

IOWA COUNTY

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

JUNE 30, 2011

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IOWA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2011)		
William Keegan	Board of Supervisors	Jan. 2011
Linda Yoder	Board of Supervisors	Jan. 2011
Charles Montross	Board of Supervisors	Jan. 2011
Dale Walter	Board of Supervisors	Jan. 2013
Ray Garringer	Board of Supervisors	Jan. 2013
Kristen Miller	County Auditor	Jan. 2011
Michelle Sims	County Treasurer (Appointed July 2010)	Jan. 2011
Sue Peterson	County Recorder	Jan. 2011
Robert Rotter	County Sheriff	Jan. 2013
Timothy McMeen	County Attorney	Jan. 2011
Linda Griggs	County Assessor	Jan. 2016
(After January 2011)		
Dale Walter	Board of Supervisors	Jan. 2013
Ray Garringer	Board of Supervisors	Jan. 2013
Kevin Heitshusen	Board of Supervisors	Jan. 2015
Vicki Pope	Board of Supervisors	Jan. 2015
Kim Tanke	Board of Supervisors	Jan. 2015
Kristen Miller	County Auditor	Jan. 2013
Michelle Sims	County Treasurer	Jan. 2015
Sue Peterson	County Recorder	Jan. 2015
Robert Rotter	County Sheriff	Jan. 2013
Timothy McMeen	County Attorney	Jan. 2015
Linda Griggs	County Assessor	Jan. 2016

INDEPENDENT AUDITOR'S REPORT

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa County's management. Our responsibility is to express opinions on these 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County at June 30, 2011 and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report March 26, 2012 on our consideration of Iowa County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

The Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 46 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis, which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of County management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
March 26, 2012

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Basic Financial Statements

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,858,052
Receivables:	
Property tax:	
Delinquent	17,300
Succeeding year	7,205,000
Interest and penalty on property tax	22,182
Accounts	77,834
Accrued interest	9,338
Drainage assessments	245,491
Due from other governments	573,988
Inventories	205,706
Prepaid expenses	25,124
Capital assets, net of accumulated depreciation/amortization (note 4)	<u>26,167,093</u>
Total assets	<u>40,407,108</u>
Liabilities	
Accounts payable	242,434
Salaries and benefits payable	99,675
Due to other governments (note 5)	191,147
Accrued interest payable	25,869
Deferred revenue:	
Succeeding year property tax	7,205,000
Long-term liabilities (note 6):	
Portion due or payable within one year:	
General obligation bonds	408,000
Revenue bonds and notes	700,000
Drainage warrants	50,000
Capital lease purchase agreements	158,609
Compensated absences	584,842
Portion due or payable after one year:	
General obligation bonds	3,246,000
Revenue bonds and notes	1,260,000
Drainage warrants	150,000
Capital lease purchase agreements	164,856
Net OPEB liability	33,000
Compensated absences	<u>64,982</u>
Total liabilities	<u>14,584,414</u>

IOWA COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 22,215,186
Restricted for:	
Supplemental levy purposes	412,070
Mental health purposes	620,082
Rural services purposes	181,108
Secondary roads purposes	1,930,290
Debt service	54,425
Cemetery levy purposes	29,216
Conservation purposes	274,185
Other special revenue purposes	247,639
Unrestricted	<u>(141,507)</u>
Total net assets	<u>\$ 25,822,694</u>

See notes to financial statements.

IOWA COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 2,888,672	\$ 702,251	10,742	-	\$ (2,175,679)
Physical health and social services	955,668	341,990	399,555	-	(214,123)
Mental health	1,361,895	14,023	1,101,711	-	(246,161)
County environment and education	2,405,865	98,024	83,367	84,412	(2,140,062)
Roads and transportation	5,970,776	106,593	3,278,207	1,885,748	(700,228)
Government services to residents	513,482	315,009	-	-	(198,473)
Administration	1,369,432	187,330	8,000	-	(1,174,102)
Non-program	147,494	1,198	-	-	(146,296)
Interest on long-term debt	267,559	-	-	-	(267,559)
Total	\$ 15,880,843	\$ 1,766,418	\$ 4,881,582	\$ 1,970,160	(7,262,683)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,365,826
Debt service					481,450
Penalty and interest on property tax					53,196
State tax credits					249,104
Local option sales and services tax					1,441,023
Hotel/motel tax					237,631
Unrestricted investment earnings					86,629
Miscellaneous					4,279
Total general revenues					7,919,138
Change in net assets					656,455
Net assets beginning of year					25,166,239
Net assets end of year					\$ 25,822,694

See notes to financial statements.

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IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,414,948	\$ 848,723	\$ 217,962	\$ 1,788,782
Receivables:				
Property tax:				
Delinquent	9,354	1,871	4,816	-
Succeeding year	3,486,000	697,000	1,773,000	-
Interest and penalty on property tax	22,182	-	-	-
Accounts	60,102	2,000	-	12,713
Accrued interest	8,897	-	-	337
Drainage assessments	-	-	-	-
Due from other governments	68,796	2,084	-	443,983
Inventories	-	-	-	205,706
Prepaid expenses	25,124	-	-	-
Total assets	\$ 6,095,403	\$ 1,551,678	\$ 1,995,778	\$ 2,451,521

<u>Nonmajor</u>	<u>Total</u>
\$ 587,637	\$ 5,858,052
1,259	17,300
1,249,000	7,205,000
-	22,182
3,019	77,834
104	9,338
245,491	245,491
59,125	573,988
-	205,706
-	25,124
<u>\$ 2,145,635</u>	<u>\$ 14,240,015</u>

IOWA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
General	Mental Health	Rural Services	Secondary Roads	
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 91,219	\$ 35,028	\$ -	\$ 115,886
Salaries and benefits payable	47,559	1,297	-	50,819
Due to other governments (note 5)	12,027	178,497	-	623
Deferred revenue:				
Succeeding year property tax	3,486,000	697,000	1,773,000	-
Other	26,568	1,336	3,350	22,812
Total liabilities	3,663,373	913,158	1,776,350	190,140
Fund balances:				
Nonspendable:				
Inventories	-	-	-	205,706
Prepaid expenses	25,124	-	-	-
Restricted for:				
Supplemental levy purposes	442,190	-	-	-
Cemetery levy purposes	29,202	-	-	-
Mental health purposes	-	638,520	-	-
Rural services purposes	-	-	219,428	-
Secondary roads purposes	-	-	-	2,081,128
Prisoner room and board	8,198	-	-	-
Conservation purposes	274,006	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
County Sheriff	5,041	-	-	-
Unassigned	1,648,269	-	-	(25,453)
Total fund balances	2,432,030	638,520	219,428	2,261,381
Total liabilities and fund balances	\$ 6,095,403	\$ 1,551,678	\$ 1,995,778	\$ 2,451,521

