

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

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

**JUNE 30, 2011 AND 2010**

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**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**OFFICIALS**  
**AS OF JUNE 30, 2011**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Amy Sinclair	Chairperson	Wayne County
Robert Fangmann	Vice Chairperson	Cedar County
John Rasmussen	Member	Pottawattamie County
Larry Vest	Alternate	Tama County
Todd Fonkert	Alternate	Bremer County
Dan Waid	Alternate	Hamilton County
Dennis May	Member	Worth County
Steve Michael	Member	Lyon County
Jon Ites	Alternate	Buena Vista County
Richard Crouch	Alternate	Mills County
Keith White	Alternate	Muscatine County
Wayne Manternach	Alternate	Jones County
Darren Moon	Member	Story County
Doug Miller	Alternate	Kossuth County
David Paulson	Ex-Officio	Carroll County



*Partners*

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying statements of net assets of the Iowa County Engineers Association Service Bureau as of June 30, 2011 and 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Service Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Iowa County Engineers Association Service Bureau as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 30, 2011, on our consideration of the Iowa County Engineers Association Service Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

West Des Moines, Iowa  
September 30, 2011

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

Iowa County Engineers Association Service Bureau (Service Bureau) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Service Bureau's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The Organization's total revenue increased 13.11%, or \$61,035, from fiscal 2010 to fiscal 2011.
- The Organization's operating expenses increased 18.28%, or \$73,913, from fiscal 2010 to fiscal 2011.
- The Organization's net assets increased 14.28%, or \$48,234, from June 30, 2010 to June 30, 2011.

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

**FINANCIAL ANALYSIS OF THE SERVICE BUREAU**

*Statements of Net Assets*

Net assets over time may serve as a useful indicator of the Service Bureau's financial position. The Service Bureau's net assets at the end of fiscal year 2011 totaled approximately \$385,900 compared to approximately \$337,700 at June 30, 2010. A summary of the Service Bureau's net assets is presented below.

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Current assets	\$ 402,314	\$ 354,518
Capital assets at cost, less accumulated depreciation	19,816	18,111
Total assets	<u>422,130</u>	<u>372,629</u>
Less current liabilities	<u>36,187</u>	<u>34,920</u>
Net assets - unrestricted	<u>\$ 385,943</u>	<u>\$ 337,709</u>

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

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

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

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

Operating revenues primarily consist of an allocation of County Road Use Tax funds, which are processed and remitted to the Service Bureau through the Iowa Department of Transportation. Operating revenues also include income from other agreements requested and funded by the Iowa Department of Transportation. Operating expenses consist of expenses paid to provide news, communications, data distribution and work automation services to member counties in Iowa. Non-operating revenues arise primarily from interest and other miscellaneous income. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2011 and 2010 is presented below:

Changes in Net Assets		Year ended June 30,	
		2011	2010
<b>Revenue</b>			
Road Use Tax Fund (RUTF) income	\$	425,000	\$ 413,250
Research funds		63,579	19,288
Special projects		14,584	14,614
Interest		1,287	1,302
Miscellaneous		22,045	17,006
Total revenue		526,495	465,460
<b>Expenses</b>			
Salaries		311,461	257,723
Payroll taxes		22,850	19,534
Employee benefits		69,474	48,287
Professional services		8,185	7,140
Administrative fees		5,946	6,043
Travel		8,406	5,973
Meeting expenses		884	1,867
Office expenses		22,503	22,272
Depreciation		8,919	14,313
Rent		17,169	17,292
Utilities		572	1,681
Miscellaneous		1,892	2,223
Total expenses		478,261	404,348
Increase in net assets		48,234	61,112
Net assets, beginning of year		337,709	276,597
Net assets, end of year	\$	385,943	\$ 337,709

The Statements of Revenues, Expenses and Changes in Net Assets reflect an increase in net assets at the end of each fiscal year. During fiscal year ended June 30, 2011, total revenue increased by \$61,035 or 13.11%. Operating expenses increased by \$73,913 or 18.28%.

