

HARRISON COUNTY, IOWA
Independent Auditors' Report
Basic Financial Statements
and
Supplementary Information
Schedule of Findings and
Questioned Costs
June 30, 2010

**HARRISON COUNTY, IOWA
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HARRISON COUNTY, IOWA

COUNTY OFFICIALS

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



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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activity, each major fund, and the aggregate remaining fund information of Harrison County, Iowa as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Harrison County's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2011 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented therein) and expressed unqualified opinions on those financial statements.

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011

**HARRISON COUNTY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2010**

As the Board of Supervisors of Harrison County, Iowa, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- During the year, the county had governmental type expenses of \$14,166,849, which was \$188,609 less than the prior year.
- The County collected \$20,992,003 in property taxes and tax credits. Of that amount, the County retained \$6,626,306 to finance County operations. This was a 6% decrease from last year.
- The County received \$2,763,767 in road use tax allocation, which was \$186,327 more than last year.
- Interest on Investments during the year was \$77,311, which was down from last year's total of \$163,130.
- The County's total debt decreased by \$468,439 during the current fiscal year.

USING THIS ANNUAL REPORT

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

REPORTING THE COUNTY AS A WHOLE

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

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

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

FUND FINANCIAL STATEMENTS

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

Harrison County has three kinds of funds: Governmental funds, Proprietary funds and Fiduciary funds.

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

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

Proprietary funds charge customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. The major difference between the proprietary funds report and the business-type activities reported in the government-wide statements, is the detail and additional information, such as cash flows, provided in the proprietary funds report.

The proprietary fund required financial statements include a statement of net assets, a statement of revenue, expenses and changes in net assets and a statement of cash flows.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

| | Net Assets of Governmental Activities | | Net Assets of Business-type Activities | |
|---|---------------------------------------|----------------------|--|--------------------|
| | 6/30/10 | 6/30/09 | 6/30/10 | 6/30/09 |
| Current and other assets | \$ 19,598,704 | \$ 18,545,746 | \$ 63,256 | \$ 213,203 |
| Capital Assets | 32,165,883 | 30,261,995 | 2,273,374 | 2,304,481 |
| TOTAL ASSETS | 51,764,587 | 48,807,741 | 2,336,630 | 2,517,684 |
| Long Term Debt Outstanding | 2,482,634 | 2,815,690 | 749,561 | 758,000 |
| Other Liabilities | 7,828,687 | 7,419,354 | - | 155,886 |
| TOTAL LIABILITIES | 10,311,321 | 10,235,044 | 749,561 | 913,886 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 31,285,883 | 29,156,995 | 1,523,813 | 1,546,481 |
| Restricted | 8,023,059 | 1,014,788 | - | - |
| Unrestricted | 2,144,324 | 8,400,914 | 63,256 | 57,317 |
| TOTAL NET ASSETS | \$ 41,453,266 | \$ 38,572,697 | \$ 1,587,069 | \$1,603,798 |

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

| | Changes in Net Assets of Governmental Activities | | Changes in Net Assets of Business-Type Activities | |
|--|---|----------------------|--|--------------------|
| | 2010 | 2009 | 2010 | 2009 |
| REVENUES | | | | |
| Program Revenues | | | | |
| Charges for services | \$ 1,357,493 | \$ 1,404,241 | \$ 45,542 | \$ 30,497 |
| Program Revenues, Operating Grants & - Contributions & Interest | 4,878,366 | 4,089,640 | - | - |
| Capital Grants & Contributions | 3,116,505 | 4,490,098 | 1,486 | 398,251 |
| General Revenues | | | | |
| Property Taxes | 6,326,834 | 6,192,958 | - | - |
| Penalty & Interest on taxes | 60,545 | 53,180 | - | - |
| State tax credits | 299,472 | 853,828 | - | - |
| Local option sales tax | 447,734 | 477,574 | - | - |
| Unrestricted investment earnings | 77,311 | 163,130 | - | - |
| Other general revenues | 483,158 | 487,504 | 1,205 | - |
| Total Revenues | 17,047,418 | 18,212,153 | 48,233 | 428,748 |
| PROGRAM EXPENSES | | | | |
| Public safety & legal services | 1,767,508 | 1,996,850 | - | - |
| Physical health & social services | 1,315,484 | 1,619,174 | - | - |
| Mental Health, MR & DD | 1,629,060 | 1,786,275 | - | - |
| County environment & education | 1,607,905 | 1,349,009 | - | - |
| Roads & transportation | 5,509,779 | 5,193,966 | - | - |
| Government services to residents | 441,097 | 506,573 | - | - |
| Administration | 1,854,798 | 1,809,813 | - | - |
| Interest on Long Term Debt | 41,218 | 93,798 | - | - |
| Waste Water | - | - | 64,962 | 60,354 |
| TOTAL EXPENSES | 14,166,849 | 14,355,458 | 64,962 | 60,354 |
| Change in net assets | 2,880,569 | 3,856,695 | (16,729) | 368,394 |
| Net assets beginning of year | 38,572,697 | 34,941,160 | 1,603,798 | 1,235,404 |
| Prior Period Adjustment | - | (225,158) | - | - |
| Net assets end of year | \$ 41,453,266 | \$ 38,572,697 | \$ 1,587,069 | \$1,603,798 |

Harrison County's January 1, 2008 taxable valuation (payable in fiscal year 2009-10) was \$608,326,423, an increase of \$19,583,777 from the previous year.

Harrison County decreased its levy rate per \$1000 per taxable valuation by \$0.22605 as shown on the following chart of property tax rates from fiscal year ending June 30, 2009 to fiscal year ending June 30, 2010.

| | Fy10 | Fy09 |
|------------------------------------|------------------------|------------------------|
| General Basic/General Supplemental | 6.64518 | 6.80957 |
| MH-DD | 1.50318 | 1.56360 |
| Rural Basic | 3.15254 | 3.15254 |
| Debt Service | <u>0.39529</u> | <u>0.39653</u> |
| TOTAL | <u>11.69619</u> | <u>11.92224</u> |

INDIVIDUAL MAJOR FUND ANALYSIS

Harrison County completed the year with its governmental funds reported a combined balance of \$11,546,259. This is \$635,961 more than the combined fund balance of the fiscal year ending June 30, 2009.

The General fund ended the year with a balance of \$3,713,710 a \$164,443 increase from the Fy09 fund balance.

The MH-DD fund had an ending balance of \$531,448. This is an increase of \$377,282 from the previous year.

The Rural Services had an ending balance of \$1,501,034. This is a \$28,852 decrease from the Fy09 fund balance.

Secondary Roads had a fiscal year ending June 30, 2010 fund balance of \$4,929,027 which was a \$397,944 increase over Fy09.

The Debt Service fund had a fiscal year ending June 30, 2010 ending balance of \$404,970. In Fy09, the ending fund balance was \$644,615.

General Budgetary Highlights

The Harrison County budget was amended on May 27, 2010. The amendment included increasing the revenues by \$41,000, when broken down reflects an increase of \$21,500 for Intergovernmental revenues; \$5,000 for Charges for Services; \$5,000 increase for Use of Money & Property, and \$9,500 for Miscellaneous.

On the expense side, the amendment increases included \$10,000 under Public Safety; \$61,811 for County Environment & Education; \$15,000 for Administration; \$16,000 for Debt Service; and \$301,000 for Capital Projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Harrison County ended Fy10 with approximately \$55,000,000 invested in a broad range of capital assets. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and bridges.

Depreciation expense of \$1,816,170 and the total accumulated depreciation of \$20,128,758 were reported as of June 30, 2010.

Debt

Harrison County had the following bonds outstanding as of the end of Fy10.

| | | FY10 | FY09 |
|------|-----------------------------------|---------------------|---------------------|
| 2001 | Solid Waste Disposal | \$ - | \$ 40,000 |
| 2003 | Courthouse HVAC System | 245,000 | 300,000 |
| 2008 | USDA Sewer Revenue Note | 296,604 | 300,000 |
| 2008 | USDA Sewer Revenue Note | 452,957 | 458,000 |
| 2009 | Refinance (1999 & 1996 issuances) | <u>1,055,000</u> | <u>1,420,000</u> |
| | | <u>\$ 2,049,561</u> | <u>\$ 2,518,000</u> |

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

Economic Factors and Next Year's Budgets and Rates:

Harrison County's Board of Supervisors considered many factors for the fiscal year 2011 budget. Taxable valuations were a little higher than last year's levels.

The estimated July 1, 2010 population of Harrison County was 15,009, a decrease of 657 from the 15,666 as reported on the 2000 census. Harrison County has a labor force of 7380 and an unemployment rate of 4.8% as reported on the June, 2010 monthly report by the Iowa Workforce Development.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Harrison County Auditor, Harrison County, 111 North Second Ave., Logan, IA 51546.

HARRISON COUNTY, IOWA
Statement of Net Assets
June 30, 2010

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and Pooled Investments | \$ 8,182,351 | \$ 59,127 | \$ 8,241,478 |
| Receivables | | | |
| Accounts | 24,640 | 4,129 | 28,769 |
| Property Tax | | | |
| Delinquent | 61,431 | | 61,431 |
| Succeeding Year | 6,801,938 | | 6,801,938 |
| Accrued Interest | 17,883 | | 17,883 |
| Notes (Note 13) | 420,000 | | 420,000 |
| Drainage Assessments | 178,161 | | 178,161 |
| Due from Other Governments | 1,074,709 | | 1,074,709 |
| Inventories | 2,638,098 | | 2,638,098 |
| Prepaid Maintenance | 26,481 | | 26,481 |
| Prepaid Insurance | 142,041 | | 142,041 |
| Bond Issuance Costs | 30,971 | | 30,971 |
| Construction in Progress (Note 7) | 3,473,874 | | 3,473,874 |
| Land (Note 7) | 2,762,305 | | 2,762,305 |
| Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 7) | 25,929,704 | 2,273,374 | 28,203,078 |
| Total Assets | 51,764,587 | 2,336,630 | 54,101,217 |
| LIABILITIES | | | |
| Accounts Payable | 371,397 | | 371,397 |
| Accrued Interest Payable | 28,403 | | 28,403 |
| Salaries and Benefits Payable | 142,890 | | 142,890 |
| Unearned Revenue | 2,668 | | 2,668 |
| Due to Other Governments (Note 8) | 481,391 | | 481,391 |
| Advance from Other Funds | | | |
| Deferred Revenue: | | | |
| Succeeding Year Property Tax | 6,801,938 | | 6,801,938 |
| Long-Term Liabilities (Note 9) | | | |
| Portion Due or Payable Within One Year | | | |
| General Obligation Bonds | 430,000 | | 430,000 |
| USDA Loans | | 8,793 | 8,793 |
| Compensated Absences | 483,338 | | 483,338 |
| Portion Due or Payable After One Year | | | |
| General Obligation Bonds | 870,000 | | 870,000 |
| USDA Loans | | 740,768 | 740,768 |
| Compensated Absences | 630,956 | | 630,956 |
| Other Postemployment Benefits Liability | 68,340 | | 68,340 |
| Total Liabilities | 10,311,321 | 749,561 | 11,060,882 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt (Note 7) | 31,285,883 | 1,523,813 | 32,809,696 |
| Restricted for | | | |
| Secondary Roads Purposes | 4,929,027 | | 4,929,027 |
| Resource Enhancement and Protection | 101,664 | | 101,664 |
| Drainage Warrants | 89,086 | | 89,086 |
| Debt Service | 403,080 | | 403,080 |
| Conservation Land Acquisition | 233,847 | | 233,847 |
| Rural Services | 1,501,034 | | 1,501,034 |
| Mental Health | 531,448 | | 531,448 |
| Other Purposes | 233,873 | | 233,873 |
| Unrestricted | 2,144,324 | 63,256 | 2,207,580 |
| Total Net Assets | \$ 41,453,266 | \$ 1,587,069 | \$ 43,040,335 |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Activities
For the Year Ended June 30, 2010

| | Expenses | Charges for Services | Program Revenues | |
|-------------------------------------|----------------------|----------------------|--|---|
| | | | Operating Grants Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| Functions/Programs | | | | |
| Governmental Activities | | | | |
| Public Safety and Legal Services | \$ 1,767,508 | \$ 173,473 | | |
| Physical Health and Social Services | 1,315,484 | 694,488 | \$ 465,358 | |
| Mental Health | 1,629,060 | | 1,078,764 | |
| County Environment and Education | 1,607,905 | 148,696 | 508,091 | \$ 402,743 |
| Roads and Transportation | 5,509,779 | 49,160 | 2,763,767 | 2,713,762 |
| Government Services to Residents | 441,097 | 291,676 | 62,386 | |
| Administrative Services | 1,854,798 | | | |
| Interest on Long-Term Debt | 41,218 | | | |
| Total Governmental Activities | <u>14,166,849</u> | <u>1,357,493</u> | <u>4,878,366</u> | <u>3,116,505</u> |
| Business-Type Activity | | | | |
| Waste Water | 64,962 | 45,542 | | 1,486 |
| Total Business-Type Activity | <u>64,962</u> | <u>45,542</u> | | <u>1,486</u> |
| Total Primary Government | <u>\$ 14,231,811</u> | <u>\$ 1,403,035</u> | <u>\$ 4,878,366</u> | <u>\$ 3,117,991</u> |

