



CERRO GORDO COUNTY

IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012

CERRO GORDO COUNTY, IOWA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

Prepared by: Cerro Gordo County Auditor's Office

INTRODUCTORY SECTION

CERRO GORDO COUNTY, IOWA

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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2012

Board of Supervisors

<u>Name</u>	<u>Term Expires</u>	<u>Address</u>
Robert Amosson	January 2015	Rockwell, Iowa
Phillip Dougherty	January 2013	Dougherty, Iowa
Jay Urdahl	January 2013	Mason City, Iowa

Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Kenneth Kline	January 2013	Auditor
Patricia Wright	January 2015	Treasurer
Colleen Pearce	January 2015	Recorder
Kevin Pals	January 2013	Sheriff
John Boedeker	Appointed	County Assessor
Robert Zinnel*	Appointed	City Assessor
Carlyle Dalen	January 2015	County Attorney

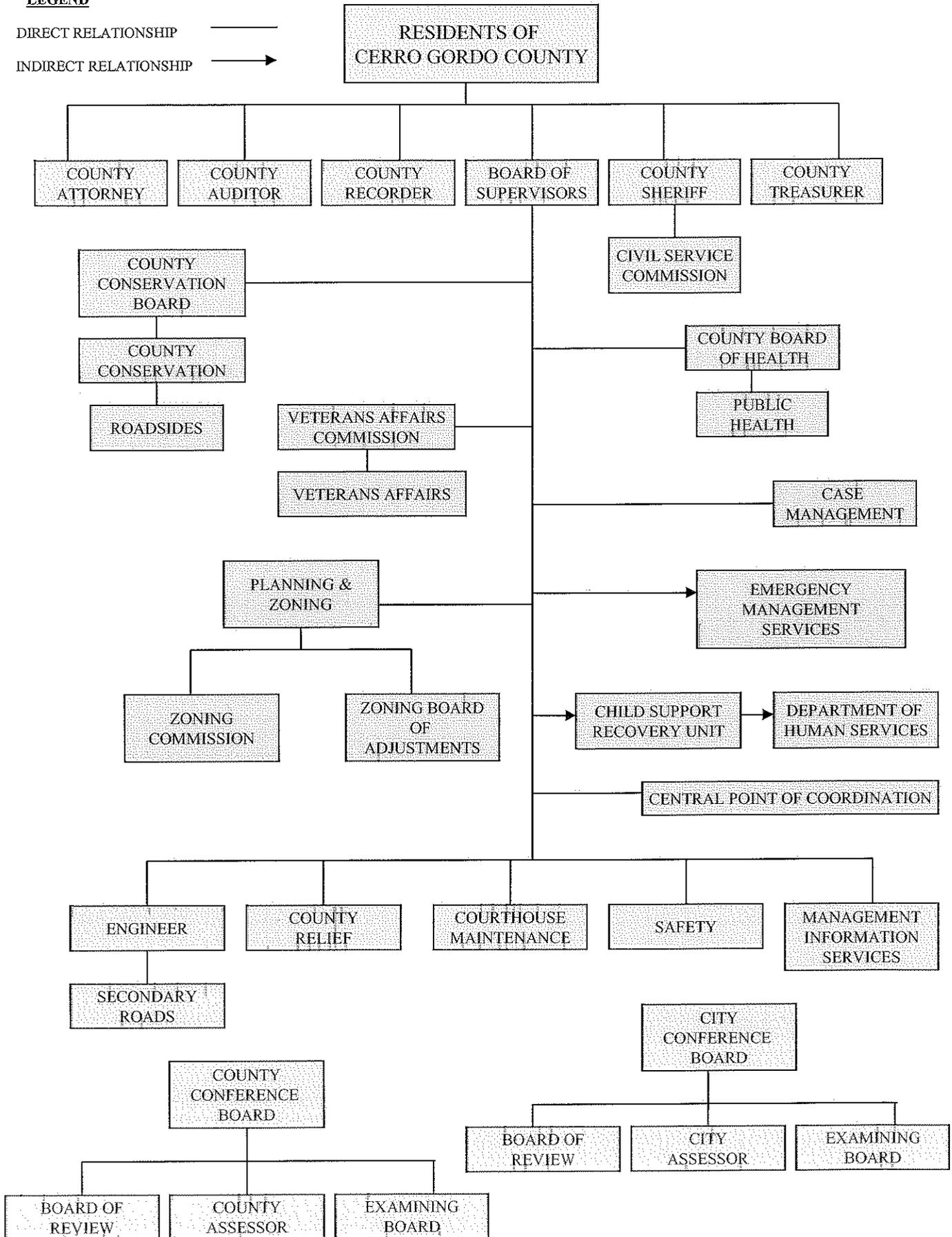
*Robert Zinnel retired effective August 31, 2012. Danielle Naumann was appointed effective November 19, 2012.