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

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

*Statements of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating and related investing activities. Cash provided by operating activities includes sub allocation of county Road Use Tax Funds, research funds and special project income, reduced by payments to employees, as well as payments related to meetings and conferences. Cash used by investing activities primarily includes proceeds from maturities and sales of investments, net of purchases of property and equipment and investments.

**CAPITAL ASSETS**

At June 30, 2011, the Service Bureau had approximately \$19,800 invested in capital assets, net of accumulated depreciation of approximately \$89,000. Depreciation charges totaled \$8,919 for fiscal 2011. More detailed information about the Service Bureau's capital assets is presented in Note A to the financial statements.

**ECONOMIC FACTORS**

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

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

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

The Service Bureau anticipates that fiscal year 2012 will be much like fiscal year 2011 and will maintain a close watch over resources to maintain the Service Bureau's ability to react to unknown issues.

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

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the Service Bureau's finances and to show the Service Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa County Engineers Association Service Bureau, 5500 Westown Parkway, Suite 190, West Des Moines, Iowa.

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2011 AND 2010**

**ASSETS**

	2011	2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 244,517	\$ 205,074
Investments - certificate of deposit	50,020	50,000
Investments - marketable securities	81,536	81,196
Accounts receivable	19,209	16,835
Prepaid expenses	7,032	1,413
<b>Total current assets</b>	<b>402,314</b>	<b>354,518</b>
 <b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	7,400	7,400
Computer hardware	50,927	41,700
Office machines	10,344	10,344
Computer software	40,152	38,755
	108,823	98,199
Less accumulated depreciation	(89,007)	(80,088)
<b>Net property and equipment</b>	<b>19,816</b>	<b>18,111</b>
 <b>TOTAL ASSETS</b>	<b>\$ 422,130</b>	<b>\$ 372,629</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,472	\$ 9,106
Compensated absences	21,106	22,390
Funds held for others	8,609	3,424
<b>Total current liabilities</b>	<b>36,187</b>	<b>34,920</b>
 Net assets - unrestricted	385,943	337,709
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 422,130</b>	<b>\$ 372,629</b>

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

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>REVENUE</b>		
Road Use Tax Fund (RUTF) income	\$ 425,000	\$ 413,250
Research funds	63,579	19,288
Special projects	14,584	14,614
Interest	1,287	1,302
Miscellaneous	22,045	17,006
<b>Total revenue</b>	<u>526,495</u>	<u>465,460</u>
<b>EXPENSES</b>		
Salaries	311,461	257,723
Payroll taxes	22,850	19,534
Employee benefits	69,474	48,287
Professional services	8,185	7,140
Administrative fees	5,946	6,043
Travel	8,406	5,973
Meeting expenses	884	1,867
Office expenses	22,503	22,272
Depreciation	8,919	14,313
Rent	17,169	17,292
Utilities	572	1,681
Miscellaneous	1,892	2,223
<b>Total expenses</b>	<u>478,261</u>	<u>404,348</u>
<b>INCREASE IN NET ASSETS</b>	48,234	61,112
<b>NET ASSETS, beginning of year</b>	<u>337,709</u>	<u>276,597</u>
<b>NET ASSETS, end of year</b>	<u>\$ 385,943</u>	<u>\$ 337,709</u>

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

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 48,234	\$ 61,112
Adjustments to reconcile increase in net assets to net cash provided by operations:		
Depreciation	8,919	14,313
Loss on disposal of equipment	-	604
Changes in:		
Accounts receivable	(2,374)	(15,555)
Prepaid expenses	(5,619)	(1,363)
Accounts payable	(2,634)	(4,752)
Funds held for others	5,185	-
Compensated absences	(1,284)	(4,282)
<b>Net cash provided by operating activities</b>	<b>50,427</b>	<b>50,077</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(10,624)	(6,013)
Proceeds from maturities and sales of investments	99,980	147,836
Purchase of investments	(100,340)	(50,000)
<b>Net cash provided (used) by investing activities</b>	<b>(10,984)</b>	<b>91,823</b>
 <b>Net increase in cash and cash equivalents</b>	<b>39,443</b>	<b>141,900</b>
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>205,074</b>	<b>63,174</b>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 244,517</b>	<b>\$ 205,074</b>

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

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

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

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

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

Reporting Entity - For financial reporting purposes, the Organization has included all funds, organizations, agencies, boards, commissions and authorities. The Organization 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 Organization are such that exclusion would cause the Organization'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 Organization 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 Organization. The Organization has no component units which meet the Governmental Accounting Standards Board Criteria.