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 301	\$ 242,434
-	99,675
-	191,147
1,249,000	7,205,000
246,409	300,475
<u>1,495,710</u>	<u>8,038,731</u>
-	205,706
-	25,124
-	-
-	29,202
-	638,520
-	219,428
-	2,081,128
-	8,198
179	274,185
246,180	246,180
190,558	190,558
213,008	213,008
-	5,041
-	1,622,816
<u>649,925</u>	<u>6,201,284</u>
<u>\$ 2,145,635</u>	<u>\$ 14,240,015</u>

IOWA COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances of governmental funds	\$ 6,201,284
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$43,160,041 and the accumulated depreciation/amortization is \$16,992,948.	26,167,093
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	300,475
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(25,869)
Long-term liabilities, including bonds and notes payable, drainage warrants, capital lease purchase agreements, compensated absences payable, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(6,820,289)</u>
Net assets of governmental activities	<u>\$ 25,822,694</u>

See notes to financial statements.

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IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,006,958	\$ 691,716	\$ 1,638,456	\$ 1,441,023
Interest and penalty on property tax	50,594	-	-	-
Intergovernmental	896,694	1,131,677	69,641	3,708,595
Licenses and permits	27,465	-	-	2,225
Charges for service	1,073,256	2,000	-	-
Use of money and property	247,476	-	-	4,425
Miscellaneous	66,095	14,023	-	104,368
Total revenues	5,368,538	1,839,416	1,708,097	5,260,636
Expenditures:				
Operating:				
Public safety and legal services	2,266,084	-	436,374	-
Physical health and social services	923,084	-	-	-
Mental health	-	1,360,006	-	-
County environment and education	460,813	-	200,636	-
Roads and transportation	-	-	-	5,820,614
Government services to residents	495,764	-	-	-
Administration	1,360,810	-	3,275	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	445,970
Total expenditures	5,506,555	1,360,006	640,285	6,266,584
Excess (deficiency) of revenues over (under) expenditures	(138,017)	479,410	1,067,812	(1,005,948)
Other financing sources (uses):				
Interfund transfers in (note 3)	-	-	-	1,186,000
Interfund transfers out (note 3)	-	-	(1,136,000)	(85,725)
Execution of capital lease	-	-	-	288,770
Revenue bonds issued	-	-	-	-
Total other financing sources (uses)	-	-	(1,136,000)	1,389,045

	<u>Nonmajor</u>		<u>Total</u>
\$	747,697	\$	7,525,850
	-		50,594
	117,616		5,924,223
	-		29,690
	18,669		1,093,925
	2,988		254,889
	127,634		312,120
	<u>1,014,604</u>		<u>15,191,291</u>

	4,271		2,706,729
	-		923,084
	-		1,360,006
	1,758,152		2,419,601
	-		5,820,614
	3,606		499,370
	-		1,364,085
	187,494		187,494
	716,198		716,198
	92,851		538,821
	<u>2,762,572</u>		<u>16,536,002</u>

(1,747,968) (1,344,711)

	85,725		1,271,725
	(50,000)		(1,271,725)
	-		288,770
	1,795,000		1,795,000
	<u>1,830,725</u>		<u>2,083,770</u>

IOWA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ (138,017)	\$ 479,410	\$ (68,188)	\$ 383,097
Fund balances beginning of year, as restated (note 12)	<u>2,570,047</u>	<u>159,110</u>	<u>287,616</u>	<u>1,878,284</u>
Fund balances end of year	<u>\$ 2,432,030</u>	<u>\$ 638,520</u>	<u>\$ 219,428</u>	<u>\$ 2,261,381</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 82,757	\$ 739,059
<u>567,168</u>	<u>5,462,225</u>
<u>\$ 649,925</u>	<u>\$ 6,201,284</u>

IOWA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 739,059

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

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

	Expenditures for capital assets	\$ 1,714,120	
Capital assets contributed by the Iowa Department of Transportation		1,431,777	
Depreciation/amortization expense		<u>(1,683,649)</u>	1,462,248

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

	Property tax	80	
Other		<u>(85,850)</u>	(85,770)

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds, but issuing debt increases long-term liabilities in the
Statement of Net Assets and does not affect the Statement of Activities. (1,795,000)

Proceeds related to investments in capital leases provide current financial
resources to governmental funds, but the investment is consumed for
governmental activities when the related capital lease is executed. (288,770)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Assets. 643,600

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

	Compensated absences	(171)	
Net OPEB liability		(16,380)	
Interest on long-term debt		<u>(2,361)</u>	<u>(18,912)</u>

Change in net assets of governmental activities \$ 656,455

See notes to financial statements.

IOWA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

Assets	
Cash and pooled investments:	
County Treasurer	\$ 1,221,330
Other County officials	13,981
Receivables:	
Property tax:	
Delinquent	42,824
Succeeding year	17,044,000
Accounts	21,344
Accrued interest	52
Due from other governments	9,188
Prepaid expenses	<u>25,138</u>
Total assets	<u>\$ 18,377,857</u>
Liabilities	
Accounts payable	\$ 1,309
Salaries and benefits payable	962
Due to other governments (note 5)	18,325,281
Trusts payable	15,953
Compensated absences	<u>34,352</u>
Total liabilities	<u>\$ 18,377,857</u>

See notes to financial statements.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

Two 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 Iowa County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the drainage districts can be obtained from the Iowa County Auditor's office.