CERRO GORDO COUNTY ORGANIZATIONAL CHART

LEGEND

DIRECT RELATIONSHIP ———

INDIRECT RELATIONSHIP ———>



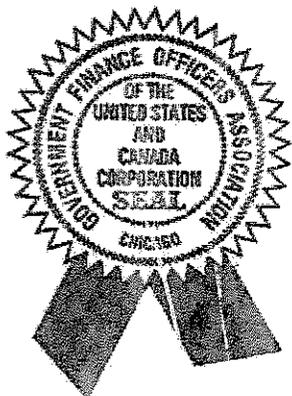
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cerro Gordo County
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Erwin

Executive Director



County Auditor Cerro Gordo County Courthouse

220 N Washington Ave
Kenneth W. Kline, Auditor
www.co.cerro-gordo.ia.us

Mason City, IA 50401-3254

(641) 421-3028
FAX (641) 421-3139

December 17, 2012

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2012, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Gardiner Thomsen PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2012, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cerro Gordo County

Organized in 1855, Cerro Gordo County is governed by a three-member board, each board member elected by citizens in one of the three districts. Board members serve overlapping four-year terms, with elections held every two years. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs.

The County provides a full range of services to its citizens. These services include public safety, parks, planning and zoning, service to people with mental disabilities, construction and maintenance of secondary roads, physical health and social services, property assessment and taxation, and general administrative services. The County also provides a management information services department utilized by other governmental entities.

The Board of Supervisors is required to adopt a final budget by no later than March 15th for the fiscal year beginning the following July 1st. This annual budget serves as the foundation for the County's financial planning and control. The State of Iowa requires the adoption of an annual budget with total County operating expenditures listed by major program service area. Activities of the general fund, special revenue funds, capital projects funds, and debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total function/program service area level. In addition, individual County officials' expenditures cannot exceed the amounts appropriated by the Board.

Local Economy

Cerro Gordo County, with the Cities of Mason City, Clear Lake, and eight smaller cities, has the thirteenth largest population of ninety-nine counties in the state, and serves as a regional center for north central Iowa in the areas of commerce, industry, retail shopping, higher education, and health care services. The surrounding area has an economic base that is historically agricultural in nature, but Cerro Gordo County also has several strong industries and commercial enterprises. With a usually low rate of unemployment and the lack of a single, dominant employer, the economy of the area is generally dynamic, robust, and broad-based. The City of Mason City is the largest city in Cerro Gordo County, with about two-thirds of the County's 44,000-plus population.

Tourism is an important industry in Cerro Gordo County, largely due to Clear Lake, which, at 3,865 acres, is the third largest natural lake in Iowa, and is the namesake of the surrounding city. According to figures from the Iowa Department of Economic Development, the County ranks tenth in the state for tourism expenditures with more than \$184 million in annual spending, resulting in more than 1,500 tourism related jobs.

Although educational systems in the entire north central Iowa area are well known for their quality of education, Cerro Gordo County has become a regional center for higher learning. Drake University of Des Moines offers several programs at the Masters level in coordination with the North Iowa Area Community College (NIACC). This adds to the wide range of baccalaureate programs offered at NIACC by Buena Vista College of Storm Lake, and Kaplan University, which offers AAS and BA degrees.

