

**IOWA COUNTY ENGINEERS ASSOCIATION**  
**SERVICE BUREAU**

**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2010 AND 2009**

## CONTENTS

	<u>PAGE</u>
Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Net Assets	7
Statements of Revenues, Expenses and Changes in Net Assets	8
Statements of Cash Flows	9
Notes to Financial Statements	10
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	13
Schedule of Findings	15

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**OFFICIALS**  
**AS OF JUNE 30, 2010**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John Rasmussen	Chairperson	Pottawattamie County
Larry Vest	Vice Chairperson	Tama County
Doug Julius	Member	Sioux County
Todd Fonkert	Alternate	Bremer County
Dan Waid	Alternate	Hamilton County
John Riherd	Member	Butler County
Dennis May	Alternate	Worth County
Steve Michael	Member	Lyon County
Jon Ites	Alternate	Buena Vista County
Richard Crouch	Alternate	Mills County
Max Proctor	Member	Davis County
Keith White	Alternate	Muscatine County
Robert Fangmann	Member	Cedar County
Wayne Manternach	Alternate	Jones County
David Paulson	Ex-Officio	Carroll County



*Partners*

Michael E. Brinker, CPA  
David W. Hurst, CPA  
Kathleen A. Koenig, CPA  
Robert R. McGowen, CPA  
Michael W. McNichols, CPA  
Thomas J. Pflanz, CPA, CFP®  
John A. Schmidt, CPA  
Daniel A. Schwarz, CPA/ABV  
S. James Smith, CPA  
Joni M. Tonnemacher, CPA, CFD

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Iowa County Engineers Association Service Bureau

We have audited the accompanying statements of net assets of the Iowa County Engineers Association Service Bureau as of June 30, 2010 and 2009 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Service Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Iowa County Engineers Association Service Bureau as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years 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 October 04, 2010, on our consideration of the Iowa County Engineers Association Service Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and 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 in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

*McGowen, Hurst, Clark + Smith, P.C.*

West Des Moines, Iowa  
October 4, 2010

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Iowa County Engineers Association Service Bureau (Service Bureau) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Service Bureau's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The Organization's total revenue increased 10.41%, or \$43,870, from fiscal 2009 to fiscal 2010.
- The Organization's operating expenses decreased 3.71%, or \$15,560, from fiscal 2009 to fiscal 2010.
- The Organization's net assets increased 22.09%, or \$61,112, from June 30, 2009 to June 30, 2010.

**USING THIS ANNUAL REPORT**

The Iowa County Engineers Association Service Bureau is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and full accrual basis of accounting. This discussion and analysis is intended to serve as an introduction to Iowa County Engineers Association Service Bureau's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

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

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

The Statement of Revenues, Expenses and Changes in Net Assets presents information on the Organization's operating revenues and expenses, non-operating revenues and expenses, and whether the Organization's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Organization's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Organization financed its activities and how it met its cash requirements.

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

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE SERVICE BUREAU**

*Statements of Net Assets*

Net assets over time may serve as a useful indicator of the Service Bureau's financial position. The Service Bureau's net assets at the end of fiscal year 2010 totaled approximately \$337,700 compared to approximately \$276,600 at June 30, 2009. A summary of the Service Bureau's net assets is presented below.

	June 30,	
	<u>2010</u>	<u>2009</u>
Current assets	\$ 354,518	\$ 293,536
Capital assets at cost, less accumulated depreciation	<u>18,111</u>	<u>27,015</u>
Total assets	<u>372,629</u>	<u>320,551</u>
Less current liabilities	<u>34,920</u>	<u>43,954</u>
Net assets - unrestricted	<u>\$ 337,709</u>	<u>\$ 276,597</u>

The Service Bureau's Board has designated \$100,000 of its net assets for special projects. All other net assets represent unrestricted and undesignated net assets that can be used to meet the Service Bureau's obligations as they come due.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE SERVICE BUREAU, continued**