General Revenues

Property and Other County Tax Levied for
 General Purpose
 Debt Service
 Penalty and Interest on Property Tax
 State Tax Credits
 Local Option Sales Tax
 Unrestricted Intergovernmental Revenue
 Unrestricted Investment Earnings
 Miscellaneous
 Gain on sale of Fixed Assets
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning of Year
 Net Assets - End of Year

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|---------------------------|----------------------|
| Governmental Activities | Business-Type Activity | Total |
| \$ (1,594,035) | | \$ (1,594,035) |
| (155,638) | | (155,638) |
| (550,296) | | (550,296) |
| (548,375) | | (548,375) |
| 16,910 | | 16,910 |
| (87,035) | | (87,035) |
| (1,854,798) | | (1,854,798) |
| (41,218) | | (41,218) |
| <u>(4,814,485)</u> | | <u>(4,814,485)</u> |
| | \$ (17,934) | (17,934) |
| | <u>(17,934)</u> | <u>(17,934)</u> |
| <u>(4,814,485)</u> | <u>(17,934)</u> | <u>(4,832,419)</u> |
| 6,094,060 | | 6,094,060 |
| 232,774 | | 232,774 |
| 60,545 | | 60,545 |
| 299,472 | | 299,472 |
| 447,734 | | 447,734 |
| 2,429 | | 2,429 |
| 77,311 | | 77,311 |
| 456,499 | 1,205 | 457,704 |
| 24,230 | | 24,230 |
| <u>7,695,054</u> | <u>1,205</u> | <u>7,696,259</u> |
| 2,880,569 | (16,729) | 2,863,840 |
| 38,572,697 | 1,603,798 | 40,176,495 |
| <u>\$ 41,453,266</u> | <u>\$ 1,587,069</u> | <u>\$ 43,040,335</u> |

HARRISON COUNTY, IOWA
Balance Sheet
Governmental Funds
June 30, 2010

| | Special Revenue Funds | | |
|--|-----------------------|---------------------|---------------------|
| | General | Rural Services | Secondary Roads |
| Assets | | | |
| Cash and Pooled Investments | \$ 3,161,285 | \$ 1,480,220 | \$ 1,948,177 |
| Receivables | | | |
| Accounts | 24,155 | | |
| Property Tax: | | | |
| Delinquent | 50,612 | 1,415 | |
| Succeeding Year | 4,183,591 | 1,440,265 | |
| Accrued Interest | 17,883 | | |
| Notes | | | |
| Drainage Assessments | | | |
| Interfund Receivables | 189,802 | | 145 |
| Due from Other Governments | 272,558 | 20,198 | 555,321 |
| Inventories | | | 2,638,098 |
| Prepaid Maintenance | 26,481 | | |
| Prepaid Insurance | 100,376 | | 41,665 |
| Total Assets | <u>8,026,743</u> | <u>2,942,098</u> | <u>5,183,406</u> |
| Liabilities and Fund Equity | | | |
| Liabilities | | | |
| Accounts Payable | 54,067 | | 168,903 |
| Accrued Interest Payable | | | |
| Salaries and Benefits Payable | 57,414 | | 85,476 |
| Unearned Revenue | | | |
| Interfund Payables | 145 | | - |
| Due to Other Governments | 4,092 | | - |
| Deferred Revenue: | | | |
| Succeeding Year Property Tax | 4,183,591 | 1,440,265 | |
| Other | 13,724 | 799 | |
| Total Liabilities | <u>4,313,033</u> | <u>1,441,064</u> | <u>254,379</u> |
| Fund Balances | | | |
| Reserved for | | | |
| Inventories | | | 2,638,098 |
| Note Receivable | | | |
| Prepaid Maintenance | 26,481 | | |
| Prepaid Insurance | 100,376 | | 41,665 |
| Conservation Land Acquisition | | | |
| Unreserved, Reported In | | | |
| General Fund | 3,586,853 | | |
| Special Revenue Funds | | 1,501,034 | 2,249,264 |
| Debt Service Fund | | | |
| Total Fund Balances | <u>3,713,710</u> | <u>1,501,034</u> | <u>4,929,027</u> |
| Total Liabilities and Fund Balances | <u>\$ 8,026,743</u> | <u>\$ 2,942,098</u> | <u>\$ 5,183,406</u> |

See Accompanying Notes to Financial Statements

| <u>Special Revenue Funds</u> | | | | |
|------------------------------|--------------------------|---------------------|---------------------------------|----------------------|
| <u>Mental Health</u> | <u>Shadow Valley TIF</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
| \$ 1,043,859 | \$ 94,971 | | \$ 453,839 | \$ 8,182,351 |
| 171 | | | 314 | 24,640 |
| 8,891 | | \$ 513 | | 61,431 |
| 890,224 | 44,905 | 242,953 | | 6,801,938 |
| | | 420,000 | | 17,883 |
| | | | 178,161 | 420,000 |
| | | | 226,632 | 178,161 |
| | | | | 189,947 |
| | | | | 1,074,709 |
| | | | | 2,638,098 |
| | | | | 26,481 |
| | | | | 142,041 |
| <u>1,943,145</u> | <u>139,876</u> | <u>663,466</u> | <u>858,946</u> | <u>19,757,680</u> |
| 43,431 | 6,069 | | 98,927 | 371,397 |
| | | | 26,513 | 26,513 |
| | | | | 142,890 |
| | | | 2,668 | 2,668 |
| | | 15,053 | 174,749 | 189,947 |
| 476,544 | | | 755 | 481,391 |
| 890,224 | 44,905 | 242,953 | | 6,801,938 |
| 1,498 | | 490 | 178,166 | 194,677 |
| <u>1,411,697</u> | <u>50,974</u> | <u>258,496</u> | <u>481,778</u> | <u>8,211,421</u> |
| | | | | 2,638,098 |
| | | 420,000 | | 420,000 |
| | | | | 26,481 |
| | | | | 142,041 |
| | | | 233,847 | 233,847 |
| | | | | 3,586,853 |
| 531,448 | 88,902 | | 143,321 | 4,513,969 |
| | | (15,030) | | (15,030) |
| <u>531,448</u> | <u>88,902</u> | <u>404,970</u> | <u>377,168</u> | <u>11,546,259</u> |
| <u>\$ 1,943,145</u> | <u>\$ 139,876</u> | <u>\$ 663,466</u> | <u>\$ 858,946</u> | <u>\$ 19,757,680</u> |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
 Reconciliation of The Balance Sheet of Governmental Funds
 To The Statement of Net Assets
 June 30, 2010

| | | |
|--|----|------------|
| Total Governmental Fund Balances (page 13) | \$ | 11,546,259 |
|--|----|------------|

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

| | | |
|--|--|------------|
| Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 32,165,883 |
|--|--|------------|

| | | |
|---|--|---------|
| Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. This is current deferred revenue on delinquent property tax. | | 194,677 |
|---|--|---------|

| | | |
|---|--|--------|
| Bond issue cost is reported in the governmental activities but are not reported in the funds as they do not provide current economic resources. | | 30,971 |
|---|--|--------|

| | | |
|---|--|---------|
| Accrued interest payable is not due in the current period and, therefore, is not reported in the funds. | | (1,890) |
|---|--|---------|

The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

| | | |
|---------------------------------------|--|-------------|
| Long-term debt | | (1,300,000) |
| Other Postemployment Benefits Payable | | (68,340) |
| Compensated absences payable | | (1,114,294) |
| | | (1,114,294) |

| | | |
|---|----|------------|
| Total Net Assets - Governmental Activities (page 9) | \$ | 41,453,266 |
|---|----|------------|

HARRISON COUNTY, IOWA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

| | Special Revenue | | |
|---|-----------------|-------------------|--------------------|
| | General | Rural Services | Secondary Roads |
| Revenue | | | |
| Property and Other County Tax | \$ 3,886,736 | \$ 1,290,382 | |
| Penalty and Interest on Property Tax | 60,545 | | |
| Local Option Sales Tax | | 111,933 | \$ 335,801 |
| Intergovernmental Revenue | 654,072 | 62,339 | 3,884,375 |
| Licenses and Permits | 33,769 | | 2,950 |
| Charges for Services | 1,236,189 | | 70,440 |
| Use of Money and Property | 75,697 | | |
| Assessments | | | |
| Contributions | | | |
| Miscellaneous | 146,945 | | 156,321 |
| Total Revenue | 6,093,953 | 1,464,654 | 4,449,887 |
| Expenditures | | | |
| Current | | | |
| Public Safety and Legal Services | 1,719,725 | | |
| Physical Health and Social Services | 1,336,131 | | |
| Mental Health | | | |
| County Environment and Education Services | 664,586 | 236,633 | |
| Roads and Transportation | | | 4,479,948 |
| Governmental Services to Residents | 437,313 | | |
| Administrative Services | 1,672,972 | 62,183 | |
| Debt Service | | | |
| Principal | | | |
| Interest | | | |
| Capital Projects | | | 965,964 |
| Total Expenditures | 5,830,727 | 298,816 | 5,445,912 |
| Excess (Deficiency) of Revenues Over Expenditures | 263,226 | 1,165,838 | (996,025) |
| Other Financing Sources (Uses) | | | |
| Transfers In | | | 1,293,473 |
| Transfers Out | (98,783) | (1,194,690) | |
| Total Other Financing Sources (Uses) | (98,783) | (1,194,690) | 1,293,473 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 164,443 | (28,852) | 297,448 |
| Fund Balances - Beginning of Year | 3,549,267 | 1,529,886 | 4,531,083 |
| Increase in Reserve for Inventory | | | 100,496 |
| Fund Balances - End of Year | \$ 3,713,710 | \$ 1,501,034 | \$ 4,929,027 |

See Accompanying Notes to Financial Statements

| Special Revenue | | | | |
|-------------------|-------------------|-------------------|--------------------------|----------------------|
| Mental Health | Shadow Valley TIF | Debt Service | Other Governmental Funds | Total |
| \$ 878,306 | \$ 36,473 | \$ 232,660 | | \$ 6,324,557 |
| | | | | 60,545 |
| | | | | 447,734 |
| 1,120,905 | | 11,435 | \$ 748,435 | 6,481,561 |
| | | | | 36,719 |
| | | | 38,375 | 1,345,004 |
| | | | 1,614 | 77,311 |
| | | | 136,382 | 136,382 |
| | | | 13,335 | 13,335 |
| 7,131 | | 10,183 | 195,577 | 516,157 |
| <u>2,006,342</u> | <u>36,473</u> | <u>254,278</u> | <u>1,133,718</u> | <u>15,439,305</u> |
| | | | | 1,719,725 |
| | | | - | 1,336,131 |
| 1,629,060 | | | | 1,629,060 |
| | 26,729 | | 598,668 | 1,526,616 |
| | | | | 4,479,948 |
| | | | 4,624 | 441,937 |
| | | | | 1,735,155 |
| | | 460,000 | | 460,000 |
| | | 33,923 | | 33,923 |
| | | | 575,381 | 1,541,345 |
| <u>1,629,060</u> | <u>26,729</u> | <u>493,923</u> | <u>1,178,673</u> | <u>14,903,840</u> |
| <u>377,282</u> | <u>9,744</u> | <u>(239,645)</u> | <u>(44,955)</u> | <u>535,465</u> |
| | | | | 1,293,473 |
| | | | | (1,293,473) |
| | | | | - |
| | | | | - |
| | | | | - |
| 377,282 | 9,744 | (239,645) | (44,955) | 535,465 |
| 154,166 | 79,158 | 644,615 | 422,123 | 10,910,298 |
| | | | | 100,496 |
| <u>\$ 531,448</u> | <u>\$ 88,902</u> | <u>\$ 404,970</u> | <u>\$ 377,168</u> | <u>\$ 11,546,259</u> |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds (page 16) \$ 635,961

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

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

| | | |
|---------------------------------|--------------|-----------|
| Expenditures for capital assets | \$ 3,688,951 | |
| Depreciation expense | (1,785,063) | 1,903,888 |

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

| | | |
|----------------------|--------|--------|
| Property Tax | 2,277 | |
| Drainage Assessments | 12,682 | 14,959 |

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

| | | |
|-------------------------------|----------|---------|
| Principal Payments | 460,000 | |
| Compensated Absences | (92,774) | |
| Other Postemployment Benefits | (34,170) | 333,056 |

Unamortized bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.