Cerro Gordo County serves as a regional hub for transportation with an airport, three railroad branch lines, Interstate 35, which runs north-south the length of the County, and the “Avenue of the Saints”, the link between Interstates 35 and 80.

The County is a regional center for health care services. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa is the County’s largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region.

In general economic news for the fiscal year, the number of persons employed in the county went from 23,750 to 23,870, an increase of 0.5% from February 2010 to February 2011, according to figures from Iowa Workforce Development. With high grain prices the agricultural economy of the area has been strong and stable; however, the national recession affected local industries and businesses during the fiscal year.

The City of Mason City’s cost of living for the second quarter of 2012 was 94.9% of the national average, according to the ACCRA Cost of Living Index, ranking it the second lowest cost of living for all Iowa communities that participate in the ACCRA index.

Major Initiatives

During the fiscal year, the County received a second national award for the Precinct Atlas software program. In July the County received a 2011 Achievement Award “Best of Category”, from the National Association of Counties. The previous year the program earned the 2010 Stars and Stripes Award from the Election Center, the national association of election officials.

The Precinct Atlas is a precinct election management system developed by the MIS programming staff and used for the first time at a special election in February, 2009. By the end of June 2012, fifty-seven counties, including Cerro Gordo, had successfully used the program. Of those, fifty-one had each signed a Memorandum of Understanding with the County for maintenance of the software and for hardware and technical support.

New program functionality added during the fiscal year included the use of a barcode scanner to scan the “stacked” or 2-D barcode on the back of a voter’s driver’s license or the regular barcode on the voter information card mailed to each registered voter. Used for the first time in vote centers at the regular city elections in November, 2011, more than 70% of the voters voluntarily chose to use their drivers’ licenses for a faster and easier check-in procedure. Also new was the use of two-way communication between the precincts and the courthouse. Advantages of the communication include having up-to-date information on how many people have voted at each precinct throughout the day, as well as transmission of the list of voters to each vote center, so that a voter could not attempt to vote in more than one location.

The County signed several agreements for aerial photography and GIS-related projects during the year. The County contracted with Pictometry Corp. for spring 2012 countywide aerial photos, including oblique images, although the project was delayed to 2013 as a result of an earlier than expected spring across the Midwest. This project is part of the 3-year cycle on behalf of the Mason City and County Assessors. On October 18, 2011, the County signed agreements with Yaggy Colby & Associates for professional surveying services and with Dan Corbin Inc. for photogrammetric consulting services. On January 17, 2012 the County signed contracts with Aerial Services, Inc. for a countywide aerial photography project as part of its 10-year cadastral mapping cycle, and with the City of Mason City for GIS data-sharing services. The Aerial Services Inc. project was completed in the spring of 2012, with expected delivery of images and data in July.

During the fiscal year the County developed an Urban Renewal Plan and TIF District, the first County TIF in more than 20 years. On April 4, 2012 the County entered into a development agreement with Mason City Red Power Inc. as a means to encourage economic development in the rural area between the Cities of Mason City and Clear Lake. As part of this initiative, the County contracted with Simmering-Cory Inc. of Clear Lake for consulting services, and with the Cities of Mason City and Clear Lake, a requirement since the area involved is within two miles of each city.