*Statements of Revenues, Expenses and Changes in Net Assets*

Operating revenues primarily consist of a suballocation of County Road Use Tax funds, which are processed and remitted to the Service Bureau through the Iowa Department of Transportation. Operating revenues also include income from other agreements requested and funded by the Iowa Department of Transportation. Operating expenses consist of expenses paid to provide news, communications, data distribution and work automation services to member counties in Iowa. Non-operating revenues arise primarily from interest and other miscellaneous income. A summary of revenues, expenses, and changes in net assets for the years ended June 30, 2010 and 2009 is presented below:

	Changes in Net Assets	
	Year ended June 30,	
	2010	2009
Revenue		
Road Use Tax Fund (RUTF) income	\$ 413,250	\$ 402,917
Research funds	19,288	-
Special projects	14,614	-
Interest	1,302	5,655
Miscellaneous	17,006	13,018
Total revenue	465,460	421,590
Expenses		
Salaries	257,723	266,129
Payroll taxes	19,534	19,429
Employee benefits	48,287	41,599
Professional services	7,140	6,320
Administrative fees	6,043	5,921
Travel	5,973	5,515
Meeting expenses	1,867	1,392
Office expenses	22,272	32,161
Depreciation	14,313	19,083
Rent	17,292	17,158
Utilities	1,681	1,604
Miscellaneous	2,223	3,597
Total expenses	404,348	419,908
Increase in net assets	61,112	1,682
Net assets, beginning of year	276,597	274,915
Net assets, end of year	\$ 337,709	\$ 276,597

The Statements of Revenues, Expenses and Changes in Net Assets reflect an increase in net assets at the end of each fiscal year. In fiscal 2010, total revenue increased by \$43,870 or 10.41%. Operating expenses decreased by \$15,560 or 3.71%.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE SERVICE BUREAU, continued**

*Statements of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating and related financing and investing activities. Cash provided by operating activities includes member dues, service revenues and registration fees, reduced by payments to employees, as well as payments related to meetings and conferences. Cash provided by investing activities primarily includes proceeds from maturities and sales of investments, net of purchases of property and equipment and certificates of deposit.

**CAPITAL ASSETS**

At June 30, 2010, the Service Bureau had approximately \$18,000 invested in capital assets, net of accumulated depreciation of approximately \$80,100. Depreciation charges totaled \$14,313 for fiscal 2010. More detailed information about the Service Bureau's capital assets is presented in Note A to the financial statements.

**ECONOMIC FACTORS**

Iowa County Engineers Association Service Bureau continued to improve its financial position during the current fiscal year. While the Service Bureau generally expects that funding from the Road Use Tax will be both reliable and stable with moderate year-to-year growth, it also recognizes some of the realities that may potentially become challenges, such as:

- Any action by the State Legislature to reduce the percentage share of Road Use Tax Fund (RUTF) revenues would decrease the total funds available to the Service Bureau.
- Should fuel and/or vehicle sales falter, perhaps due to increased fuel prices, economic recession or other factors, less revenue would be available to all RUTF recipients, including the Service Bureau.
- Costs of personnel and technology may potentially grow at a faster rate than RUTF revenues.

The Service Bureau has opted to recognize these potential challenges by limiting its budgets to using only approximately sixty-five percent of the maximum RUTF available under the percent allocated. This leaves room for budget growth, if necessary, and protects against reductions in RUTF revenues.

The Service Bureau anticipates that fiscal year 2011 will be much like fiscal year 2010 and will maintain a close watch over resources to maintain the Service Bureau's ability to react to unknown issues.

**CONTACTING THE SERVICE BUREAU'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the Service Bureau's finances and to show the Service Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa County Engineers Association Service Bureau, 501 SW 7<sup>th</sup> Street, Suite Q, Des Moines, Iowa.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2010 AND 2009**

**ASSETS**

	2010	2009
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 205,074	\$ 63,174
Investments - certificates of deposit	50,000	100,000
Investments - marketable securities	81,196	129,032
Accounts receivable	16,835	1,280
Prepaid expenses	1,413	50
<b>Total current assets</b>	354,518	293,536
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	7,400	5,152
Computer hardware	41,700	42,416
Office machines	10,344	10,344
Computer software	38,755	40,644
	98,199	98,556
Less accumulated depreciation	(80,088)	(71,541)
Net property and equipment	18,111	27,015
 <b>TOTAL ASSETS</b>	 \$ 372,629	 \$ 320,551