(7,865)

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

| | | |
|----------------------------|--|-----|
| Interest on long-term debt | | 570 |
|----------------------------|--|-----|

Change in Net Assets of Governmental Activities (page 11) \$ 2,880,569

HARRISON COUNTY, IOWA
Statement of Net Assets
Proprietary Fund
June 30, 2010

| | Business Type Activity |
|--|---|
| | Water and Waste Water Disposal System |
| Assets | |
| Current Assets: | |
| Cash and Pooled Investments | \$ 59,127 |
| Receivables: | |
| Accounts Receivable | 4,129 |
| Total Current Assets | 63,256 |
| Noncurrent Assets: | |
| Infrastructure, Property and Equipment, Net of Accumulated Depreciation | 2,273,374 |
| Total Noncurrent Assets | 2,273,374 |
| Total Assets | 2,336,630 |
| Liabilities | |
| Current Liabilities: | |
| USDA Loans | 8,793 |
| Total Current Liabilities | 8,793 |
| Noncurrent Liabilities: | |
| USDA Loans | 740,768 |
| Total Noncurrent Liabilities | 740,768 |
| Total Liabilities | 749,561 |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 1,523,813 |
| Unrestricted | 63,256 |
| Total Net Assets | \$ 1,587,069 |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Revenue, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

| | Business Type Activity |
|--------------------------------------|---|
| | Water and Waste Water Disposal System |
| Operating Revenues: | |
| Charges for Services | \$ 45,542 |
| Miscellaneous Income | 1,205 |
| Total Operating Revenue | 46,747 |
| Operating Expenses: | |
| Depreciation | 31,107 |
| Other Current Expense | 2,015 |
| Total Operating Expenses | 33,122 |
| Operating Income | 13,625 |
| Non-Operating Income (Expense): | |
| Interest Expense | (31,840) |
| Grant Reimbursement | 1,486 |
| Total Non-Operating Income (Expense) | (30,354) |
| Change in Net Assets | (16,729) |
| Net Assets - Beginning of Year | 1,603,798 |
| Net Assets - End of Year | \$ 1,587,069 |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

| | Business Type Activity |
|--|---|
| | Water and Waste Water Disposal System |
| Cash Flows from Operating Activities | |
| Cash Received From Customers | \$ 46,243 |
| Cash Paid to Suppliers | (2,015) |
| Net Cash Provided by Operating Activities | 44,228 |
| Cash Flows from Noncapital Financing Activities | |
| None | |
| Cash Flows from Capital and Related Financing Activities | |
| Grants Received | 208,933 |
| Principal Paid on Bonds | (8,439) |
| Interest Paid on Bonds | (31,840) |
| (Decrease) in Due to Other Funds | (155,886) |
| Net Cash Provided by Related Financing Activities | 12,768 |
| Cash Flows from Investing Activities | |
| None | |
| Net Increase in Cash and Cash Equivalents | 56,996 |
| Cash and Cash Equivalents at Beginning of Year | 2,131 |
| Cash and Cash Equivalents at End of Year | 59,127 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating Income | 13,625 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 31,107 |
| (Increase) in Accounts Receivable | (504) |
| Total Adjustments | 30,603 |
| Net Cash Provided by Operating Activities | \$ 44,228 |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets

| | |
|------------------------------|-------------------|
| Cash and Pooled Investments: | |
| County Treasurer | \$ 964,100 |
| Other County Officials | 50,300 |
| Receivables: | |
| Property Tax: | |
| Delinquent | 46,871 |
| Succeeding Year | 15,467,991 |
| Accounts | 27,945 |
| Special Assessments | 38,695 |
| Drainage Assessments: | |
| Current | 29 |
| Succeeding Year | 52,045 |
| Due From Other Governments | 365,254 |
| Prepaid Insurance | 9,780 |
| Total Assets | <u>17,023,010</u> |

Liabilities

| | |
|-------------------------------|----------------------|
| Accounts Payable | 104,054 |
| Accrued Interest Payable | 4,631 |
| Salaries and Benefits Payable | 14,478 |
| Compensated Absences | 68,003 |
| Due to Other Governments | 16,803,652 |
| Trusts Payable | 28,192 |
| Total Liabilities | <u>\$ 17,023,010</u> |

See Accompanying Notes to Financial Statements

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

B. Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions, reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The County's general, special revenue, debt service, and remaining nonmajor governmental funds are classified as governmental activities. The water and waste water disposal system fund is classified as the business-type activity.

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

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

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

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

Special Revenue

1. The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.
2. The Secondary Roads Fund is used to account for secondary road construction and maintenance.
3. The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.
4. Shadow Valley TIF is used to account for tax increments financial revenues for the Shadow Valley TIF district.

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

D. Assets, Liabilities, and Fund Equity

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

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

Interfund Activity - During the course of operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables, and other receivables not collected within sixty days after year end.

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

Compensated Absences and Related Employee Benefits – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability and related employee benefits attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the County Environment and Education and Debt Service functions.

Note 2 – Cash and Pooled Investments

The County's deposits at June 30, 2010 were entirely covered by federal depository insurance collateralized with securities or letter of credit held by the County or the County's agent in the County's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Note 3 – Pension and Retirement

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

Plan members are required to contribute 4.30% of their annual salary and the County is required to contribute 6.65% of annual covered payroll except for certain employees in special risk occupations who contribute at an actuarially determined contribution, as does the County. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$327,602, \$308,368 and \$278,361, respectively, equal to the required contributions for each year.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 4 – Local Government Risk Pool

Harrison County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members that include various entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contribution to the Pool for the year ended June 30, 2010 was \$220,882.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public official's liability risk up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$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 \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event of casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the members' risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 4 – Local Government Risk Pool - (Continued)

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

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

Note 5 – Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2010 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------------|-------------------|
| Secondary Roads | General | \$ 145 |
| General Fund | Debt Service | 15,053 |
| General Fund | Non-Major Governmental Fund | 174,749 |
| Total | | <u>\$ 189,947</u> |

Note 6 – Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

| <u>Transfers To</u> | <u>Transfer From</u> | <u>Amount</u> |
|--------------------------------------|----------------------------------|---------------------|
| Special Revenue - Secondary Roads | General | \$ 98,783 |
| Secondary Roads | Special Revenue – Rural Services | 1,194,690 |
| Total Transfers | | <u>\$ 1,293,473</u> |

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 7 – Capital Assets

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|--|-------------------------|------------------|----------------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$2,762,305 | \$ - | \$ - | \$ 2,762,305 |
| Construction in Progress | 1,145,001 | 3,013,625 | 684,752 | 3,473,874 |
| Total Capital Assets Not Being Depreciated | <u>3,907,306</u> | <u>3,013,625</u> | <u>684,752</u> | <u>6,236,179</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 5,358,024 | 5,529 | - | 5,363,553 |
| Machinery & Equipment | 8,047,163 | 760,871 | 397,495 | 8,410,539 |
| Infrastructure | 31,546,302 | 678,447 | - | 32,224,749 |
| Total Capital Assets Being Depreciated | <u>44,951,489</u> | <u>1,444,847</u> | <u>397,495</u> | <u>45,998,841</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 1,672,051 | 132,344 | - | 1,804,395 |
| Machinery & Equipment | 4,135,526 | 569,234 | 312,726 | 4,392,034 |
| Infrastructure | 12,789,223 | 1,083,485 | - | 13,872,708 |
| Total Accumulated Depreciation | <u>18,596,800</u> | <u>1,785,063</u> | <u>312,726</u> | <u>20,069,137</u> |
| Total Capital Assets Being Depreciated, Net | <u>26,354,689</u> | <u>(340,216)</u> | <u>84,769</u> | <u>25,929,704</u> |
| Governmental Activities Capital Assets, Net | <u>30,261,995</u> | <u>2,673,409</u> | <u>769,521</u> | <u>32,165,883</u> |
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Utility System | 2,332,995 | - | - | 2,332,995 |
| Total Capital Assets Being Depreciated | <u>2,332,995</u> | <u>-</u> | <u>-</u> | <u>2,332,995</u> |
| Less Accumulated Depreciation for: | | | | |
| Utility System | 28,514 | 31,107 | - | 59,621 |
| Total Accumulated Depreciation | <u>28,514</u> | <u>31,107</u> | <u>-</u> | <u>59,621</u> |
| Total Capital Assets Being Depreciated, Net | <u>2,304,481</u> | <u>31,107</u> | <u>-</u> | <u>2,273,374</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 2,304,481</u> | <u>\$ 31,107</u> | <u>\$ -</u> | <u>\$ 2,273,374</u> |

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 7 – Capital Assets (Continued)

Depreciation expense was charged to the Governmental functions as follows:

| | |
|-------------------------------------|---------------------|
| Public Safety and Legal Services | \$ 89,920 |
| Physical Health and Social Services | 20,116 |
| County Environment and Education | 45,087 |
| Roads and Transportation | 1,543,428 |
| Administration | 86,512 |
| | <u>\$ 1,785,063</u> |

Reconciliation of Invested in Capital Assets:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Land | \$ 2,762,305 | \$ - |
| Construction in Progress | 3,473,874 | - |
| Capital Assets (Net of Accumulated Depreciation) | 25,929,704 | 2,273,374 |
| Less: General Obligation Bonds | (880,000) | (749,561) |
| | <u>\$ 31,285,883</u> | <u>\$ 1,523,813</u> |
| Invested in Capital Assets, Net of Related Debt | \$ 31,285,883 | \$ 1,523,813 |

Note 8 – Due to Other Governments

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

| <u>Fund</u> | <u>Description</u> | <u>Amount</u> |
|------------------------------|--------------------|---------------------|
| Governmental Funds: | | |
| General | Services | \$ 4,092 |
| Special Revenue | | |
| Mental Health | Services | 476,544 |
| Non-Major Funds | Services | 755 |
| Total for Governmental Funds | | <u>\$ 481,391</u> |
| Agency Funds: | | |
| Drainage Districts | | \$ 319,487 |
| Schools | | 11,124,499 |
| Community Colleges | | 528,701 |
| Corporations | | 3,498,782 |
| Townships | | 206,728 |
| Auto License and Use Tax | | 355,561 |
| All Other | | 769,894 |
| Total for Agency Funds | | <u>\$16,803,652</u> |

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 9 – Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

| | Compensated Absences | Landfill GO Bonds | Geo-Thermal LEC Bonds | USDA Loans | Total |
|---------------------------|-------------------------|----------------------|--------------------------|-------------------|---------------------|
| Balance Beginning of Year | \$ 1,021,520 | \$ 655,000 | \$ 1,105,000 | \$ 758,000 | \$ 3,539,520 |
| Increases | 576,113 | - | - | - | 576,113 |
| Reductions | 483,338 | 235,000 | 225,000 | 8,439 | 951,777 |
| Balance End of Year | <u>\$ 1,114,295</u> | <u>\$ 420,000</u> | <u>\$ 880,000</u> | <u>\$ 749,561</u> | <u>\$ 3,163,856</u> |
| Due in One Year | <u>\$ 483,338</u> | <u>\$ 205,000</u> | <u>\$ 225,000</u> | <u>\$ 8,793</u> | <u>\$ 922,131</u> |

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

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

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

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

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

| Year Ending <u>June 30,</u> | Governmental General Obligation | | Business-Type USDA Bonds | | <u>Total</u> |
|-----------------------------------|---------------------------------------|-----------------|--------------------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2011 | \$ 430,000 | \$ 27,903 | \$ 8,793 | \$ 31,486 | \$ 498,182 |
| 2012 | 430,000 | 20,908 | 9,163 | 31,116 | 491,187 |
| 2013 | 215,000 | 12,393 | 9,548 | 30,731 | 267,672 |
| 2014 | 225,000 | 7,133 | 9,949 | 30,331 | 272,412 |
| 2015 | - | 1,251 | 10,366 | 29,913 | 41,530 |
| 2016 – 2020 | - | - | 58,740 | 142,655 | 201,395 |
| 2021 – 2025 | - | - | 72,156 | 129,239 | 201,395 |
| 2026 – 2030 | - | - | 88,637 | 112,758 | 201,395 |
| 2031 – 2035 | - | - | 108,884 | 92,511 | 201,395 |
| 2036 – 2040 | - | - | 133,756 | 67,639 | 201,395 |
| 2041 – 2045 | - | - | 239,570 | 36,483 | 276,053 |
| Total | \$ 1,300,000 | \$ 69,588 | \$ 749,561 | \$ 734,862 | \$ 2,854,011 |

Bond Covenants – As a condition of the issuance of the loans from the USDA, the County was required to establish and fund various sinking and reserve accounts, per the terms of the loan agreements. As of June 30, 2010, the required amounts had not been placed in these accounts as required. Management is aware of these requirements and has requested increased charges to allow the funding of these amounts, and is working toward meeting these conditions.

