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY 09	<u>9,836</u>
Iowa Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5889A053	280,942
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A053	<u>120,313</u>
			<u>401,255</u>
Iowa Department of Agriculture:			
WIC Farmers' Market Nutrition Program	10.572	FY 09	<u>746</u>
U.S. Department of Justice:			
Iowa Office of Drug Control Policy:			
Division of Narcotics Enforcement:			
City of Centerville:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	FY 09	<u>50,785</u>
U.S. Department of Transportation:			
Heart of Iowa Regional Transit Agency:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	FY 09	<u>66,869</u>
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS 63(86)	<u>19,431</u>

MARION COUNTY

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation (continued):			
Iowa Department of Public Safety:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	09-410, Task 47	\$ 8,500
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	08-410, Task 43	<u>1,898</u>
			<u>10,398</u>
Department of Health and Human Services:			
Iowa Department of Human Services:			
Social Services Block Grant	93.667	FY 09	<u>116,073</u>
Aging Resources of Central Iowa:			
Special Programs for the Aging - Title III, Part C - Nutrition Services (noncash)	93.045	FY 09	15,235
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	FY 09	<u>84,653</u>
			<u>99,888</u>
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	FY 09	12,064
Social Services Block Grant	93.667	FY 09	5,963
Temporary Assistance for Needy Families	93.558	FY 09	9,098
Refugee and Entrant Assistance State Administered Programs	93.566	FY 09	17
Foster Care - Title IV - E	93.658	FY 09	5,575
Adoption Assistance	93.659	FY 09	1,332
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY 09	2,575
Children's Health Insurance Program	93.767	FY 09	<u>76</u>
			<u>36,700</u>
Iowa Department of Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889NB18	13,020
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889WW33	<u>3,150</u>
			<u>16,170</u>

MARION COUNTY

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Department of Health and Human Services (continued):			
Iowa Department of Health (continued):			
Maternal and Child Health Services Block Grant to the States	93.994	5889MH06	\$ 61,963
Maternal and Child Health Services Block Grant to the States	93.994	5888MH06	<u>33,995</u>
			<u>95,958</u>
Immunization Grants	93.268	5889I488	2,725
Immunization Grants	93.268	5888I488	<u>14,372</u>
			<u>17,097</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1763	<u>621,671</u>
Emergency Management Performance Grants	97.042	FY 09	<u>17,523</u>
Total			<u>\$ 1,593,840</u>

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

See accompanying independent auditor's report.

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

To the Officials of Marion County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Marion 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Marion County and other parties to whom Marion County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Oskaloosa, Iowa
March 22, 2010

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

To the Officials of Marion County:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marion County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Marion County's compliance with those requirements.

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

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

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Marion County and other parties to whom Marion County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
March 22, 2010

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

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 10.557 Special Supplemental Nutrition Program for Women, Infants and Children
 - CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disaster)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Marion County did not qualify as a low-risk auditee.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties

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

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

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

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

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

SIGNIFICANT DEFICIENCIES (continued):

II-A-09 Segregation of Duties (continued)

Responses –

Ag Extension – We will review procedures and try to make any necessary changes to improve internal control.

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

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

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

Conclusion – Responses accepted.

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

Conclusion – Response accepted.

II-C-09 Disbursement Support – We noted that one of twenty-one payments on County credit cards tested lacked support documentation for charges totaling \$1,014 from the public health department. No invoices, receipts, or other proof of purchase were available at the time the County made the payment.

Recommendation – The County should enforce the guidelines on credit card usage that require employees to provide invoices, receipts or other proof of purchases for all charges on the County credit card. The County should seek reimbursement from any employee who fails to provide adequate support documentation.

Response – We will require the proper documentation for all future credit card charges.

Conclusion – Response accepted.

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

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

SIGNIFICANT DEFICIENCIES (continued):

II-D-09 Untimely Deposits – We noted in our testing of Sheriff’s office transactions that evidence room disposition deposits are not being made on a timely basis. Some deposits made in 2009 were for cases as far back as 1999. In addition, we noted untimely deposits of service fee warrants from the County Auditor.

Recommendation – All deposits by all departments should be made on a timely basis to protect the underlying asset.

Response –

County Sheriff – We will dispose of evidence room items on a more timely basis in the future. We fell behind on wage garnishment paperwork this year and had a backlog of cases. We will try to deposit these items in a more timely manner in the future.

Conclusion – Responses accepted.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted in any County function. However, disbursements in the E-911 department exceeded the amount appropriated prior to the amendment and at year end.

Recommendation – 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 – Appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

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

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Wells Fargo Card Services, Inc. and Mastercard	Credit card fees, finance charges, and unsupported disbursements	\$329

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

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

Response – We will document this in the future.

Conclusion – Response accepted.

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

IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.

MARION COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

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

- IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- IV-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.
- IV-J-09 Compensated Absences – The County's vacation policy requires all earned vacation to be used within one year with no carryovers allowed. The maximum vacation that can be earned by an employee is 25 days (200 hours). However, we noted compensated absence accruals for vacation for three employees exceeded this maximum amount by up to 45 hours.

Recommendation – The County should correct the vacation records for these employees or document the exceptions to the carryover rules.

Response – We will look into this matter and take the appropriate action.

Conclusion – Response accepted.