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,106	\$ 13,858
Compensated absences	22,390	26,672
Funds held for others	3,424	3,424
<b>Total current liabilities</b>	34,920	43,954
 Net assets	 337,709	 276,597
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 \$ 372,629	 \$ 320,551

The accompanying notes are an integral part of these financial statements.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Road Use Tax Fund (RUTF) income	\$ 413,250	\$ 402,917
Research funds	19,288	-
Special projects	14,614	-
Interest	1,302	5,655
Miscellaneous	17,006	13,018
<b>Total revenue</b>	<u>465,460</u>	<u>421,590</u>
<b>EXPENSES</b>		
Salaries	257,723	266,129
Payroll taxes	19,534	19,429
Employee benefits	48,287	41,599
Professional services	7,140	6,320
Administrative fees	6,043	5,921
Travel	5,973	5,515
Meeting expenses	1,867	1,392
Office expenses	22,272	32,161
Depreciation	14,313	19,083
Rent	17,292	17,158
Utilities	1,681	1,604
Miscellaneous	2,223	3,597
<b>Total expenses</b>	<u>404,348</u>	<u>419,908</u>
<b>INCREASE IN NET ASSETS</b>	61,112	1,682
<b>NET ASSETS, beginning of year</b>	<u>276,597</u>	<u>274,915</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 337,709</u></u>	<u><u>\$ 276,597</u></u>

The accompanying notes are an integral part of these financial statements.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 61,112	\$ 1,682
Adjustments to reconcile increase in net assets to net cash provided by operations:		
Depreciation	14,313	19,083
Loss on disposal of equipment	604	1,831
Changes in:		
Accounts receivable	(15,555)	3,435
Prepaid expenses	(1,363)	-
Accounts payable	(4,752)	(5,322)
Funds held for others	-	(465)
Compensated absences	(4,282)	7,899
<b>Net cash provided by operating activities</b>	<b>50,077</b>	<b>28,143</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(6,013)	(7,642)
Proceeds from maturities and sales of investments	147,836	125,423
Purchase of investments	(50,000)	(134,067)
<b>Net cash provided (used) by investing activities</b>	<b>91,823</b>	<b>(16,286)</b>
 <b>Net increase in cash and cash equivalents</b>	<b>141,900</b>	<b>11,857</b>
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>63,174</b>	<b>51,317</b>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 205,074</b>	<b>\$ 63,174</b>

The accompanying notes are an integral part of these financial statements.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - The Iowa County Engineers Association Service Bureau (the Service Bureau) was established under the provisions of Chapter 28E of the Iowa Code to provide communications, data distribution, and work automation services to member counties in Iowa.

Basis of Presentation - The financial statements are reported using the accrual basis of accounting. The Organization follows private-sector generally accepted accounting standards for not-for-profit organizations to the extent those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board (GASB).

Concentration of Credit Risk - The Service Bureau's bank deposits totaled approximately \$204,500 at June 30, 2010, respectively. These deposits were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

Accounts Receivable - Accounts receivable consist primarily of amounts due from the Iowa Department of Transportation. Management periodically reviews outstanding accounts receivable to determine whether an allowance for uncollectible accounts should be established. No allowance related to accounts receivable was considered necessary at June 30, 2010 or 2009.

Investments - The Organization's investments are presented at fair value, as discussed in Note B. Changes in unrealized gains and losses, if any, are included as a component of investment income on the statement of revenues, expenses and changes in net assets.

Property and Equipment - Property and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated economic useful lives of the assets, ranging from three to seven years.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Matters - The Iowa County Engineers Association Service Bureau is a non-profit organization established under Chapter 28E of the Iowa Code. As the result of its status as a 28E organization, it is exempt from income taxes and has no income tax filing requirements.