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

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

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

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

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 25,000
Infrastructure	100,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Intangibles	15
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Fund Equity (continued)

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the debt service function. Departmental disbursements did not exceed the amounts appropriated.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Rural Services Hotel/Motel Tax	\$ 1,136,000 50,000
Debt Service: Debt Service Sinking	Secondary Roads	<u>85,725</u>
		<u>\$ 1,271,725</u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 3. Interfund Transfers (continued)

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

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,190,371	\$ -	\$ -	\$ 1,190,371
Construction in progress	2,427,694	530,014	1,107,365	1,850,343
Total capital assets not being depreciated/amortized	3,618,065	530,014	1,107,365	3,040,714
Capital assets being depreciated/amortized:				
Buildings	6,921,304	1,290,503	-	8,211,807
Intangibles	194,250	-	-	194,250
Machinery and equipment	6,546,311	588,275	258,551	6,876,035
Infrastructure	22,992,765	1,844,470	-	24,837,235
Total capital assets being depreciated/amortized	36,654,630	3,723,248	258,551	40,119,327
Less accumulated depreciation/amortization for:				
Buildings	2,674,375	223,655	-	2,898,030
Improvements other than buildings	12,950	12,950	-	25,900
Machinery and equipment	4,755,210	623,425	258,551	5,120,084
Infrastructure	8,125,315	823,619	-	8,948,934
Total accumulated depreciation/amortization	15,567,850	1,683,649	258,551	16,992,948
Total capital assets being depreciated/amortized, net	21,086,780	2,039,599	-	23,126,379
Governmental activities capital assets, net	\$ 24,704,845	\$ 2,569,613	\$ 1,107,365	\$ 26,167,093

IOWA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 4. Capital Assets (continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	228,204
Physical health and social services		29,237
Mental health		875
County environment and education		36,175
Roads and transportation		1,311,603
Government services to residents		12,950
Administration		<u>64,605</u>
Total depreciation/amortization expense - governmental activities	\$	<u><u>1,683,649</u></u>

Note 5. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 12,027
Special Revenue:		
Mental Health		178,497
Secondary Roads		<u>623</u>
Total for governmental funds		\$ <u><u>191,147</u></u>
Agency:		
County Assessor	Collections	\$ 801,193
Schools		11,558,122
Area Schools		741,478
Corporations		4,142,888
Townships		250,648
Auto License and Use Tax		367,707
All Other		<u>463,245</u>
Total for agency funds		\$ <u><u>18,325,281</u></u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
General Obligation County Purpose Bonds	\$ 270,000	\$ -	\$ 41,000	\$ 229,000	\$ 43,000
General Obligation County Law Enforcement Center Bonds	2,965,000	-	160,000	2,805,000	165,000
General Obligation Courthouse Improvement Bonds	365,000	-	175,000	190,000	95,000
General Obligation Computer Data Base System Bonds	430,000	-	-	430,000	105,000
Urban Renewal Tax Increment Revenue Bonds	-	1,795,000	-	1,795,000	620,000
Road Use Tax Revenue Notes	240,000	-	75,000	165,000	80,000
Drainage Warrants	240,000	-	40,000	200,000	50,000
Capital Lease Purchase Agreement	476,065	-	152,600	323,465	158,609
Net OPEB Liability	16,620	16,380	-	33,000	-
Compensated Absences	649,653	584,859	584,688	649,824	584,842
Total	\$ 5,652,338	\$ 2,396,239	\$ 1,228,288	\$ 6,820,289	\$ 1,901,451

General Obligation County Purpose Bonds

Details of the County's June 30, 2011 general obligation County purpose bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	3.22 %	\$ 43,000	\$ 7,374	\$ 50,374
2013	3.22	44,000	5,989	49,989
2014	3.22	46,000	4,572	50,572
2015	3.22	47,000	3,091	50,091
2016	3.22	49,000	1,578	50,578
		\$ 229,000	\$ 22,604	\$ 251,604

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities (continued)

General Obligation County Law Enforcement Center Bonds

Details of the County's June 30, 2011 general obligation County law enforcement center bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.80 %	\$ 165,000	\$ 128,712	\$ 293,712
2013	3.95	175,000	122,443	297,443
2014	4.10	180,000	115,530	295,530
2015	4.20	185,000	108,150	293,150
2016	4.35	195,000	100,380	295,380
2017	4.45	205,000	91,897	296,897
2018	4.55	210,000	82,775	292,775
2019	4.65	220,000	73,220	293,220
2020	4.75	230,000	62,990	292,990
2021	4.85	240,000	52,065	292,065
2022	4.95	255,000	40,425	295,425
2023	5.05	265,000	27,802	292,802
2024	5.15	280,000	14,420	294,420
		<u>\$ 2,805,000</u>	<u>\$ 1,020,809</u>	<u>\$ 3,825,809</u>

General Obligation Courthouse Improvement Bonds

Details of the County's June 30, 2011 general obligation courthouse improvement bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.02 %	\$ 95,000	\$ 7,638	\$ 102,638
2013	4.02	95,000	3,819	98,819
		<u>\$ 190,000</u>	<u>\$ 11,457</u>	<u>\$ 201,457</u>

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities (continued)

General Obligation Computer Data Base System Bonds

Details of the County's June 30, 2011 general obligation computer data base system bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.15 %	\$ 105,000	\$ 14,355	\$ 119,355
2013	3.30	110,000	11,047	121,047
2014	3.45	215,000	7,418	222,418
		<u>\$ 430,000</u>	<u>\$ 32,820</u>	<u>\$ 462,820</u>

Urban Renewal Tax Increment Revenue Bonds

On July 7, 2010, the County issued \$1,795,000 in Urban Renewal Tax Increment Revenue Bonds. The proceeds of the bonds were used to provide an economic development grant of \$1,500,000 to a local manufacturer to help finance an expansion of their industrial facilities.

Details of the County's June 30, 2011 urban renewal tax increment revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	5.00 %	\$ 620,000	\$ 82,000	\$ 702,000
2013	5.00	365,000	54,250	419,250
2014	5.00	390,000	35,625	425,625
2015	5.00	420,000	15,750	435,750
		<u>\$ 1,795,000</u>	<u>\$ 187,625</u>	<u>\$ 1,982,625</u>

The County has pledged future tax increment financing revenues to repay the \$1,795,000 in tax increment revenue bonds issued in July, 2010. The bonds were issued to provide an economic development grant for a local manufacturer under authority of Chapter 403.9 and 403.19(2) of the Code of Iowa and are payable solely from tax increment financing revenues received by the County. The bonds are payable through the year ending June 30, 2015. The bonds are not a general obligation of the County. Annual principal and interest payments on the bonds are expected to require approximately 94 percent of levied tax increment financing revenues dedicated to the bond revenue fund. Total principal and interest payments remaining to be paid on the bonds is \$1,982,625. For the current year, interest of \$80,775 was paid from the proceeds of the bonds issued.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities (continued)

Urban Renewal Tax Increment Revenue Bonds (continued)

The resolution providing for the issuance of the urban renewal tax increment revenue bonds includes the following provisions:

- (a) The original grant total of \$1,500,000 was deposited into and paid from the construction fund.
- (b) The principal and interest payments will be made from the urban renewal tax revenue fund from the tax increment financing revenues.
- (c) A reserve fund was created and will hold 10 percent of the original bond proceeds until the close of the bond issue or otherwise needed.