Basis of Presentation - The accounts of the Organization are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus and Basis of Accounting - The 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The Organization distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Organization's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** -  
continued

Concentration of Credit Risk - The Service Bureau's bank deposits totaled approximately \$246,200 at June 30, 2011, respectively. These deposits were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

Accounts Receivable - Accounts receivable consist primarily of amounts due from the Iowa Department of Transportation. Management periodically reviews outstanding accounts receivable to determine whether an allowance for uncollectible accounts should be established. No allowance related to accounts receivable was considered necessary at June 30, 2011 or 2010.

Investments - The Organization's investments in mutual funds are presented at fair value. Changes in unrealized gains and losses, if any, are included as a component of investment income on the statement of revenues, expenses and changes in net assets. Investments in mutual funds are presented at fair value using Level 1 inputs. Level 1 inputs are quoted prices in active markets for identical assets.

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

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

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

**NOTE B - INVESTMENTS**

Investments - certificate of deposit consists of a bank certificate of deposit that bears interest at a rate of 0.70% and matures in February 2012.

Investments in marketable securities at June 30, 2011 consist of one mutual fund with cost of \$31,226 and fair value of \$31,246. Fair value of the mutual fund was \$45,721 at June 30, 2010. Marketable securities also include a bank money market account with a balance of \$50,290 and \$35,475 at June 30, 2011 and 2010, respectively.

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

The Service Bureau receives significant funding through a Road Use Tax Fund agreement with the Iowa Department of Transportation. The Service Bureau also has two contracts to perform research and special projects on behalf of the Iowa Department of Transportation.

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

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

The Service Bureau has an agreement with the Iowa State Association of Counties (ISAC) whereby ISAC provides the Service Bureau with office space, clerical support, telephone services, use of its office-related equipment, insurance and other employee benefits. The Service Bureau reimburses ISAC for these costs on a periodic basis. Total reimbursements paid to ISAC were \$22,250 and \$26,948 in fiscal years 2011 and 2010, respectively.

**NOTE E - PENSION AND RETIREMENT BENEFITS**

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

Plan members are required to contribute 4.50% of their annual salary and the Service Bureau is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. The Service Bureau's contribution to IPERS for the years ended June 30, 2011 and 2010 was \$21,736 and \$17,424, respectively.

**NOTE F - FUNDS HELD FOR OTHERS**

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

**NOTE G - FUNCTIONAL ALLOCATION OF EXPENSES**

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

Following is a summary of the functional allocation of expenses for the years ended June 30, 2011 and 2010:

	2011	2010
Program services	\$ 358,512	\$ 287,676
Fundraising costs	-	-
General and administration	119,749	116,672
	\$ 478,261	\$ 404,348

**NOTE H - BOARD DESIGNATED NET ASSETS**

The Service Bureau's Board of Directors has designated \$100,000 of its net assets for special projects. As of June 30, 2011, the Board has not yet identified any specific projects for which these funds will be used.

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

**NOTE I - RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Organization assumes liability for any deductibles and claims in excess of coverage limitations.



*Partners*

Michael E. Brinker, CPA  
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S. James Smith, CPA  
Joni M. Tonnemacher, CPA, CFFA

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

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

We have audited the financial statements of Iowa County Engineers Association Service Bureau as of and for the year ended June 30, 2011, and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial report that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa County Engineers Association Service Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, members and the Board of Directors and other parties to whom the Organization may report. The report is not intended to be and should not be used by anyone other than these specified parties.

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

West Des Moines, Iowa  
September 30, 2011

**IOWA COUNTY ENGINEERS ASSOCIATION SERVICE BUREAU**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2011**

**Findings Related to the Financial Statements**

**Internal control deficiencies**

No material weaknesses were identified.

**Instances of non-compliance**

No matters were noted.

**Other findings related to required statutory reporting**

No matters were noted.