Reclassifications - Certain prior year amounts have been reclassified to conform to the current year presentation.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - INVESTMENTS**

Investments – marketable securities consist of the following:

	Cost	Unrealized Gains (Losses)	2010 Fair Value	2009 Fair Value
Money market accounts	\$ 35,475	\$ -	\$ 35,475	\$ 83,368
Mutual fund	45,721	-	45,721	45,664
	<u>\$ 81,196</u>	<u>\$ -</u>	<u>\$ 81,196</u>	<u>\$ 129,032</u>

Investments - certificate of deposit consists of a bank certificate of deposit that bears interest at a rate of 0.70% and matured in July 2010.

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investments.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization’s mutual fund is considered a Level 1 asset, while the money market accounts are Level 2 assets.

**NOTE C - IOWA DEPARTMENT OF TRANSPORTATION AGREEMENTS**

The Service Bureau receives significant funding through a Road Use Tax Fund agreement with the Iowa Department of Transportation. During fiscal year ended June 30, 2010, the Service Bureau also entered into two contracts to perform research and special projects on behalf of the Iowa Department of Transportation.

**NOTE D - AGREEMENT WITH THE IOWA STATE ASSOCIATION OF COUNTIES**

The Service Bureau has an agreement with the Iowa State Association of Counties (ISAC) whereby ISAC provides the Service Bureau with office space, clerical support, telephone services, use of its office-related equipment, insurance and other employee benefits. The Service Bureau reimburses ISAC for these costs on a periodic basis. Total reimbursements paid to ISAC were \$26,948 and \$43,875 in fiscal years 2010 and 2009, respectively.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - PENSION AND RETIREMENT BENEFITS**

The Service Bureau 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 that 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 4.50% of their annual salary and the Organization is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. The Service Bureau's contribution to IPERS for the years ended June 30, 2010 and 2009 was \$17,424 and \$16,311, respectively.

**NOTE F - FUNDS HELD FOR OTHERS**

The Service Bureau has agreements with ICEA AutoCAD Users Group (ACAD), The Federal Aid Inspection, and The Blackhawk Geographic Information Systems Group, whereby the Service Bureau provides certain administrative duties to these Organizations, including collecting receipts and disbursing funds as directed by these groups.

**NOTE G - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing services to establish a rate methodology includes expenses of providing the services (salaries and related costs, as well as consulting fees). Management and general expenses include all executive and financial administration expenses.

Following is a summary of the functional allocation of expenses for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Program services	\$ 287,676	\$ 294,898
Fundraising costs	-	-
General and administration	<u>116,672</u>	<u>125,010</u>
	<u>\$ 404,348</u>	<u>\$ 419,908</u>

**NOTE H - BOARD DESIGNATED NET ASSETS**

The Service Bureau's Board of Directors has designated \$100,000 of its net assets for special projects. As of June 30, 2010, the Board has not yet identified any specific projects for which these funds will be used.

**NOTE I - SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2010, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is October 4, 2010, which is the date the financial statements were available to be issued.



*Partners*

Michael E. Brinker, CPA  
David W. Hurst, CPA  
Kathleen A. Koenig, CPA  
Robert R. McGowen, CPA  
Michael W. McNichols, CPA  
Thomas J. Pflanz, CPA, CFP®  
John A. Schmidt, CPA  
Daniel A. Schwarz, CPA/ABV  
S. James Smith, CPA  
Joni M. Tonnemacher, CPA, CFD

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

To the Board of Directors of  
Iowa County Engineers Association Service Bureau

We have audited the accompanying financial statements of Iowa County Engineers Association Service Bureau (Service Bureau) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 4, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa County Engineers Association Service Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Organization'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 Organization. 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

This report, a public record by law, is intended solely for the information and use of the Board of Directors and Iowa County Engineers Association Service Bureau's management and other parties to whom the Service Bureau may report. This report is not intended to be and should not be used by anyone other than these specified parties.

*McGowan, Hurst, Clark & Smith, P.C.*

West Des Moines, Iowa  
October 4, 2010

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2010**

**Findings Related to the Financial Statements**

**Instances of non-compliance**

No matters were noted.

**Significant deficiencies or material weaknesses**

No material weaknesses were identified.

**Other findings related to required statutory reporting**

No matters were noted.