Road Use Tax Revenue Notes

Details of the County's June 30, 2011 road use tax revenue note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.30 %	\$ 80,000	\$ 7,137	\$ 87,137
2013	4.35	85,000	3,698	88,698
		<u>\$ 165,000</u>	<u>\$ 10,835</u>	<u>\$ 175,835</u>

The County pledged future road use tax revenues to repay the \$450,000 notes issued in August 2006. The notes were issued for the purpose of financing a portion of the costs of improvements to County roads located in the Amana Villages. The notes are payable solely from the proceeds of the road use tax revenues received by the County for use in the Amana Villages in accordance with Chapter 331 of the Code of Iowa. The notes are payable through June 30, 2013. The notes are not a general obligation of the County. Annual principal and interest payments on the notes are expected to require approximately 66 percent of the road use tax revenues dedicated to the Amana Villages. The total principal and interest remaining to be paid on the notes is \$175,835. For the current year, principal and interest of \$85,325 was paid on the notes and total road use tax revenues dedicated to the Amana Villages were \$131,998.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities (continued)

Road Use Tax Revenue Notes (continued)

The resolution providing for the issuance of the road use tax revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the road use tax revenues received by the County as noted above and the note holders hold a lien on the future revenues received.
- (b) Sufficient monthly deposits amounting to one sixth of the next principal and interest payments shall be made to the Road Use Tax Revenue Notes Sinking Fund for the purpose of making the note principal and interest payments when due.

Drainage Warrants

Details of the County's June 30, 2011 drainage warrant indebtedness are as follows:

Year Ending June 30,	Issue dated January 4, 2008			
	Interest Rates	Principal	Interest	Total
2012	4.45 %	\$ 20,000	\$ 5,340	\$ 25,340
2013	4.45	20,000	4,462	24,462
2014	4.45	20,000	3,560	23,560
2015	4.45	30,000	2,670	32,670
2016	4.45	30,000	1,335	31,335
Subtotal		120,000	17,367	137,367

Year Ending June 30,	Issue dated October 17, 2008			
	Interest Rates	Principal	Interest	Total
2012	4.95 %	\$ -	\$ 2,482	\$ 2,482
2013	4.95	-	2,475	2,475
2014	4.95	-	2,475	2,475
2015	4.95	-	2,475	2,475
2016	4.95	-	2,482	2,482
2017	4.95	-	2,475	2,475
2018	4.95	30,000	1,735	31,735
2019	4.95	20,000	496	20,496
Subtotal		50,000	17,095	67,095

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities (continued)

Drainage Warrants (continued)

Year Ending June 30,	Issue dated June 5, 2009			
	Interest Rates	Principal	Interest	Total
2012	4.00 %	\$ 30,000	\$ 1,203	\$ 31,203
Total		\$ 200,000	\$ 35,665	\$ 235,665

Capital Lease Purchase Agreement

On June 4, 2010 the County entered into a capital lease purchase agreement whereby the leasing company purchased the heavy equipment per County specifications and transferred such equipment to the County at that time. The equipment is for the use of the Secondary Roads department within the County and has a historical cost totaling \$476,065. The lease calls for quarterly payments of \$42,218, has an effective annual percentage rate of 3.88%, and is payable through the year ending June 30, 2013. During the year ended June 30, 2010, the County purchased equipment using lease proceeds totaling \$187,295 and the remainder of the investment in the capital lease of \$288,770 was used by the County during the year ended June 30, 2011.

Details of the County's June 30, 2011 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Annual Payments
2012	\$ 168,873
2013	168,873
Total minimum lease payments	337,746
Less amount representing interest	14,281
Present value of net minimum lease payments	\$ 323,465

The County made payments of principal and interest totaling \$168,873 under the capital lease purchase agreement during the year ended June 30, 2011.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active members in the plan.

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

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 17,368
Interest on net OPEB obligation	665
Adjustment to annual required contribution	905
Annual OPEB cost	<u>17,128</u>
Contributions made	<u>(748)</u>
Increase in net OPEB obligation	16,380
Net OPEB obligation beginning of year	<u>16,620</u>
Net OPEB obligation end of year	<u><u>\$ 33,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2011.

For the year ended June 30, 2011, the County contributed \$748 to the medical plan.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 17,128	4.4%	\$ 33,000

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2011

Note 7. Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$127,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$127,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,157,000 and the ratio of the UAAL to covered payroll was 3.1%. As of June 30, 2011, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% 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 .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table projected to 2010 using scale AA. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Urban Renewal Development Agreements

During the year ended June 30, 2005, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments of \$.80 on each incremental dollar to the developer up to a maximum total of \$500,000. The payments will be made semi-annually through June 1, 2019, or until the developer's costs of \$500,000 have been met. The project is an expansion of a local hotel complex. The County is unable to prepare an amortization schedule for development payments due to the fluctuations inherent in property valuations and tax collections. The County paid \$28,530 in development payments to the contractor for the year ended June 30, 2011. Payments made on the agreement through June 30, 2011 total \$194,516, with a balance remaining of \$305,484.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 8. Urban Renewal Development Agreements (continued)

During the year ended June 30, 2011, the County entered into an urban renewal agreement to enable local economic expansion. The County has agreed to make economic development tax increment payments to a local manufacturer of \$.85 on each incremental tax dollar up to a maximum total of \$5,000,000. The payments will be made semi-annually through June 1, 2030, or until the total economic incentive of \$5,000,000 has been met. The project is for the expansion of the local manufacturer's office and factory facilities in return for retention of at least 400 full time or equivalent jobs in the local area. The County is unable to prepare an amortization schedule for development payments due to the fluctuations inherent in property valuations and tax collections. The County made no economic development payments under this agreement for the year ended June 30, 2011.