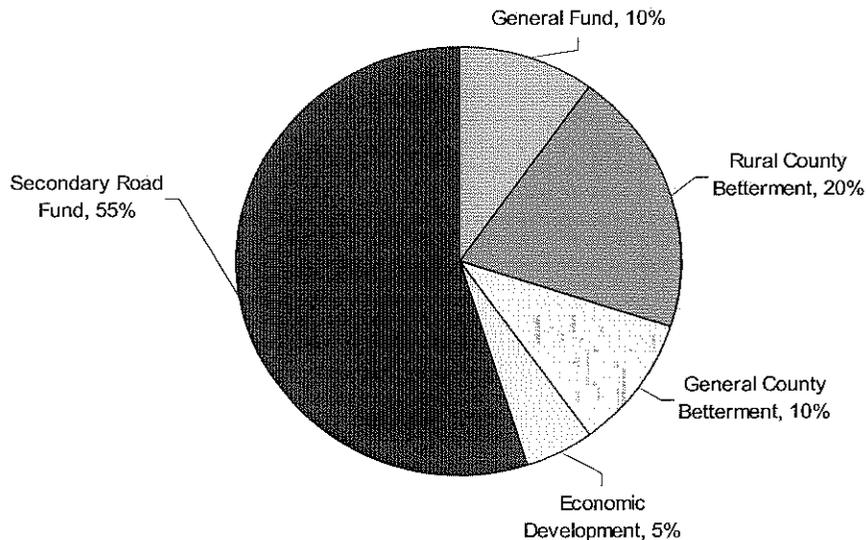
Finally, the County refinanced the \$9 million remaining jail bonds during the fiscal year, for an estimated interest savings of \$550,000.

Long-Term Financial Planning

The County is continuing to develop strategies for improving service, quality and efficiency. The Board utilizes a long term fiscal policy and continues its strategic planning process. The County’s secondary road system is also being continually reviewed. The County Engineer has developed a long-range five-year plan addressing how much additional funding will be required to maintain the quality of the County’s roads and bridges.

Relevant Financial Policies

It is Cerro Gordo County’s policy to use its share of local option sales and service taxes in the following allocation:



In FY2012, Cerro Gordo County received a total of \$1,682,466 in local option sales and service taxes.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its

comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been completed without the cooperation and services of the staffs of the County Auditor's and Treasurer's offices. Gratitude is also expressed to the independent auditors, Gardiner Thomsen, who provided endless support and assistance in preparing this report, and to the Cerro Gordo County Board of Supervisors for their interest and support.

Respectfully submitted,

A handwritten signature in cursive script that reads "Heather Mathre".

Heather R. Mathre, CPA
Budget Manager
Office of the County Auditor
Cerro Gordo County, Iowa

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FINANCIAL SECTION



Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Cerro Gordo County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of Cerro Gordo County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 10 through 19 and 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County's basic financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the ten years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The introductory section, combining and non-major fund financial statements and statistical sections, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The combining and non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

December 17, 2012

Gardiner Thomsen, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County 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, 2012. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ Cerro Gordo County governmental fund revenues decreased .3% or \$90,205 from \$26,869,982 in fiscal year 2011 (FY11) to \$26,779,777 in fiscal year 2012 (FY12). Property taxes and other county taxes increased \$447,347, local option sales tax dollars increased \$32,125, intergovernmental revenues decreased \$531,480, charges for services decreased \$58,203, and fines, forfeitures and defaults increased \$49,014 from FY11.
- ◆ Cerro Gordo County governmental fund expenditures for FY12 were \$38,038,678, an increase of \$9,877,887 from \$28,160,791 in FY11. This increase was primarily contributable to an increase of \$7,351,465 in debt service expenditures. The county issued \$9,365,000 of General Obligation Refunding Capital Loan notes and refunded the \$9,000,000 outstanding balance of the \$9,000,000 General obligation Capital loan notes that were issued in FY07. Mental health expenditures increased \$3,117,235 to a total of \$3,793,476 in FY12, and public safety and legal services expenditures increased \$404,986 to a FY12 total of \$7,500,849.
- ◆ The assets of the county exceeded liabilities at fiscal year ended June 30, 2012 by \$42,903,936 (net assets). Of this amount, \$4,280,103 is unrestricted and may be used to meet the County's ongoing obligations. For fiscal year ended June 30, 2011, assets exceeded liabilities by \$45,029,138, of which \$5,014,784 was unrestricted
- ◆ Cerro Gordo County's net assets decreased 4.7% or \$2,125,202 at June 30, 2012. Government activities decreased \$2,055,275 and business-type activities decreased by \$69,927. For fiscal year ended June 30, 2011, total net assets increased \$1,247,477. Governmental activities increased \$1,319,168 and business-type activities decreased \$71,691.
- ◆ Cerro Gordo County's governmental funds reported combined ending fund balances of \$12,494,253, a decrease of \$2,012,370 in comparison with the FY11 fund balances of \$14,506,623. Approximately 39.8% of the total amount, \$4,976,088, is the County's unassigned fund balance.
- ◆ Cerro Gordo County's general long-term debt, excluding compensated absences, termination benefits, and claims payable, decreased \$240,318 during the fiscal year, from \$11,447,419 in FY11 to \$11,207,101 in FY12. This change was due to scheduled payments during FY12. During the year, the County refunded \$9,000,000 General Obligation Capital Loan Notes with the issuance of \$9,365,000 General Obligation Refunding Capital Loan Notes.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of the Statements of Net Assets and the Statement of Activities (on pages 20-22). These provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