Note 10 - Other Postemployment Benefits (OPEB)

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

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

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

| | | | |
|--|--|----|-----------|
| Annual required contribution | | \$ | 62,610 |
| Interest on net OPEB obligation | | | - |
| Adjustment to annual required contribution | | | - |
| Annual OPEB cost | | | 62,610 |
| Contributions made | | | (28,440) |
| Increase in net OPEB obligation | | | 34,170 |
| Net OPEB obligation beginning of year | | | 34,170 |
| Net OPEB obligation end of year | | | \$ 68,340 |

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, 2010.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years 2009 and 2010 are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|------------------|--|---------------------|
| June 30, 2010 | \$ 62,610 | 45.40% | \$ 68,340 |
| June 30, 2009 | \$ 62,610 | 45.40% | \$ 34,170 |

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$630,834, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$630,834. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,400,000 and the ratio of the UAAL to covered payroll was 14.3%. As of June 30, 2010, there were no trust fund assets.

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

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

Note 11 – Drainage Warrants

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

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

Note 12 – Deficit Fund Balances

As of June 30, 2010, the following fund had a deficit fund balance in the amount shown:

| | |
|--------------------|------------|
| Special Revenue: | |
| Drainage Districts | \$ 103,314 |

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

Note 13 – Notes Receivable

Harrison County has issued general obligation bonds for the Harrison County Landfill Commission to finance expansion and building projects. The balance of these bonds is \$420,000 at June 30, 2010. The landfill reimburses the County for the bond and interest payments, with the interest ranging from 1.1% to 5.9%, see Note 9.

HARRISON COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

Note 13 – Notes Receivable (Continued)

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

| Year Ending <u>June 30,</u> | Loan <u>Principal</u> |
|-----------------------------------|--------------------------|
| 2011 | \$ 205,000 |
| 2012 | <u>215,000</u> |
| Total | \$ <u>420,000</u> |

Note 14 – Local Government Guarantee

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

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and postclosure costs to the Commission have been estimated at \$1,373,723 and \$972,248 as of June 30, 2010.

The Commission has begun to accumulate resources to fund these closure costs, and at June 30, 2010 deposits of \$791,273 are held for these purposes. Since the commission is anticipated to accumulate the full amount of funds required for closure and postclosure during the life of the landfill, no liability has been recognized on the County's financial statements.

The County has provided a Local Government Guarantee for the closure and postclosure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation equals \$2,345,971 as of June 30, 2010.

Note 15 – Construction Commitment

The County has entered into contracts totaling \$1,032,280 for road improvements and the Lincoln Highway Interpretive Center. As of June 30, 2010, costs of \$890,635 had been incurred on the projects. The balance of \$141,645 remaining at June 30, 2010 will be paid as work on the projects progress.

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in
Balances - Budget and Actual (Cash Basis) - Governmental Funds and Business-Type Activities
Required Supplementary Information
For the Year Ended June 30, 2010

| | Governmental Funds Actual | Business-Type Activities Actual | Total Actual |
|---|---------------------------------|---------------------------------------|---------------------|
| Receipts | | | |
| Property and Other County Tax | \$ 7,078,360 | | \$ 7,078,360 |
| Interest and Penalty on Property Tax | 60,422 | | 60,422 |
| Intergovernmental | 6,058,803 | \$ 208,933 | 6,267,736 |
| Licenses and Permits | 20,970 | | 20,970 |
| Charges for Service | 650,639 | 46,243 | 696,882 |
| Use of Money and Property | 71,299 | | 71,299 |
| Miscellaneous | 1,290,008 | | 1,290,008 |
| Total Receipts | <u>15,230,501</u> | <u>255,176</u> | <u>15,485,677</u> |
| Disbursements | | | |
| Public Safety and Legal Services | 1,782,774 | | 1,782,774 |
| Physical Health and Social Services | 1,367,233 | | 1,367,233 |
| Mental Health | 1,894,580 | | 1,894,580 |
| County Environment and Education | 1,529,208 | | 1,529,208 |
| Roads and Transportation | 4,450,656 | | 4,450,656 |
| Government Services to Residents | 444,290 | | 444,290 |
| Administrative Services | 1,694,521 | | 1,694,521 |
| Debt Service | 495,473 | 40,279 | 535,752 |
| Capital Projects | 1,416,485 | 2,015 | 1,418,500 |
| Total Disbursements | <u>15,075,220</u> | <u>42,294</u> | <u>15,117,514</u> |
| Excess (Deficiency) of Receipts Over Disbursements | 155,281 | 212,882 | 368,163 |
| | | | |
| Balance Beginning of Year | <u>8,173,616</u> | <u>(153,755)</u> | <u>8,019,861</u> |
| | | | |
| Balance End of Year | <u>\$ 8,328,897</u> | <u>\$ 59,127</u> | <u>\$ 8,388,024</u> |

| Budgeted Amounts | | Final to Actual Variance - Positive (Negative) |
|---------------------|---------------------|---|
| Original | Final | |
| \$ 6,701,719 | \$ 6,701,719 | \$ 376,641 |
| 51,300 | 51,300 | 9,122 |
| 7,044,707 | 7,066,207 | (798,471) |
| 29,154 | 29,154 | (8,184) |
| 462,875 | 467,875 | 229,007 |
| 337,380 | 342,380 | (271,081) |
| 1,604,035 | 1,613,535 | (323,527) |
| <u>16,231,170</u> | <u>16,272,170</u> | <u>(786,493)</u> |
| 1,874,984 | 1,884,984 | 102,210 |
| 1,655,218 | 1,655,218 | 287,985 |
| 2,093,300 | 2,093,300 | 198,720 |
| 824,532 | 886,343 | (642,865) |
| 4,897,512 | 4,897,512 | 446,856 |
| 456,356 | 456,356 | 12,066 |
| 1,815,888 | 1,830,888 | 136,367 |
| 480,851 | 496,851 | (38,901) |
| 2,450,600 | 2,751,600 | 1,333,100 |
| <u>16,549,241</u> | <u>16,953,052</u> | <u>1,835,538</u> |
| (318,071) | (680,882) | 1,049,045 |
| <u>8,019,861</u> | <u>8,019,861</u> | <u>-</u> |
| <u>\$ 7,701,790</u> | <u>\$ 7,338,979</u> | <u>\$ -</u> |

HARRISON COUNTY, IOWA
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
For the Year Ended June 30, 2010

| | Governmental Fund Types | | |
|-------------------------------------|-------------------------|------------------------|------------------------------|
| | Cash Basis | Accrual Adjustments | Modified Accrual Basis |
| Revenues | \$ 15,230,501 | \$ 208,804 | \$ 15,439,305 |
| Expenditures | 15,075,220 | (171,380) | 14,903,840 |
| Net | <u>155,281</u> | <u>380,184</u> | <u>535,465</u> |
| Beginning Fund Balances | 8,173,616 | 2,736,682 | 10,910,298 |
| Increase in Reserve for Inventories | | <u>100,496</u> | <u>100,496</u> |
| Ending Fund Balances | <u>\$ 8,328,897</u> | <u>\$ 3,217,362</u> | <u>\$ 11,546,259</u> |

Business-Type Activity

| <u>Cash Basis</u> | <u>Accrual Adjustments</u> | <u>Accrual Basis</u> |
|-----------------------|--------------------------------|--------------------------|
| \$ 255,176 | \$ (206,943) | \$ 48,233 |
| 42,294 | 22,668 | 64,962 |
| <u>212,882</u> | <u>(229,611)</u> | <u>(16,729)</u> |
| (153,755) | 1,757,553 | 1,603,798 |
| | | - |
| <u>\$ 59,127</u> | <u>\$ 1,527,942</u> | <u>\$ 1,587,069</u> |

HARRISON COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2010

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$403,811. This budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the County Environment and Education and Debt Service functions. The County budgeted the sewer project in the Capital Projects Governmental Fund, however, it was later determined it should have been budgeted as a Business-Type Activity.

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

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Approximate Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------|--------------------------------|--|---|---------------------------------|--------------------------|--|---|
| 2009 | July 1, 2008 | - | \$ 630,834 | \$ 630,834 | 0.00% | \$ 4,400,000 | 14.30 % |
| 2010 | July 1, 2008 | - | \$ 630,834 | \$ 630,834 | 0.00% | \$ 4,600,000 | 13.70 % |

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

HARRISON COUNTY, IOWA
Combining Balance Sheet
Governmental Nonmajor Funds
June 30, 2010

| | Special Revenue Funds | | |
|--|--|---|-----------------|
| | Resource Enhancement and Protection | County Recorder's Records Management Fund | DARE |
| Assets | | | |
| Cash and Pooled Investments | \$ 101,664 | \$ 5,526 | \$ 2,344 |
| Receivables | | | |
| Accounts | | 304 | |
| Drainage Assessments | | | |
| Due from Other Governments | | | |
| Total Assets | <u>101,664</u> | <u>5,830</u> | <u>2,344</u> |
| Liabilities and Fund Equity | | | |
| Liabilities | | | |
| Accounts Payable | | | |
| Accrued Interest Payable | | | |
| Due to Other Funds | | | |
| Due to Other Governmental Agencies | | | |
| Deferred Revenue | | | |
| Unearned Revenue | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Equity | | | |
| Fund Balances | | | |
| Reserved for | | | |
| Conservation Land Acquisition | | | |
| Unreserved | 101,664 | 5,830 | 2,344 |
| Total Fund Equity | <u>101,664</u> | <u>5,830</u> | <u>2,344</u> |
| Total Liabilities and Fund Equity | <u>\$ 101,664</u> | <u>\$ 5,830</u> | <u>\$ 2,344</u> |

| Special Revenue Funds | | | | | | |
|-------------------------------|-------------------------------------|------------------|-------------------------|-----------------------------------|------------------|----------------------------------|
| Supplemental Environmental | Conservation Easement Monitor | Seizure Funds | Flood and Erosion | Drug Search and Seizures | Sheriff's K-9 | Sheriff's Officer Memorial |
| \$ 1 | \$ 35,856 | \$ 1,600 | \$ 79,354 | \$ 16,880 | \$ 118 | \$ 601 |
| <u>1</u> | <u>35,856</u> | <u>1,600</u> | <u>81,741</u> | <u>16,880</u> | <u>118</u> | <u>601</u> |
| - | - | - | - | - | - | - |
| 1 | 35,856 | 1,600 | 81,741 | 16,880 | 118 | 601 |
| 1 | 35,856 | 1,600 | 81,741 | 16,880 | 118 | 601 |
| <u>\$ 1</u> | <u>\$ 35,856</u> | <u>\$ 1,600</u> | <u>\$ 81,741</u> | <u>\$ 16,880</u> | <u>\$ 118</u> | <u>\$ 601</u> |

(Continued)

HARRISON COUNTY, IOWA
Combining Balance Sheet - (Continued)
Governmental Nonmajor Funds
June 30, 2010