Note 9. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$330,050, \$313,541 and \$289,119, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Iowa County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 10. Risk Management (continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2011 were \$228,447.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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 by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000 (\$50,000 for County Treasurer), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Construction Commitment

The County has entered into a contract totaling \$294,929 for trail construction. As of June 30, 2011, costs of \$290,761 have been incurred against the contract. The balance remaining at June 30, 2011 of \$4,168 will be paid as work on the project progresses.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Balances June 30, 2010, as Previously Reported	Change in Fund Type Classification per Implementation of GASB Statement No. 54	Balances July 1, 2010, As Restated
General Fund	\$ 2,310,582	\$ 259,465	\$ 2,570,047
Nonmajor Special Revenue Funds:			
Conservation Land Acquisition	222,600	(222,600)	-
Sheriff's Commissary	4,131	(4,131)	-
Conservation Donation	25,988	(25,988)	-
Fuller Green Valley	4,573	(4,573)	-
Pilot Grove Conservation	2,173	(2,173)	-
	<u>\$ 2,570,047</u>	<u>\$ -</u>	<u>\$ 2,570,047</u>
Major Special Revenue Fund:			
Secondary Roads	\$ 1,628,928	\$ 249,356	\$ 1,878,284
Nonmajor Special Revenue Funds:			
Amana Villages	249,356	(249,356)	-
	<u>\$ 1,878,284</u>	<u>\$ -</u>	<u>\$ 1,878,284</u>
Nonmajor Special Revenue Funds:			
County Recorder's Records Management	\$ 11,765	\$ 933	\$ 12,698
County Recorder's Electronic Transaction Fee	933	(933)	-
	<u>\$ 12,698</u>	<u>\$ -</u>	<u>\$ 12,698</u>

Note 13. Financial Condition

The County had a deficit unrestricted net assets balance of \$141,507 in governmental activities at June 30, 2011.

IOWA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 14. Subsequent Events

On October 14, 2011, the County approved a contract totaling \$232,427 for a pavement patching project.

On March 9, 2012, the County approved a contract totaling \$156,679 for a bridge replacement project.

On March 9, 2012, the County approved the issuance of \$2,040,000 in general obligation refunding bonds for the purpose of refunding the August 1, 2004 general obligation County law enforcement center bonds. The refunding bonds, dated April 1, 2012, have interest rates ranging from .9 percent to 2.0 percent and will be payable through the year ended June 30, 2024. This transaction represents an advanced crossover refunding of the August 1, 2004 general obligation County law enforcement center bonds and those bonds will not be removed from the County's long-term liabilities until the call date of June, 2016. The proceeds from the general obligation refunding bonds will be placed in escrow until the date of the actual refunding transaction.

Required Supplementary Information

IOWA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted	Net
RECEIPTS:			
Property and other County tax	\$ 7,557,485	\$ -	\$ 7,557,485
Interest and penalty on property tax	48,300	-	48,300
Intergovernmental	5,882,760	-	5,882,760
Licenses and permits	28,682	-	28,682
Charges for service	1,068,554	-	1,068,554
Use of money and property	255,057	2,436	252,621
Miscellaneous	315,116	113,368	201,748
Total receipts	<u>15,155,954</u>	<u>115,804</u>	<u>15,040,150</u>
DISBURSEMENTS:			
Public safety and legal services	2,658,022	-	2,658,022
Physical health and social services	923,941	-	923,941
Mental health	1,382,704	-	1,382,704
County environment and education	2,408,266	-	2,408,266
Roads and transportation	5,864,821	-	5,864,821
Government services to residents	498,420	-	498,420
Administration	1,354,981	-	1,354,981
Non-program	188,937	188,937	-
Debt service	716,198	-	716,198
Capital projects	552,030	-	552,030
Total disbursements	<u>16,548,320</u>	<u>188,937</u>	<u>16,359,383</u>
Excess (deficiency) of receipts over (under) disbursements	(1,392,366)	(73,133)	(1,319,233)
Other financing sources, net	<u>1,795,000</u>	-	<u>1,795,000</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	402,634	(73,133)	475,767
Balance beginning of year	<u>5,455,418</u>	<u>145,067</u>	<u>5,310,351</u>
Balance end of year	<u>\$ 5,858,052</u>	<u>\$ 71,934</u>	<u>\$ 5,786,118</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
\$ 7,314,680	\$ 7,314,680	\$ 242,805
36,250	36,250	12,050
5,201,587	5,313,587	569,173
22,650	22,650	6,032
869,260	915,904	152,650
337,576	337,576	(84,955)
92,680	120,155	81,593
<u>13,874,683</u>	<u>14,060,802</u>	<u>979,348</u>
2,728,548	2,738,548	80,526
920,807	970,686	46,745
1,425,090	1,425,090	42,386
828,046	2,725,596	317,330
5,650,184	5,950,184	85,363
497,470	499,945	1,525
1,427,617	1,562,437	207,456
93,110	95,354	95,354
636,186	636,186	(80,012)
864,119	810,011	257,981
<u>15,071,177</u>	<u>17,414,037</u>	<u>1,054,654</u>
(1,196,494)	(3,353,235)	2,034,002
-	1,795,000	-
(1,196,494)	(1,558,235)	2,034,002
<u>4,552,469</u>	<u>4,552,469</u>	<u>757,882</u>
<u>\$ 3,355,975</u>	<u>\$ 2,994,234</u>	<u>\$ 2,791,884</u>

IOWA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,155,954	\$ 35,337	\$ 15,191,291
Expenditures	16,548,320	(12,318)	16,536,002
Net	(1,392,366)	47,655	(1,344,711)
Other financing sources, net	1,795,000	288,770	2,083,770
Beginning fund balances	5,455,418	6,807	5,462,225
Ending fund balances	<u>\$ 5,858,052</u>	<u>\$ 343,232</u>	<u>\$ 6,201,284</u>

See accompanying independent auditor's report.

IOWA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2011

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,342,860. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the debt service function. Disbursements did not exceed departmental appropriations.

IOWA COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2011

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)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 127	\$ 127	0.0%	\$ 4,208	3.0%
2011	July 1, 2009	-	127	127	0.0%	4,157	3.1%

See note 7 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.

See accompanying independent auditor's report.