The Fund Financial Statements (starting on page 23) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

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

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

The fund financial statements begin on page 23 and provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Cerro Gordo County has three kinds of funds:

1) Governmental funds account for most of the County's basic services, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These governmental funds include 1) General Fund, 2) Special Revenue Funds, 3) Debt Service Fund, and 4) Capital Projects Fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the County's general governmental operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds.
- a) Cerro Gordo County has two internal service funds: Central Services Fund and Health Insurance Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.
 - b) Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business. Cerro Gordo County maintains two enterprise funds: Meservey Wastewater Collection & Treatment Facility and Swaledale Wastewater Collection & Treatment Facility.

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 33.

Supplemental Information

The supplemental information begins on page 55 and provides detailed information about the non-major governmental funds and the individual fiduciary funds. In addition, the Single Audit Section provides details of the various Federal awards received by the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net assets decreased \$2,125,202 from \$45,029,138 to \$42,903,936. The analysis below focuses on the net assets and changes in net assets of our government and business-type activities.

Cerro Gordo County's Net Assets June 30, 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$29,620,791	\$31,044,637	\$102,989	\$96,608	\$29,723,780	\$31,141,245
Capital assets	42,292,231	42,026,702	1,811,970	1,897,252	44,104,201	43,923,954
Total assets	71,913,022	73,071,339	1,914,959	1,993,860	73,827,981	75,065,199
Long-term debt outstanding	12,270,340	11,954,538	536,641	547,538	12,806,981	12,502,076
Other liabilities	18,104,021	17,522,865	13,043	11,120	18,117,064	17,533,985
Total liabilities	30,374,361	29,477,403	549,684	558,658	30,924,045	30,036,061
Net assets:						
Invested in capital assets, net of related debt	31,446,880	30,961,033	1,264,433	1,339,285	32,711,313	32,300,318
Restricted	5,912,520	7,714,036	0	0	5,912,520	7,714,036
Unrestricted	4,179,261	4,918,867	100,842	95,917	4,280,103	5,014,784
Total net assets	\$41,538,661	\$43,593,936	\$1,365,275	\$1,435,202	\$42,903,936	\$45,029,138

The largest portion of the County's net assets, 76.2%, is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

A restricted portion of the County's net assets, 13.8% or \$5,912,520, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$4,280,103 or 10.0%.

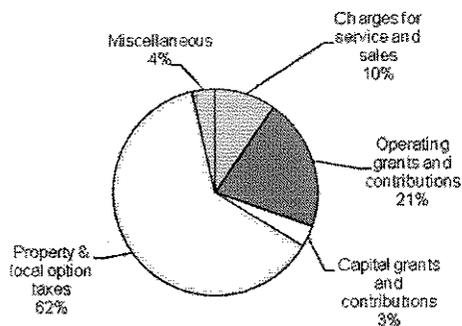
The County's net assets decreased by \$2,125,202 during the current fiscal year. The governmental-type activities decreased by \$2,055,275 and the business-type activities decreased \$69,927.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2012 and 2011. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for service and sales, operating grants and contributions, and capital grants and contributions. General Revenue includes taxes, investment income, and other unrestricted revenue sources.