Schedule 1

| | Special Revenue Funds | | |
|------------------------------------|-----------------------|--|--|
| | Drainage Districts | Conservation Land Acquisition Trust | Total Governmental Nonmajor Funds |
| Assets | | | |
| Cash and Pooled Investments | \$ - | \$ 209,895 | \$ 453,839 |
| Receivables | | | |
| Accounts | 10 | | 314 |
| Drainage Assessments | 178,161 | | 178,161 |
| Due from Other Governments | 106,270 | 117,975 | 226,632 |
| Total Assets | 284,441 | 327,870 | 858,946 |
| Liabilities and Fund Equity | | | |
| Liabilities | | | |
| Accounts Payable | 5,659 | 93,268 | 98,927 |
| Accrued Interest Payable | 26,513 | | 26,513 |
| Due to Other Funds | 174,749 | | 174,749 |
| Due to Other Governmental Agencies | | 755 | 755 |
| Deferred Revenue | 178,166 | | 178,166 |
| Unearned Revenue | 2,668 | | 2,668 |
| Total Liabilities | 387,755 | 94,023 | 481,778 |
| Fund Equity | | | |
| Fund Balances | | | |
| Reserved for | | | |
| Conservation Land Acquisition | | 233,847 | 233,847 |
| Unreserved | (103,314) | | 143,321 |
| Total Fund Equity | (103,314) | 233,847 | 377,168 |
| Total Liabilities and Fund Equity | \$ 284,441 | \$ 327,870 | \$ 858,946 |

HARRISON COUNTY, IOWA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Nonmajor Funds
For the Year Ended June 30, 2010

| | Special Revenue Funds | | |
|---|--|---|-----------------|
| | Resource Enhancement and Protection | County Recorder's Records Management Fund | DARE |
| Revenues | | | |
| Intergovernmental Revenue | \$ 16,684 | | |
| Charges for Services | | \$ 3,122 | |
| Use of Money and Property | 359 | 26 | |
| Contributions | | | |
| Assessments | | | |
| Miscellaneous | | | |
| Total Revenues | <u>17,043</u> | <u>3,148</u> | <u>\$ -</u> |
| Expenditures | | | |
| Current | | | |
| County Environment and Education Services | | | |
| Governmental Services to Residents | | 4,624 | |
| Capital Projects | | | |
| Total Expenditures | <u>-</u> | <u>4,624</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 17,043 | (1,476) | - |
| Fund Balances - Beginning of Year | 84,621 | 7,306 | 2,344 |
| Fund Balances (Deficits) - End of Year | <u>\$ 101,664</u> | <u>\$ 5,830</u> | <u>\$ 2,344</u> |

| Special Revenue Funds | | | | | | |
|-------------------------------|--------------------------------------|------------------|-------------------------|-----------------------------------|------------------|----------------------------------|
| Supplemental Environmental | Convservation Easement Monitor | Seizure Funds | Flood and Erosion | Drug Search and Seizures | Sheriff's K-9 | Sheriff's Officer Memorial |
| | | | | \$ 2,030 | | |
| \$ 2 | \$ 139 | | \$ 40,286 | - | | |
| <u>2</u> | <u>139</u> | <u>-</u> | <u>40,286</u> | <u>2,030</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| 331 | | | 26,032 | | | |
| <u>331</u> | <u>-</u> | <u>-</u> | <u>26,032</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (329) | 139 | - | 14,254 | 2,030 | - | - |
| 330 | 35,717 | \$ 1,600 | 67,487 | 14,850 | \$ 118 | \$ 601 |
| <u>\$ 1</u> | <u>\$ 35,856</u> | <u>\$ 1,600</u> | <u>\$ 81,741</u> | <u>\$ 16,880</u> | <u>\$ 118</u> | <u>\$ 601</u> |

(Continued)

HARRISON COUNTY, IOWA Schedule 2
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - (Continued)
Governmental Nonmajor Funds
For the Year Ended June 30, 2010

| | <u>Special Revenue Funds</u> | | |
|---|-------------------------------|--|--|
| | <u>Drainage Districts</u> | <u>Conservation Land Acquisition Trust</u> | <u>Total Governmental Nonmajor Funds</u> |
| Revenues | | | |
| Intergovernmental Revenue | \$ 342,343 | \$ 389,408 | \$ 748,435 |
| Charges for Services | | 33,223 | 38,375 |
| Use of Money and Property | | 1,229 | 1,614 |
| Contributions | | 13,335 | 13,335 |
| Assessments | 136,382 | | 136,382 |
| Miscellaneous | - | 155,150 | 195,577 |
| Total Revenues | <u>478,725</u> | <u>592,345</u> | <u>1,133,718</u> |
| Expenditures | | | |
| Current | | | |
| County Environment and Education Services | 572,305 | | 598,668 |
| Governmental Services to Residents | | | 4,624 |
| Capital Projects | | 575,381 | 575,381 |
| Total Expenditures | <u>572,305</u> | <u>575,381</u> | <u>1,178,673</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (93,580) | 16,964 | (44,955) |
| Fund Balances - Beginning of Year | (9,734) | 216,883 | 422,123 |
| Fund Balances (Deficits) - End of Year | <u>\$ (103,314)</u> | <u>\$ 233,847</u> | <u>\$ 377,168</u> |

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities
June 30, 2010

| | Agency Funds | | | | |
|-------------------------------|-------------------|--------------------|-------------------|---------------------------|--------------------|
| | County Offices | | | | |
| | Welcome Center | County Recorder | County Sheriff | Agricultural Extension | County Assessor |
| Assets | | | | | |
| Cash and Pooled Investments | | | | | |
| County Treasurer | | | | \$ 6,528 | \$ 40,522 |
| Other County Officials | \$ 1,277 | \$ 20,831 | \$ 28,192 | | |
| Receivables: | | | | | |
| Property Tax: | | | | | |
| Delinquent | | | | 339 | 374 |
| Succeeding Year | | | | 190,177 | 211,142 |
| Accounts | | 957 | | | |
| Special Assessments | | | | | |
| Interest | | | | | |
| Drainage Assessments | | | | | |
| Current | | | | | |
| Succeeding Year | | | | | |
| Due From Other Governments | | | | | |
| Prepaid Insurance | | | | | 3,370 |
| Total Assets | <u>1,277</u> | <u>21,788</u> | <u>28,192</u> | <u>197,044</u> | <u>255,408</u> |
| Liabilities | | | | | |
| Accounts Payable | | | | | 125 |
| Accrued Interest Payable | | | | | |
| Salaries and Benefits Payable | | | | | 1,653 |
| Compensated Absences | | | | | 27,759 |
| Due to Other Governments | 1,277 | 21,788 | | 197,044 | 225,871 |
| Trusts Payable | | | 28,192 | | |
| Total Liabilities | <u>\$ 1,277</u> | <u>\$ 21,788</u> | <u>\$ 28,192</u> | <u>\$ 197,044</u> | <u>\$ 255,408</u> |

| Agency Funds | | | | | | |
|----------------------|-------------------|---------------------|-------------------|---------------------|-------------------------|--------------------------|
| Schools | Area Schools | Corporations | Townships | Future Tax Payments | Preservation Commission | Auto License and Use Tax |
| \$ 142,571 | \$ 8,019 | \$ 94,485 | \$ 2,995 | \$ 4 | \$ 1,417 | \$ 355,561 |
| 20,178 | 924 | 24,869 | 183 | | | |
| 10,961,750 | 519,758 | 3,379,428 | 203,550 | | | |
| <u>11,124,499</u> | <u>528,701</u> | <u>3,498,782</u> | <u>206,728</u> | <u>4</u> | <u>1,417</u> | <u>355,561</u> |
| 11,124,499 | 528,701 | 3,498,782 | 206,728 | 4 | 1,417 | 355,561 |
| <u>\$ 11,124,499</u> | <u>\$ 528,701</u> | <u>\$ 3,498,782</u> | <u>\$ 206,728</u> | <u>\$ 4</u> | <u>\$ 1,417</u> | <u>\$ 355,561</u> |

(Continued)

HARRISON COUNTY, IOWA
Combining Schedule of Fiduciary Assets and Liabilities - Continued
June 30, 2010

| | Agency Funds | | | | |
|-------------------------------|-----------------------------|-----------------------|---|-------------------------------------|----------------------------|
| | City Special Assessments | Drainage Districts | Brucellosis and Tuberculosis Eradication | Emergency Management Services | Tax Redemption Trust |
| Assets | | | | | |
| Cash and Pooled Investments | | | | | |
| County Treasurer | \$ 4,757 | | \$ 871 | \$ 143,561 | \$ 4,850 |
| Other County Officials | | | | | |
| Receivables: | | | | | |
| Property Tax: | | | | | |
| Delinquent | | | 4 | | |
| Succeeding Year | | | 2,186 | | |
| Accounts | | | | 1,629 | |
| Special Assessments | 38,695 | | | | |
| Drainage Assessments: | | | | | |
| Current | | \$ 29 | | | |
| Succeeding Year | | 52,045 | | | |
| Due From Other Governments | | 365,254 | | | |
| Prepaid Insurance | | | | 6,410 | |
| Total Assets | <u>43,452</u> | <u>52,074</u> | <u>3,061</u> | <u>151,600</u> | <u>4,850</u> |
| Liabilities | | | | | |
| Accounts Payable | | 93,210 | | 426 | |
| Accrued Interest Payable | | 4,631 | | | |
| Salaries and Benefits Payable | | | | 12,825 | |
| Compensated Absences | | | | 40,244 | |
| Due to Other Governments | 43,452 | 319,487 | 3,061 | 98,105 | 4,850 |
| Trusts Payable | | | | | |
| Total Liabilities | <u>\$ 43,452</u> | <u>\$ 417,328</u> | <u>\$ 3,061</u> | <u>\$ 151,600</u> | <u>\$ 4,850</u> |

| Agency Funds | | | | | | |
|--------------------------------|-------------------|-----------------------------------|-------------------------|------------------------------|---|--|
| E-911 Service Commission | Cafeteria Plan | Tri-County Willow Watershed | Mailing Fees/Refunds | Driver's License Trust | Recorder's Electronic Fee Fund | Total |
| \$ 142,784 | \$ 13,559 | | | | \$ 1,616 | \$ 964,100 50,300 |
| | | | \$ 7,064 | | | 46,871 15,467,991 27,945 38,695 |
| 18,295 | | | | | | 29 52,045 365,254 9,780 |
| <u>161,079</u> | <u>13,559</u> | <u>\$ -</u> | <u>7,064</u> | <u>\$ -</u> | <u>1,616</u> | <u>17,023,010</u> |
| 4,837 | 5,456 | | | | | 104,054 4,631 14,478 |
| 156,242 | 8,103 | | 7,064 | | 1,616 | 68,003 16,803,652 28,192 |
| <u>\$ 161,079</u> | <u>\$ 13,559</u> | <u>\$ -</u> | <u>\$ 7,064</u> | <u>\$ -</u> | <u>\$ 1,616</u> | <u>\$ 17,023,010</u> |