Other Supplementary Information

IOWA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/ Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
ASSETS					
Cash and pooled investments	\$ 13,116	\$ 71,934	\$ 20,251	\$ 179	\$ 179,707
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	748,000
Accounts	-	-	-	-	-
Accrued interest	17	87	-	-	-
Drainage assessments	-	245,491	-	-	-
Due from other governments	-	-	59,125	-	-
Total assets	\$ 13,133	\$ 317,512	\$ 79,376	\$ 179	\$ 927,707
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 301	\$ -	\$ -	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	748,000
Other	-	245,491	-	-	-
Total liabilities	-	245,792	-	-	748,000
Fund balances:					
Restricted for:					
Debt service	-	-	-	-	179,500
Capital projects	-	-	-	-	-
Conservation purposes	-	-	-	179	-
Other purposes	13,133	71,720	79,376	-	207
Total fund balances	13,133	71,720	79,376	179	179,707
Total liabilities and fund balances	\$ 13,133	\$ 317,512	\$ 79,376	\$ 179	\$ 927,707

See accompanying independent auditor's report.

			Debt Service				
County Attorney Collections	County Sheriff Forfeiture	County Attorney Forfeiture	Debt Service	Debt Service Sinking	Capital Projects	Total	
\$ 27,824	\$ 2,856	\$ 14,873	\$ 24,116	\$ 42,223	\$ 190,558	\$ 587,637	
-	-	-	1,259	-	-	1,259	
-	-	-	501,000	-	-	1,249,000	
3,019	-	-	-	-	-	3,019	
-	-	-	-	-	-	104	
-	-	-	-	-	-	245,491	
-	-	-	-	-	-	59,125	
<u>\$ 30,843</u>	<u>\$ 2,856</u>	<u>\$ 14,873</u>	<u>\$ 526,375</u>	<u>\$ 42,223</u>	<u>\$ 190,558</u>	<u>\$ 2,145,635</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301	
-	-	-	501,000	-	-	1,249,000	
-	-	-	918	-	-	246,409	
-	-	-	501,918	-	-	1,495,710	
-	-	-	24,457	42,223	-	246,180	
-	-	-	-	-	190,558	190,558	
-	-	-	-	-	-	179	
30,843	2,856	14,873	-	-	-	213,008	
<u>30,843</u>	<u>2,856</u>	<u>14,873</u>	<u>24,457</u>	<u>42,223</u>	<u>190,558</u>	<u>649,925</u>	
<u>\$ 30,843</u>	<u>\$ 2,856</u>	<u>\$ 14,873</u>	<u>\$ 526,375</u>	<u>\$ 42,223</u>	<u>\$ 190,558</u>	<u>\$ 2,145,635</u>	

IOWA COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	Special Revenue				
	County Recorder's Records Management	Drainage Districts	Hotel/Motel Tax	Resource Enhancement and Protection	Tax Increment Financing
Revenues:					
Property and other County tax	\$ -	\$ -	\$ 237,631	\$ -	\$ 28,530
Intergovernmental	-	-	-	14,224	-
Charges for service	3,796	-	-	-	-
Use of money and property	245	2,523	-	220	-
Miscellaneous	-	113,368	-	-	-
Total revenues	4,041	115,891	237,631	14,444	28,530
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	163,104	32,000	1,563,048
Government services to residents	3,606	-	-	-	-
Non-program	-	187,494	-	-	-
Debt service	-	-	49,694	-	80,775
Capital projects	-	-	-	-	-
Total expenditures	3,606	187,494	212,798	32,000	1,643,823
Excess (deficiency) of revenues over (under) expenditures	435	(71,603)	24,833	(17,556)	(1,615,293)
Other financing sources (uses):					
Interfund transfers in	-	-	-	-	-
Interfund transfers out	-	-	(50,000)	-	-
Revenue bonds issued	-	-	-	-	1,795,000
Total other financing sources (uses)	-	-	(50,000)	-	1,795,000
Net change in fund balances	435	(71,603)	(25,167)	(17,556)	179,707
Fund balances beginning of year, as restated	12,698	143,323	104,543	17,735	-
Fund balances end of year	\$ 13,133	\$ 71,720	\$ 79,376	\$ 179	\$ 179,707

See accompanying independent auditor's report.

			Debt Service				
County Attorney Collections	County Sheriff Forfeiture	County Attorney Forfeiture	Debt Service	Debt Service Sinking	Capital Projects	Total	
\$ -	\$ -	\$ -	481,536	\$ -	\$ -	747,697	
13,993	-	-	19,253	-	70,146	117,616	
-	-	14,873	-	-	-	18,669	
-	-	-	-	-	-	2,988	
-	-	-	-	-	14,266	127,634	
13,993	-	14,873	500,789	-	84,412	1,014,604	
-	4,271	-	-	-	-	4,271	
-	-	-	-	-	-	1,758,152	
-	-	-	-	-	-	3,606	
-	-	-	-	-	-	187,494	
-	-	-	500,004	85,725	-	716,198	
-	-	-	-	-	92,851	92,851	
-	4,271	-	500,004	85,725	92,851	2,762,572	
13,993	(4,271)	14,873	785	(85,725)	(8,439)	(1,747,968)	
-	-	-	-	85,725	-	85,725	
-	-	-	-	-	-	(50,000)	
-	-	-	-	-	-	1,795,000	
-	-	-	-	85,725	-	1,830,725	
13,993	(4,271)	14,873	785	-	(8,439)	82,757	
16,850	7,127	-	23,672	42,223	198,997	567,168	
\$ 30,843	\$ 2,856	\$ 14,873	\$ 24,457	\$ 42,223	\$ 190,558	\$ 649,925	

IOWA COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2011

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ -	2,597	\$ 438,734
Other County officials	1,778	104	12,099	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	401	971
Succeeding year	-	-	-	150,000	362,000
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	9,350
Total assets	\$ 1,778	\$ 104	\$ 12,099	\$ 152,998	\$ 811,055
LIABILITIES					
Accounts payable	\$ -	\$ 50	\$ -	\$ -	190
Salaries and benefits payable	-	-	-	-	-
Due to other governments	-	54	-	152,998	801,193
Trusts payable	1,778	-	12,099	-	-
Compensated absences	-	-	-	-	9,672
Total liabilities	\$ 1,778	\$ 104	\$ 12,099	\$ 152,998	\$ 811,055

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 191,185	\$ 11,550	\$ 51,224	\$ 4,887	\$ 1,078	\$ 367,707	\$ 42
-	-	-	-	-	-	-
29,937	1,928	8,664	761	-	-	6
11,337,000	728,000	4,083,000	245,000	-	-	2,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,558,122</u>	<u>\$ 741,478</u>	<u>\$ 4,142,888</u>	<u>\$ 250,648</u>	<u>\$ 1,078</u>	<u>\$ 367,707</u>	<u>\$ 2,048</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
11,558,122	741,478	4,142,888	250,648	1,078	367,707	2,048
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,558,122</u>	<u>\$ 741,478</u>	<u>\$ 4,142,888</u>	<u>\$ 250,648</u>	<u>\$ 1,078</u>	<u>\$ 367,707</u>	<u>\$ 2,048</u>

IOWA COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2011

	Emergency Management	Fire Districts	Amana Land Use District	Sanitary Districts	E-911 Service Commission
ASSETS					
Cash and pooled investments:					
County Treasurer	\$ 63,436	\$ 954	\$ 174	\$ 279	\$ 40,163
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	153	-	3	-
Succeeding year	-	89,000	23,000	25,000	-
Accounts	-	-	-	-	18
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ <u>63,436</u>	\$ <u>90,107</u>	\$ <u>23,174</u>	\$ <u>25,282</u>	\$ <u>40,181</u>
LIABILITIES					
Accounts payable	\$ 57	\$ -	\$ -	\$ -	-
Salaries and benefits payable	962	-	-	-	-
Due to other governments	62,417	90,107	23,174	25,282	40,181
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ <u>63,436</u>	\$ <u>90,107</u>	\$ <u>23,174</u>	\$ <u>25,282</u>	\$ <u>40,181</u>

See accompanying independent auditor's report.

<u>E-911 Surcharge</u>	<u>Advance Tax Payments</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 43,467	\$ 2,076	\$ 1,777	\$ 1,221,330
-	-	-	13,981
-	-	-	42,824
-	-	-	17,044,000
21,326	-	-	21,344
52	-	-	52
9,188	-	-	9,188
15,788	-	-	25,138
<u>\$ 89,821</u>	<u>\$ 2,076</u>	<u>\$ 1,777</u>	<u>\$ 18,377,857</u>
\$ 1,012	\$ -	\$ -	\$ 1,309
-	-	-	962
64,129	-	1,777	18,325,281
-	2,076	-	15,953
24,680	-	-	34,352
<u>\$ 89,821</u>	<u>\$ 2,076</u>	<u>\$ 1,777</u>	<u>\$ 18,377,857</u>

IOWA COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2011

	County Offices			Agricultural Extension Education	County Assessor
	County Auditor	County Recorder	County Sheriff		
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 1,809	\$ 156	\$ 8,255	\$ 146,649	\$ 654,801
Additions:					
Property and other County tax	-	-	-	149,829	361,674
State tax credits	-	-	-	6,231	15,062
E-911 surcharge	-	-	-	-	-
Office fees and collections	120	303,266	119,892	-	72
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	864	-	282,301	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	984	303,266	402,193	156,060	376,808
Deductions:					
Agency remittances:					
To other funds	120	135,423	111,317	-	-
To other governments	-	167,895	8,575	149,711	220,554
Trusts paid out	895	-	278,457	-	-
Total deductions	1,015	303,318	398,349	149,711	220,554
Balances end of year	\$ 1,778	\$ 104	\$ 12,099	\$ 152,998	\$ 811,055

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
\$ 10,859,637	\$ 655,584	\$ 4,033,608	\$ 232,875	\$ 7,858	\$ 326,390	\$ 2,041
11,332,502	727,708	4,112,067	243,107	-	-	2,314
458,745	27,417	95,166	11,016	-	-	101
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,655,383	-
-	-	-	-	4,658	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,791,247</u>	<u>755,125</u>	<u>4,207,233</u>	<u>254,123</u>	<u>4,658</u>	<u>4,655,383</u>	<u>2,415</u>
-	-	-	-	-	184,084	-
11,092,762	669,231	4,097,953	236,350	11,438	4,429,982	2,408
-	-	-	-	-	-	-
<u>11,092,762</u>	<u>669,231</u>	<u>4,097,953</u>	<u>236,350</u>	<u>11,438</u>	<u>4,614,066</u>	<u>2,408</u>
\$ <u>11,558,122</u>	\$ <u>741,478</u>	\$ <u>4,142,888</u>	\$ <u>250,648</u>	\$ <u>1,078</u>	\$ <u>367,707</u>	\$ <u>2,048</u>

IOWA COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2011

	<u>Tax Sale Redemption</u>	<u>Emergency Management</u>	<u>Fire Districts</u>	<u>Amana Land Use District</u>	<u>Sanitary Districts</u>
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 8	\$ 54,752	\$ 86,028	\$ 22,178	\$ 25,265
Additions:					
Property and other County tax	-	-	90,294	23,577	24,873
State tax credits	-	-	2,631	407	552
E-911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	289,934	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	76,521	-	-	-
Total additions	<u>289,934</u>	<u>76,521</u>	<u>92,925</u>	<u>23,984</u>	<u>25,425</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	-	67,837	88,846	22,988	25,408
Trusts paid out	289,942	-	-	-	-
Total deductions	<u>289,942</u>	<u>67,837</u>	<u>88,846</u>	<u>22,988</u>	<u>25,408</u>
Balances end of year	<u>\$ -</u>	<u>\$ 63,436</u>	<u>\$ 90,107</u>	<u>\$ 23,174</u>	<u>\$ 25,282</u>

See accompanying independent auditor's report.