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 Agency Funds
 Year Ended June 30, 2010

| | Balance June 30, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|---|-----------------------------|-------------------|-------------------|-----------------------------|
| Welcome Center | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 1,277 | \$ - | \$ - | \$ 1,277 |
| Total Assets | <u>1,277</u> | <u>-</u> | <u>-</u> | <u>1,277</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>1,277</u> | <u>-</u> | <u>-</u> | <u>1,277</u> |
| Total Liabilities | <u>1,277</u> | <u>-</u> | <u>-</u> | <u>1,277</u> |
| County Recorder | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 20,452 | 246,916 | 246,537 | 20,831 |
| Accounts Receivable | <u>625</u> | <u>957</u> | <u>625</u> | <u>957</u> |
| Total Assets | <u>21,077</u> | <u>247,873</u> | <u>247,162</u> | <u>21,788</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>21,077</u> | <u>247,873</u> | <u>247,162</u> | <u>21,788</u> |
| Total Liabilities | <u>21,077</u> | <u>247,873</u> | <u>247,162</u> | <u>21,788</u> |
| County Sheriff | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | <u>34,803</u> | <u>341,984</u> | <u>348,595</u> | <u>28,192</u> |
| Total Assets | <u>34,803</u> | <u>341,984</u> | <u>348,595</u> | <u>28,192</u> |
| <i>Liabilities</i> | | | | |
| Trusts Payable | <u>34,803</u> | <u>341,984</u> | <u>348,595</u> | <u>28,192</u> |
| Total Liabilities | <u>34,803</u> | <u>341,984</u> | <u>348,595</u> | <u>28,192</u> |
| Agricultural Extension Education | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 7,160 | 182,464 | 183,096 | 6,528 |
| Property Tax Receivable | <u>276</u> | <u>339</u> | <u>276</u> | <u>339</u> |
| Succeeding Year Property Tax Receivable | <u>177,340</u> | <u>190,177</u> | <u>177,340</u> | <u>190,177</u> |
| Total Assets | <u>184,776</u> | <u>372,980</u> | <u>360,712</u> | <u>197,044</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>184,776</u> | <u>372,980</u> | <u>360,712</u> | <u>197,044</u> |
| Total Liabilities | <u>\$ 184,776</u> | <u>\$ 372,980</u> | <u>\$ 360,712</u> | <u>\$ 197,044</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance June 30, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|---|-----------------------------|---------------------|---------------------|-----------------------------|
| County Assessor | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 33,616 | \$ 211,010 | \$ 204,104 | \$ 40,522 |
| Property Tax Receivable | 318 | 374 | 318 | 374 |
| Succeeding Year Property Tax Receivable | 205,082 | 211,142 | 205,082 | 211,142 |
| Prepaid Insurance | 3,064 | 3,370 | 3,064 | 3,370 |
| Total Assets | <u>242,080</u> | <u>425,896</u> | <u>412,568</u> | <u>255,408</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | 584 | 125 | 584 | 125 |
| Salaries and Benefits Payable | 1,328 | 1,653 | 1,328 | 1,653 |
| Compensated Absences | 26,844 | 27,759 | 26,844 | 27,759 |
| Due to Other Governments | 213,324 | 396,359 | 383,812 | 225,871 |
| Total Liabilities | <u>242,080</u> | <u>425,896</u> | <u>412,568</u> | <u>255,408</u> |
| Schools | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 174,464 | 9,947,419 | 9,979,312 | 142,571 |
| Property Tax Receivable | 15,217 | 20,178 | 15,217 | 20,178 |
| Succeeding Year Property Tax Receivable | 9,670,939 | 10,961,750 | 9,670,939 | 10,961,750 |
| Total Assets | <u>9,860,620</u> | <u>20,929,347</u> | <u>19,665,468</u> | <u>11,124,499</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 9,860,620 | 20,929,347 | 19,665,468 | 11,124,499 |
| Total Liabilities | <u>9,860,620</u> | <u>20,929,347</u> | <u>19,665,468</u> | <u>11,124,499</u> |
| Area Schools | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 8,944 | 562,333 | 563,258 | 8,019 |
| Property Tax Receivable | 851 | 924 | 851 | 924 |
| Succeeding Year Property Tax Receivable | 546,533 | 519,758 | 546,533 | 519,758 |
| Total Assets | <u>556,328</u> | <u>1,083,015</u> | <u>1,110,642</u> | <u>528,701</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 556,328 | 1,083,015 | 1,110,642 | 528,701 |
| Total Liabilities | <u>\$ 556,328</u> | <u>\$ 1,083,015</u> | <u>\$ 1,110,642</u> | <u>\$ 528,701</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance June 30, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|---|-----------------------------|---------------------|---------------------|-----------------------------|
| Corporations | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 73,792 | \$ 3,245,703 | \$ 3,225,010 | \$ 94,485 |
| Property Tax Receivable | 12,365 | 24,869 | 12,365 | 24,869 |
| Succeeding Year Property Tax Receivable | 3,191,495 | 3,379,428 | 3,191,495 | 3,379,428 |
| Total Assets | <u>3,277,652</u> | <u>6,650,000</u> | <u>6,428,870</u> | <u>3,498,782</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>3,277,652</u> | <u>6,650,000</u> | <u>6,428,870</u> | <u>3,498,782</u> |
| Total Liabilities | <u>3,277,652</u> | <u>6,650,000</u> | <u>6,428,870</u> | <u>3,498,782</u> |
| Townships | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 4,286 | 265,092 | 266,383 | 2,995 |
| Property Tax Receivable | 194 | 183 | 194 | 183 |
| Succeeding Year Property Tax Receivable | 256,544 | 203,550 | 256,544 | 203,550 |
| Total Assets | <u>261,024</u> | <u>468,825</u> | <u>523,121</u> | <u>206,728</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>261,024</u> | <u>468,825</u> | <u>523,121</u> | <u>206,728</u> |
| Total Liabilities | <u>261,024</u> | <u>468,825</u> | <u>523,121</u> | <u>206,728</u> |
| City Special Assessments | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 3,388 | 19,935 | 18,566 | 4,757 |
| Assessments Receivable | 20,463 | 38,695 | 20,463 | 38,695 |
| Total Assets | <u>23,851</u> | <u>58,630</u> | <u>39,029</u> | <u>43,452</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>23,851</u> | <u>58,630</u> | <u>39,029</u> | <u>43,452</u> |
| Total Liabilities | <u>23,851</u> | <u>58,630</u> | <u>39,029</u> | <u>43,452</u> |
| Auto License and Use Tax | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 325,730 | 3,733,260 | 3,703,429 | 355,561 |
| Total Assets | <u>325,730</u> | <u>3,733,260</u> | <u>3,703,429</u> | <u>355,561</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>325,730</u> | <u>3,733,260</u> | <u>3,703,429</u> | <u>355,561</u> |
| Total Liabilities | <u>\$ 325,730</u> | <u>\$ 3,733,260</u> | <u>\$ 3,703,429</u> | <u>\$ 355,561</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance June 30, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|---|-----------------------------|-------------------|-------------------|-----------------------------|
| Future Tax Payments | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 2,873 | \$ - | \$ 2,869 | \$ 4 |
| Total Assets | <u>2,873</u> | <u>-</u> | <u>2,869</u> | <u>4</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>2,873</u> | <u>-</u> | <u>2,869</u> | <u>4</u> |
| Total Liabilities | <u>2,873</u> | <u>-</u> | <u>2,869</u> | <u>4</u> |
| Brucellosis and Tuberculosis Eradication | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 978 | 1,814 | 1,921 | 871 |
| Property Tax Receivable | 2 | 4 | 2 | 4 |
| Succeeding Year Property Tax Receivable | <u>1,773</u> | <u>2,186</u> | <u>1,773</u> | <u>2,186</u> |
| Total Assets | <u>2,753</u> | <u>4,004</u> | <u>3,696</u> | <u>3,061</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>2,753</u> | <u>4,004</u> | <u>3,696</u> | <u>3,061</u> |
| Total Liabilities | <u>2,753</u> | <u>4,004</u> | <u>3,696</u> | <u>3,061</u> |
| Preservation Commission | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 400 | 1,017 | - | 1,417 |
| Total Assets | <u>400</u> | <u>1,017</u> | <u>-</u> | <u>1,417</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | <u>400</u> | <u>1,017</u> | <u>-</u> | <u>1,417</u> |
| Total Liabilities | <u>400</u> | <u>1,017</u> | <u>-</u> | <u>1,417</u> |
| E-911 | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 104,870 | 156,340 | 118,426 | 142,784 |
| Accounts Receivable | 18,751 | 18,295 | 18,751 | 18,295 |
| Accrued Interest | 470 | - | 470 | - |
| Due from Other Governments | <u>30,300</u> | <u>-</u> | <u>30,300</u> | <u>-</u> |
| Total Assets | <u>154,391</u> | <u>174,635</u> | <u>167,947</u> | <u>161,079</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | 26,539 | 4,837 | 26,539 | 4,837 |
| Due to Other Governments | <u>127,852</u> | <u>169,798</u> | <u>141,408</u> | <u>156,242</u> |
| Total Liabilities | <u>\$ 154,391</u> | <u>\$ 174,635</u> | <u>\$ 167,947</u> | <u>\$ 161,079</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance July 1, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|--------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| Cafateria Plan | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 8,249 | \$ 32,042 | \$ 26,732 | \$ 13,559 |
| Total Assets | <u>8,249</u> | <u>32,042</u> | <u>26,732</u> | <u>13,559</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 4,586 | 26,586 | 23,069 | 8,103 |
| Accounts Payable | <u>3,663</u> | <u>5,456</u> | <u>3,663</u> | <u>5,456</u> |
| Total Liabilities | <u>8,249</u> | <u>32,042</u> | <u>26,732</u> | <u>13,559</u> |
| Emergency Management Services | | | | |
| <i>Assets</i> | | | | |
| Cash | 102,357 | 457,200 | 415,996 | 143,561 |
| Accounts Receivable | - | 1,629 | - | 1,629 |
| Prepaid Insurance | <u>5,828</u> | <u>6,410</u> | <u>5,828</u> | <u>6,410</u> |
| Total Assets | <u>108,185</u> | <u>465,239</u> | <u>421,824</u> | <u>151,600</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 56,150 | 411,744 | 369,789 | 98,105 |
| Accounts Payable | 1,154 | 426 | 1,154 | 426 |
| Salaries and Benefits Payable | 9,610 | 12,825 | 9,610 | 12,825 |
| Compensated Absences | <u>41,271</u> | <u>40,244</u> | <u>41,271</u> | <u>40,244</u> |
| Total Liabilities | <u>108,185</u> | <u>465,239</u> | <u>421,824</u> | <u>151,600</u> |
| Drainage Districts | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 140,239 | 1,534,504 | 1,674,743 | - |
| Accounts Receivable | 75 | - | 75 | - |
| Due From Other Governments | 198,150 | 365,254 | 198,150 | 365,254 |
| Drainage Assessments: | | | | |
| Current | - | 29 | - | 29 |
| Succeeding Year | <u>66,375</u> | <u>52,045</u> | <u>66,375</u> | <u>52,045</u> |
| Total Assets | <u>404,839</u> | <u>1,951,832</u> | <u>1,939,343</u> | <u>417,328</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | 138,772 | 93,210 | 138,772 | 93,210 |
| Accrued Interest Payable | 2,598 | 4,631 | 2,598 | 4,631 |
| Due to Other Governments | 263,469 | 1,853,991 | 1,797,973 | 319,487 |
| Total Liabilities | <u>\$ 404,839</u> | <u>\$ 1,951,832</u> | <u>\$ 1,939,343</u> | <u>\$ 417,328</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance July 1, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|------------------------------------|----------------------------|------------------|------------------|-----------------------------|
| Tax Redemption Trust | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 13,274 | \$ 314,958 | \$ 323,382 | \$ 4,850 |
| Total Assets | <u>13,274</u> | <u>314,958</u> | <u>323,382</u> | <u>4,850</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 13,274 | 314,958 | 323,382 | 4,850 |
| Total Liabilities | <u>13,274</u> | <u>314,958</u> | <u>323,382</u> | <u>4,850</u> |
| Tri-County Willow Watershed | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 11,500 | 56,500 | 68,000 | - |
| Total Assets | <u>11,500</u> | <u>56,500</u> | <u>68,000</u> | <u>-</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 11,500 | 56,500 | 68,000 | - |
| Total Liabilities | <u>11,500</u> | <u>56,500</u> | <u>68,000</u> | <u>-</u> |
| Mailing Fees/Refunds | | | | |
| <i>Assets</i> | | | | |
| Accounts Receivable | 7,064 | 24,298 | 24,298 | 7,064 |
| Total Assets | <u>7,064</u> | <u>24,298</u> | <u>24,298</u> | <u>7,064</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 7,064 | 24,298 | 24,298 | 7,064 |
| Total Liabilities | <u>7,064</u> | <u>24,298</u> | <u>24,298</u> | <u>7,064</u> |
| Driver's License Trust | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | - | 62,056 | 62,056 | - |
| Total Assets | <u>-</u> | <u>62,056</u> | <u>62,056</u> | <u>-</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | - | 62,056 | 62,056 | - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 62,056</u> | <u>\$ 62,056</u> | <u>\$ -</u> |

(Continued)