<u>E-911 Service Commission</u>	<u>E-911 Surcharge</u>	<u>Monies/ Credit Loans Credit</u>	<u>Economic Development Commission</u>	<u>Advance Tax Payments</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 39,373	\$ 76,143	\$ 2,593	\$ 18,538	\$ 790	\$ 7,953	\$ 17,263,284
-	-	-	-	-	-	17,067,945
-	-	-	-	-	-	617,328
-	126,181	-	-	-	-	126,181
-	-	-	-	-	-	423,350
-	-	-	-	-	-	4,655,383
-	-	-	-	-	-	4,658
-	-	-	-	2,076	-	575,175
-	843	-	-	-	-	843
808	-	-	3,828	-	11,229	92,386
808	127,024	-	3,828	2,076	11,229	23,563,249
-	-	-	-	-	-	430,944
-	113,346	-	22,366	-	17,405	21,445,055
-	-	2,593	-	790	-	572,677
-	113,346	2,593	22,366	790	17,405	22,448,676
\$ 40,181	\$ 89,821	\$ -	\$ -	\$ 2,076	\$ 1,777	\$ 18,377,857

IOWA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Property and other County tax	\$ 7,525,850	\$ 7,377,962	\$ 7,461,591	\$ 7,245,194
Interest and penalty on property tax	50,594	45,390	56,589	43,903
Intergovernmental	5,924,223	5,272,407	6,328,434	4,878,531
Licenses and permits	29,690	25,507	18,100	22,187
Charges for service	1,093,925	993,983	1,170,681	1,150,724
Use of money and property	254,889	268,509	301,895	338,794
Miscellaneous	312,120	501,378	185,810	133,561
Total	\$ 15,191,291	\$ 14,485,136	\$ 15,523,100	\$ 13,812,894
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,706,729	\$ 2,537,151	\$ 2,524,634	\$ 2,395,981
Physical health and social services	923,084	919,194	871,838	881,465
Mental health	1,360,006	1,367,876	1,452,258	1,363,008
County environment and education	2,419,601	949,211	830,792	849,655
Roads and transportation	5,820,614	5,916,003	5,211,265	4,944,517
Government services to residents	499,370	479,952	501,638	478,394
Administration	1,364,085	1,449,401	1,597,978	1,434,640
Non-program	187,494	190,429	76,415	183,658
Debt service	716,198	683,200	637,401	602,983
Capital projects	538,821	1,305,702	1,500,085	1,256,646
Total	\$ 16,536,002	\$ 15,798,119	\$ 15,204,304	\$ 14,390,947

See accompanying independent auditor's report.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	6,943,983	\$ 6,293,213	\$ 5,879,521
	36,148	47,596	48,015
	4,523,156	4,584,343	4,658,429
	22,781	25,019	27,564
	917,274	620,082	564,676
	386,007	269,755	193,916
	211,248	240,539	331,444
	<u>\$ 13,040,597</u>	<u>\$ 12,080,547</u>	<u>\$ 11,703,565</u>
\$	2,230,252	\$ 2,011,920	\$ 1,965,078
	883,818	732,988	694,344
	1,257,582	1,107,579	1,318,859
	805,655	702,160	649,767
	4,511,452	4,508,846	4,159,481
	418,822	515,189	373,975
	1,556,446	1,263,849	1,084,618
	32,190	11,060	-
	447,999	336,669	254,652
	740,215	3,379,498	2,230,125
	<u>\$ 12,884,431</u>	<u>\$ 14,569,758</u>	<u>\$ 12,730,899</u>

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

To the Officials of Iowa County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Iowa County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon March 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 Iowa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-B-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-11, I-C-11 and I-D-11 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Iowa County's operations for the year ended June 30, 2011 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.

Iowa County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Iowa 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 Iowa County and other parties to whom Iowa County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Oskaloosa, Iowa
March 26, 2012

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-11 Segregation of Duties

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

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

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

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

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

INTERNAL CONTROL DEFICIENCIES (continued):

I-A-11 Segregation of Duties (continued)

Responses –

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

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

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

Conclusion – Responses accepted.

I-B-11 Financial Reporting – During the audit, we identified material amounts of receivables, payables, payroll accruals, 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 year end accruals, adjustments, and capital asset additions are identified and included in the County’s financial statements.

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

Conclusion – Response accepted.

I-C-11 Interest Earnings – We noted in our testing of cash balances and interest earnings that \$8,843 of interest earned and paid to the basis of one time certificate of deposit was not properly recorded as revenue and included in the County’s cash balance at year end.

Recommendation – The County should properly record all interest earnings as the interest is received. The County should properly adjust the basis of any certificate of deposit as interest is paid by the bank to properly reflect the earnings in the County financial reports and to protect the underlying asset.

Response – We have made the necessary adjustments as recommended. We will properly record the interest payments in the future.

Conclusion – Response accepted.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

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

INTERNAL CONTROL DEFICIENCIES (continued):

- I-D-11 Real Estate Parcel Adjustments – We noted in our testing of property and related taxes that the County overcollected \$3,630 in property taxes. Several original parcels were split into two or more other parcels. However, the original parcels were not removed from the County’s real estate records. Therefore, property tax was collected on the original parcels (which no longer exist) as well as the parcels which were created by the split transactions. This approximately doubled these related collections.

Recommendation – The County should review and implement controls over real estate parcel adjustments to insure that all applicable parcels are properly removed from the system and that these adjustments properly flow into the new parcel.

Response – We have corrected this situation regarding these real estate parcels and we will look at how to best insure that this situation doesn’t arise again in the future.

Conclusion – Response accepted.

IOWA COUNTY
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the debt service function. Disbursements did not exceed departmental appropriations.

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.

Response – We will amend the budget when required in the future. This was due to the interest paid on the new urban renewal tax increment revenue bonds issued after the original budget was approved.

Conclusion – Response accepted.

II-B-11 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25 1979.

II-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

II-D-11 Business Transactions – No 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>
Brian Miller Excavating, owned by spouse of Auditor Kristen Miller	Drainage improvement project	\$61,699 (a)
A & M Fencing & Hardware, owned by Alan Husband, Emergency Management director	Services	\$315 (b)

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transaction designated with an (a) does not represent a conflict of interest since it was entered into through competitive processes.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transaction designated with a (b) does not represent a conflict of interest since the cumulative amount was less than \$1,500 during the fiscal year.

IOWA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2011

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

- II-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- II-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- II-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- II-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.
- II-J-11 Debt Service Payments – We noted in our testing of long-term debt payments that some of those payments were made from the roads and transportation and non-program functions rather than the debt service function. This understates the actual amounts paid to retire County obligations as these obligations mature and overstates the functional expenses in areas not directly related to debt service.
- Recommendation – The County should properly account for all debt service payments in the proper function to insure more accurate financial reporting.
- Response – We will look at this and make any necessary changes in the future.
- Conclusion – Response accepted.
- II-K-11 Financial Condition – The County’s governmental activities had a deficit net assets balance of \$141,507 at June 30, 2011.
- Recommendation – The County should investigate ways to return the unrestricted net assets for governmental activities to a sound financial condition.
- Response – This deficit was caused by the large economic development grant awarded to a local business. As the related bonds are paid down, our unrestricted governmental activities balance will return to a sound condition.
- Conclusion – Response accepted.