COUNTY OF HARRISON, IOWA
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - (Continued)
 Agency Funds
 Year Ended June 30, 2010

| | Balance July 1, 2009 | Addi- tions | Deduc- tions | Balance June 30, 2010 |
|---------------------------------------|----------------------------|----------------------|----------------------|-----------------------------|
| Recorder's Electronic Fee Fund | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | \$ 1,028 | \$ 8,649 | \$ 8,061 | \$ 1,616 |
| Total Assets | <u>1,028</u> | <u>8,649</u> | <u>8,061</u> | <u>1,616</u> |
| <i>Liabilities</i> | | | | |
| Due to Other Governments | 1,028 | 8,649 | 8,061 | 1,616 |
| Total Liabilities | <u>1,028</u> | <u>8,649</u> | <u>8,061</u> | <u>1,616</u> |
| | | | | |
| Total All Agency Funds | | | | |
| <i>Assets</i> | | | | |
| Cash and Pooled Investments | 1,073,680 | 21,381,196 | 21,440,476 | 1,014,400 |
| Receivables: | | | | |
| Property Tax | 29,223 | 46,871 | 29,223 | 46,871 |
| Succeeding Year Property Tax | 14,049,706 | 15,467,991 | 14,049,706 | 15,467,991 |
| Accounts | 26,515 | 45,179 | 43,749 | 27,945 |
| Special Assessments | 20,463 | 38,695 | 20,463 | 38,695 |
| Accrued Interest | 470 | - | 470 | - |
| Drainage Assessments: | | | | |
| Current | - | 29 | - | 29 |
| Succeeding Year | 66,375 | 52,045 | 66,375 | 52,045 |
| Due from Other Governments | 228,450 | 365,254 | 228,450 | 365,254 |
| Prepaid Insurance | 8,892 | 9,780 | 8,892 | 9,780 |
| Total Assets | <u>15,503,774</u> | <u>37,407,040</u> | <u>35,887,804</u> | <u>17,023,010</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | 170,712 | 104,054 | 170,712 | 104,054 |
| Accrued Interest Payable | 2,598 | 4,631 | 2,598 | 4,631 |
| Salaries and Benefits Payable | 10,938 | 14,478 | 10,938 | 14,478 |
| Compensated Absences | 68,115 | 68,003 | 68,115 | 68,003 |
| Due to Other Governments | 15,216,608 | 36,873,890 | 35,286,846 | 16,803,652 |
| Trusts Payable | 34,803 | 341,984 | 348,595 | 28,192 |
| Total Liabilities | <u>\$ 15,503,774</u> | <u>\$ 37,407,040</u> | <u>\$ 35,887,804</u> | <u>\$ 17,023,010</u> |

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

| | Modified Accrual Basis | | |
|---|------------------------|-------------------|-------------------|
| | 2010 | 2009 | 2008 |
| Revenues | | | |
| Property and Other County Tax | \$ 6,324,557 | \$ 6,188,195 | \$ 5,875,034 |
| Interest and Penalty on Property Tax | 60,545 | 53,180 | 50,829 |
| Local Option Sales Tax | 447,734 | 477,574 | 465,664 |
| Intergovernmental | 6,481,561 | 5,789,828 | 5,194,003 |
| Licenses and Permits | 36,719 | 33,362 | 23,574 |
| Charges for Service | 1,345,004 | 1,370,879 | 1,345,927 |
| Use of Money and Property | 77,311 | 163,130 | 329,746 |
| Assessments | 136,382 | 58,057 | - |
| Contributions | 13,335 | 143,229 | - |
| Miscellaneous | 516,157 | 559,506 | 814,032 |
| | <u>15,439,305</u> | <u>14,836,940</u> | <u>14,098,809</u> |
| Total Revenues | | | |
| Expenditures | | | |
| Current | | | |
| Public Safety and Legal Services | 1,719,725 | 1,907,119 | 1,865,471 |
| Physical Health and Social Services | 1,336,131 | 1,594,390 | 1,711,280 |
| Mental Health | 1,629,060 | 1,786,275 | 2,022,201 |
| County Environment and Education Services | 1,526,616 | 2,309,032 | 1,196,058 |
| Roads and Transportation | 4,479,948 | 4,523,788 | 5,065,406 |
| Government Services to Residents | 441,937 | 507,148 | 484,491 |
| Administrative Services | 1,735,155 | 1,679,182 | 1,292,617 |
| Debt Service | 493,923 | 515,633 | 480,546 |
| Capital Projects | 1,541,345 | - | - |
| | <u>14,903,840</u> | <u>14,822,567</u> | <u>14,118,070</u> |
| Total Expenditures | | | |

| Modified Accrual Basis | | | | |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| 2007 | 2006 | 2005 | 2004 | 2003 |
| \$ 5,729,568 | \$ 5,336,897 | \$ 5,491,423 | \$ 5,508,332 | \$ 5,126,278 |
| 57,510 | 59,258 | 68,493 | 64,713 | 62,013 |
| 425,289 | 462,321 | 431,509 | - | - |
| 4,776,739 | 4,677,346 | 4,029,136 | 3,905,289 | 4,618,679 |
| 23,574 | 22,645 | 25,131 | 22,815 | 26,124 |
| 1,422,647 | 1,349,341 | 1,174,042 | 1,379,268 | 1,186,862 |
| 387,284 | 317,305 | 193,104 | 185,799 | 264,786 |
| - | - | - | - | - |
| - | - | - | - | - |
| 798,075 | 867,002 | 550,539 | 674,031 | 702,420 |
| <u>13,620,686</u> | <u>13,092,115</u> | <u>11,963,377</u> | <u>11,740,247</u> | <u>11,987,162</u> |
| 1,782,628 | 1,749,112 | 1,693,019 | 1,809,631 | 1,666,704 |
| 1,448,676 | 1,382,657 | 1,260,780 | 1,328,820 | 1,188,618 |
| 1,801,955 | 1,518,473 | 1,553,127 | 1,455,268 | 1,581,159 |
| 1,294,395 | 1,002,246 | 1,014,956 | 989,878 | 1,028,875 |
| 5,246,078 | 5,244,431 | 4,594,896 | 4,555,537 | 4,383,475 |
| 431,554 | 559,230 | 381,416 | 383,434 | 419,768 |
| 1,288,661 | 1,086,407 | 1,029,062 | 1,061,809 | 1,122,944 |
| 567,026 | 564,952 | 566,562 | 508,414 | 499,709 |
| 185,004 | 59,645 | 203,801 | 732,215 | 424,112 |
| <u>\$ 14,045,977</u> | <u>\$ 13,167,153</u> | <u>\$ 12,297,619</u> | <u>\$ 12,825,006</u> | <u>\$ 12,315,364</u> |

HARRISON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

| | CFDA Number | Program Expenditures |
|---|----------------|-------------------------|
| Direct | | |
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Wetlands Reserve Program | 10.072 | \$ 14,235 |
| Water and Waste Water Disposal System Grant | 10.760 | 1,515 |
| U.S. DEPARTMENT OF THE INTERIOR | | |
| Partners for Fish and Wildlife | 15.631 | <u>30,000</u> |
| Total Direct | | <u>45,750</u> |
| Indirect | | |
| DEPARTMENT OF AGRICULTURE | | |
| Iowa Department of Human Services: | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | 10,900 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| Iowa Department of Human Services: | | |
| Promoting Safe and Stable Families | 93.556 | 15,000 |
| Temporary Assistance for Needy Families | 93.558 | 5,640 |
| Child Support Enforcement | 93.563 | 103 |
| Refugee and Entrant Assistance- State Administered Programs | 93.566 | 31 |
| Child Care and Development Fund | 93.596 | 2,856 |
| Foster Care - Title IV-E | 93.658 | 5,843 |
| Adoption Assistance | 93.659 | 1,459 |
| Social Services Block Grant | 93.667 | 66,377 |
| State Children's Insurance Program | 93.767 | 66 |
| Medical Assistance Program | 93.778 | 12,326 |
| Iowa Department of Public Health: | | |
| Immunization Grants | 93.268 | 3,424 |
| Public Health Emergency Preparedness | 93.069 | 39,301 |
| Immunization Grants- ARRA | 93.712 | 1,300 |
| DEPARTMENT OF HOMELAND SECURITY | | |
| Iowa Homeland Security and Emergency Management: | | |
| Disaster Grants - Public Assistance | 97.036 | 656,041 |
| Disaster Grants - Public Assistance | 97.036 | 1,318,637 |
| Emergency Management Performance Grant | 97.042 | 81,154 |
| DEPARTMENT OF EDUCATION | | |
| Iowa Department of Transportation | | |
| State Fiscal Stabilization Fund- Government Services, ARRA | 84.397 | 30,124 |
| Iowa Department of Human Services | | |
| State Fiscal Stabilization Fund- Government Services, ARRA | 84.397 | 40,000 |
| DEPARTMENT OF TRANSPORTATION | | |
| Iowa Department of Transportation: | | |
| Highway Planning and Construction | 20.205 | 313,949 |
| Safety Belt Performance Grants | 20.609 | <u>2,219</u> |
| Total Indirect | | <u>2,606,750</u> |
| Total | | <u>\$ 2,652,500</u> |

HARRISON COUNTY, IOWA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2010

Note- 1 Basis of Presentation - The schedule of expenditures of Federal Awards includes the federal grant activity of Harrison County and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement.

Note- 2 Loans Outstanding - Harrison County had the following loan balances outstanding from the USDA Water and Waste Water Disposal Systems for Rural Communities Program, CFDA # 10.760, at June 30, 2010.

| | Outstanding Balance |
|------------|------------------------|
| USDA 92-01 | \$ 452,957 |
| USDA 92-03 | 296,604 |
| | \$ 749,561 |



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Le Mars, IA 51031
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 3, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Harrison County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Harrison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item II-A-10.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Harrison County and other parties to whom Harrison County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors, Harrison County:

Compliance:

We have audited the compliance of Harrison County, Iowa with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2010. Harrison 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 grants applicable to its major federal programs is the responsibility of Harrison County's management. Our responsibility is to express an opinion on Harrison County's compliance based on our audit.

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

In our opinion, Harrison County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance:

The management of Harrison County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Harrison County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or

combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-10 and III-B-10 to be material weaknesses.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance

II-A-10 Property Tax Apportionment and Calculation

Condition – It was found that several errors have occurred in the apportionment calculation, and distribution of property tax collections, specifically as it relates to tax increment financing districts. Three issues were noted as follows:

- 1) The County was not tracking and reconciling the specific taxes paid to the applicable districts versus the amount of certified debt within said district. As a result three TIF Districts had received excess TIF funds as of June 30, 2010.
- 2) In calculating the abstract of taxes for June 30, 2010 the County did not properly allow the applicable school districts to receive the property, plant, and equipment levy funds on the TIF increment valuation as they were entitled.
- 3) In several instances the County incorrectly calculated the TIF tax due to a district by using the 100% valuation to calculate as opposed to correctly using net taxable valuation.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

Recommendation – The County needs to ensure that all aspects of the TIF process are fully understood as it involves both appropriate reconciliations and calculations. This can be accomplished through additional training and software understanding as well as a better system of internal control.

Response – We will strive to ensure accuracy in our calculations, as well as maintain the appropriate reconciliations to track payments made to each district. We will also strengthen our internal control and review process.

Conclusion – Response accepted.

Significant Deficiencies

- II-B-10 Segregation of Accounting Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

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

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

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

- II-C-10 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

II-D-10 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

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

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

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

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

Conclusion – Response accepted.

II-E-10 Property Tax Calculation and Reconciliation

Comment – The internal controls over property tax payments and calculation of the abstract of taxes, specifically for TIF districts, are reliant upon one individual, with very little other review process or controls in place.

Recommendation – The County needs to ensure all applicable staff are properly trained in the calculations and reconciliations to properly assess and distribute TIF district taxes, as well as ensure other qualified individuals are available for internal control purposes.

Response.- We will strive to implement controls and processes to ensure proper calculation and distribution of property tax amounts.

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

Part III: Findings Related to Federal Awards

Instances of Non-Compliance
No matters were reported.

Significant Deficiencies:

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

III-A-10- Grant Administration

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

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

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

Conclusion – Response accepted.

III-B-10 Financial Reporting/Grant Administration

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

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

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

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
 Schedule of Findings and Questioned Costs
 June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-10 Certified Budget - County expenditures during the fiscal year ended June 30, 2010 exceeded the amount budgeted in the County Environment and Education and Debt Service functions. Disbursements in certain departments exceeded the amounts appropriated.

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

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

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

Conclusion - Response accepted.

IV-B-10 Questionable Expenses - We noted no expenditures that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10 Travel Expense - No expenditures of County money for travel expense of spouses of County officials and/or employees were noted.

IV-D-10 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|---|---------------|
| Larry Oliver, EMA Director Father of Carter Oliver | Gutter Cleaning Performed by Carter Oliver | \$ 30 |
| Susan Bonham, Auditor Mother of Sara Bonham And Steven Bonham | Election Work Performed by Sara Bonham Performed by Steven Bonham | 244 701 |
| Louis Valles, Courthouse Maintenance Owner of Promotions Business | Promotional Products Performed by Louis Valles | \$ 694 |

HARRISON COUNTY, IOWA
 Schedule of Findings and Questioned Costs
 June 30, 2010

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

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

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|--|---------------|
| Robert V. Smith, County Supervisor | Cleaning Husband of Cheryl Smith Performed by Cheryl Smith | \$ 5,870 |

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

- IV-E-10 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions, but we suggest that the County review its coverage with the council and insurance agent.

- IV-F-10 Board Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the board. The County has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the board.

- IV-G-10 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

- V-H-10 Resource Enhancement and Protection Certification - The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-I-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- IV-J-10 Solid Waste Fee Retainage - There were no solid waste retainage fees used or retained during the year ended June 30, 2010

HARRISON COUNTY, IOWA
Summary Schedule of Prior Audit Findings
June 30, 2010

Part V:

Significant Deficiencies:

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

V-A-09- Grant Administration

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

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

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

Conclusion – Response accepted.

V-B-09 Financial Reporting/Grant Administration

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

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

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

Conclusion – Response accepted.

Harrison County Auditor

Susan Bonham, Auditor

Schedule of Findings and Questioned Costs Corrective Action Plan

June 30, 2010

Department of Homeland Security

Harrison County, Iowa, respectfully submits the following corrective action plan for the year ended June 30, 2010.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2010.

The findings from the June 30, 2010 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SIGNIFICANT DEFICIENCY:

III-A-10 Grant Administration

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

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

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

III-B-10 - Financial Reporting/Grant Administration

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

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

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

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

Sincerely yours,

HARRISON COUNTY, IOWA



Susan Bonham, County Auditor

111 N 2nd Ave., Logan, IA 51546 Telephone: 712-644-2401 FAX: 712-644-2643

HARRISON COUNTY, IOWA

Schedule of Expenditures of Federal Awards
and Reports Required by
Governmental Auditing Standards and OMB Circular A-133

For the Year Ended June 30, 2010

HARRISON COUNTY, IOWA

REPORTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND OMB CIRCULAR A-133

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**Independent Auditor's Report on Supplementary
Schedule of Expenditures of Federal Awards**

The Board of Supervisors
Harrison County, Iowa

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County, Iowa (the County) as of and for the year ended June 30, 2010, and have issued our report thereon dated May 3, 2011, except for the testing of major Federal Program CFDA #10.923, as to which the date is April 26, 2012. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011
April 26, 2012 (CFDA # 10.923)

HARRISON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

| | <u>CFDA Number</u> | <u>Program Expenditures</u> |
|---|------------------------|---------------------------------|
| Direct | | |
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Wetlands Reserve Program | 10.072 | \$ 14,235 |
| Water and Waste Water Disposal System Grant | 10.760 | 1,515 |
| Emergency Watershed Protection Program | 10.923 | 320,365 |
| | | |
| U.S. DEPARTMENT OF THE INTERIOR | | |
| Partners for Fish and Wildlife | 15.631 | 30,000 |
| | | |
| Total Direct | | <u>366,115</u> |
| Indirect | | |
| DEPARTMENT OF AGRICULTURE | | |
| Iowa Department of Human Services: | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | 10,900 |
| | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |
| Iowa Department of Human Services: | | |
| Promoting Safe and Stable Families | 93.556 | 15,000 |
| Temporary Assistance for Needy Families | 93.558 | 5,640 |
| Child Support Enforcement | 93.563 | 103 |
| Refugee and Entrant Assistance- State Administered Programs | 93.566 | 31 |
| Child Care and Development Fund | 93.596 | 2,856 |
| Foster Care - Title IV-E | 93.658 | 5,843 |
| Adoption Assistance | 93.659 | 1,459 |
| Social Services Block Grant | 93.667 | 66,377 |
| State Children's Insurance Program | 93.767 | 66 |
| Medical Assistance Program | 93.778 | 12,326 |
| | | |
| Iowa Department of Public Health: | | |
| Immunization Grants | 93.268 | 3,424 |
| Public Health Emergency Preparedness | 93.069 | 39,301 |
| Immunization Grants- ARRA | 93.712 | 1,300 |
| | | |
| DEPARTMENT OF HOMELAND SECURITY | | |
| Iowa Homeland Security and Emergency Management: | | |
| Disaster Grants - Public Assistance | 97.036 | 656,041 |
| Disaster Grants - Public Assistance | 97.036 | 1,318,637 |
| Emergency Management Performance Grant | 97.042 | 81,154 |
| | | |
| DEPARTMENT OF EDUCATION | | |
| Iowa Department of Transportation | | |
| State Fiscal Stabilization Fund- Government Services, ARRA | 84.397 | 30,124 |
| Iowa Department of Human Services | | |
| State Fiscal Stabilization Fund- Government Services, ARRA | 84.397 | 40,000 |
| | | |
| DEPARTMENT OF TRANSPORTATION | | |
| Iowa Department of Transportation: | | |
| Highway Planning and Construction | 20.205 | 313,949 |
| Safety Belt Performance Grants | 20.609 | 2,219 |
| Total Indirect | | <u>2,606,750</u> |
| | | |
| Total | | <u>\$ 2,972,865</u> |

HARRISON COUNTY, IOWA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note- 1 Basis of Presentation - The schedule of expenditures of Federal Awards includes the federal grant activity of Harrison County and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement.

Note- 2 Loans Outstanding - Harrison County had the following loan balances outstanding from the USDA Water and Waste Water Disposal Systems for Rural Communities Program, CFDA # 10.760, at June 30, 2010.

| | Outstanding Balance |
|------------|------------------------|
| USDA 92-01 | \$ 452,957 |
| USDA 92-03 | 296,604 |
| | \$ 749,561 |

Note- 3 SEFA Restatement - It was discovered after the release of the June 30, 2010 audit, that a federal program had been omitted from the SEFA. The Federal Program was the Emergency Watershed Protection Program, through the United States Department of Agriculture (CFDA # 10.923). This program had cash basis expenditures of \$320,365 in FY 10, making it a major federal program. As a result, this program was subsequently tested as a major program and the SEFA and corresponding Schedule of Findings and Questioned Costs have been updated to reflect this change.



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

To the Board of Supervisors
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 3, 2011, except for the testing of major Federal Program CFDA #10.923, as to which the date is April 26, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Harrison County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described

in Part II of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Harrison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item II-A-10.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Harrison County and other parties to whom Harrison County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Williams & Company, P. C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011
April 26, 2012 (CFDA #10.923)



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors, Harrison County:

Compliance:

We have audited the compliance of Harrison County, Iowa with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2010. Harrison 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 grants applicable to its major federal programs is the responsibility of Harrison County's management. Our responsibility is to express an opinion on Harrison County's compliance based on our audit.

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

In our opinion, Harrison County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance:

The management of Harrison County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Harrison County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or

combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-10, III-B-10 and III-C-10 to be material weaknesses.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

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

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
May 3, 2011
April 26, 2012 (CFDA #10.923)

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

Part I: Summary of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance

II-A-10 Property Tax Apportionment and Calculation

Condition – It was found that several errors have occurred in the apportionment calculation, and distribution of property tax collections, specifically as it relates to tax increment financing districts. Three issues were noted as follows:

- 1) The County was not tracking and reconciling the specific taxes paid to the applicable districts versus the amount of certified debt within said district. As a result three TIF Districts had received excess TIF funds as of June 30, 2010.
- 2) In calculating the abstract of taxes for June 30, 2010 the County did not properly allow the applicable school districts to receive the property, plant, and equipment levy funds on the TIF increment valuation as they were entitled.
- 3) In several instances the County incorrectly calculated the TIF tax due to a district by using the 100% valuation to calculate as opposed to correctly using net taxable valuation.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

Recommendation – The County needs to ensure that all aspects of the TIF process are fully understood as it involves both appropriate reconciliations and calculations. This can be accomplished through additional training and software understanding as well as a better system of internal control.

Response – We will strive to ensure accuracy in our calculations, as well as maintain the appropriate reconciliations to track payments made to each district. We will also strengthen our internal control and review process.

Conclusion – Response accepted.

Significant Deficiencies

II-B-10 Segregation of Accounting Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

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

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

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

II-C-10 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

II-D-10 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

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

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

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

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

Conclusion – Response accepted.

II-E-10 Property Tax Calculation and Reconciliation

Comment – The internal controls over property tax payments and calculation of the abstract of taxes, specifically for TIF districts, are reliant upon one individual, with very little other review process or controls in place.

Recommendation – The County needs to ensure all applicable staff are properly trained in the calculations and reconciliations to properly assess and distribute TIF district taxes, as well as ensure other qualified individuals are available for internal control purposes.

Response.- We will strive to implement controls and processes to ensure proper calculation and distribution of property tax amounts.

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

Part III: Findings Related to Federal Awards

Instances of Non-Compliance

No matters were reported.

Significant Deficiencies:

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

III-A-10- Grant Administration

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

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

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

Conclusion – Response accepted.

CFDA Number 10.923:
Emergency Watershed Protection Program
Federal Award Year: 2009
Department of Agriculture

III-B-10 Grant Administration

Observation – The County does have an individual in place to monitor the EWP grant received by the County, however, the system is insufficient to provide the required information necessary, on a timely basis, needed to produce accurate information for the Schedule of Expenditures of Federal Awards.

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

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

Conclusion – Response accepted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

Part III: Findings Related to Federal Awards (Continued)

III-C-10 Financial Reporting/Grant Administration

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

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

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

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-10 Certified Budget - County expenditures during the fiscal year ended June 30, 2010 exceeded the amount budgeted in the County Environment and Education and Debt Service functions. Disbursements in certain departments exceeded the amounts appropriated.

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

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

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

Conclusion - Response accepted.

IV-B-10 Questionable Expenses - We noted no expenditures that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-10 Travel Expense - No expenditures of County money for travel expense of spouses of County officials and/or employees were noted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

IV-D-10 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|---|---------------|
| Larry Oliver, EMA Director Father of Carter Oliver | Gutter Cleaning Performed by Carter Oliver | \$ 30 |
| Susan Bonham, Auditor Mother of Sara Bonham And Steven Bonham | Election Work Performed by Sara Bonham Performed by Steven Bonham | 244 701 |
| Louis Valles, Courthouse Maintenance Owner of Promotions Business | Promotional Products Performed by Louis Valles | \$ 694 |

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

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|--|--|---------------|
| Robert V. Smith, County Supervisor | Cleaning Husband of Cheryl Smith Performed by Cheryl Smith | \$ 5,870 |

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

IV-E-10 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions, but we suggest that the County review its coverage with the council and insurance agent.

IV-F-10 Board Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the board. The County has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the board.

IV-G-10 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

HARRISON COUNTY, IOWA
Schedule of Findings and Questioned Costs
June 30, 2010

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

- IV-H-10 Resource Enhancement and Protection Certification - The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-J-10 Solid Waste Fee Retainage – There were no solid waste retainage fees used or retained during the year ended June 30, 2010.

HARRISON COUNTY, IOWA
Summary Schedule of Prior Audit Findings
June 30, 2010

Part V:

Significant Deficiencies:

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

V-A-09- Grant Administration

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

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

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

Conclusion – Response accepted.

V-B-09 Financial Reporting/Grant Administration

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

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

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

Conclusion – Response accepted.

Harrison County Auditor

Susan Bonham, Auditor

Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2010

Department of Homeland Security Department of Agriculture

Harrison County, Iowa, respectfully submits the following corrective action plan for the year ended June 30, 2010.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2010.

The findings from the June 30, 2010 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SIGNIFICANT DEFICIENCY:

III-A-10 Grant Administration -- 97.036

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

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

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

III-B-10 Grant Administration -- 10.923

Observation — The County does have an individual in place to monitor the EWP grant received by the County, however, the system is insufficient to provide the required information necessary, on a timely basis, needed to produce accurate information for the Schedule of Expenditures of Federal Awards.

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

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

III-C-10 - Financial Reporting/Grant Administration

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

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

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

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

Sincerely yours,

HARRISON COUNTY, IOWA



Susan Bonham, County Auditor