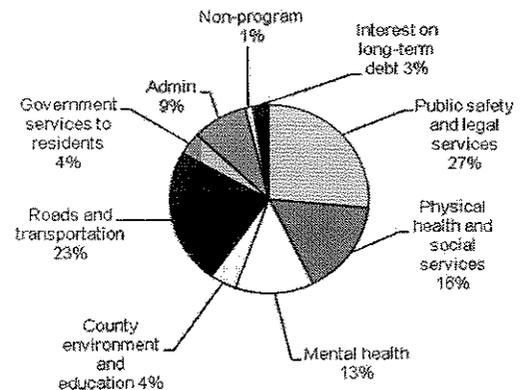
Cerro Gordo County's Changes in Net Assets June 30, 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for service and sales	\$2,572,092	\$2,546,923	\$66,716	\$66,040	\$2,638,808	\$2,612,963
Operating grants and contributions	5,735,343	6,339,798	0	0	5,735,343	6,339,798
Capital grants and contributions	937,276	429,002	0	0	937,276	429,002
General Revenues						
Property taxes	14,948,314	14,509,391	0	0	14,948,314	14,509,391
Penalty & interest on property tax	163,122	161,757	0	0	163,122	161,757
State tax credits	420,545	408,057	0	0	420,545	408,057
Local option sales & service tax	1,682,466	1,650,341	0	0	1,682,466	1,650,341
Grants and contributions not restricted to specific purposes	0	0	0	0	0	0
Unrestricted investment earnings	88,847	110,664	58	50	88,905	110,714
Miscellaneous	952,897	1,059,843	0	0	952,897	1,059,843
Loss on Disposal of Capital Assets	(34,141)	0	0	0	(34,141)	0
Total revenues	27,466,761	27,215,776	66,774	66,090	27,533,535	27,281,866
Expenses:						
Public safety and legal services	7,841,364	7,580,694	0	0	7,841,364	7,580,694
Physical health and social services	4,816,751	5,289,561	0	0	4,816,751	5,289,561
Mental health	3,805,315	660,626	0	0	3,805,315	660,626
County environment and education	1,267,463	1,171,665	0	0	1,267,463	1,171,665
Roads and transportation	6,906,435	6,838,237	0	0	6,906,435	6,838,237
Government services to residents	1,118,476	1,117,534	0	0	1,118,476	1,117,534
Administration or general government	2,697,211	2,482,454	0	0	2,697,211	2,482,454
Non-program	217,755	240,487	136,701	137,781	354,456	378,268
Interest on long-term debt	799,924	515,350	0	0	799,924	515,350
Total expenses	29,470,694	25,896,608	136,701	137,781	29,607,395	26,034,389
Increase (decrease) in net assets	(2,003,933)	1,319,168	(69,927)	(71,691)	(2,073,860)	1,247,477
Net assets July 1, as restated	43,542,594	42,274,768	1,435,202	1,506,893	44,977,796	43,781,661
Net assets June 30,	41,538,661	43,593,936	1,365,275	1,435,202	42,903,936	45,029,138

Revenues by Type



Expenses by Program



Governmental Activities

Revenues for governmental activities increased .9% or \$250,985 over the prior year. Charges for services increased \$25,169, due to additional service fees collected within the county. The County's operating grants and contributions decreased \$604,455 due to a reduction of the physical health and social services grants and contributions received in FY12. Capital grants and contributions had the largest increase of \$508,274 over the prior year's amount of \$429,002. Roads and transportation received additional grants in FY12, and the county received a Department of Energy grant for HVAC for the fairgrounds arena. Property tax revenues increased \$438,923 due to an increase in the taxable value in the county. Unrestricted investment earnings decreased \$21,817 due to lower investment rate of return.

The cost of all governmental activities this year was \$29,470,694, an increase of \$3,574,086 over the prior years' \$25,896,608. However, as shown in the Statement of Activities on page 21-22, the amount the taxpayers ultimately financed for these activities through County taxes was only \$20,225,983 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Mental Health had the largest increase of \$3,144,689. As of July 1, 2010, mental health services were being accounted for in the newly formed CSS Agency. The majority of the county expenditures for Mental Health are fund requests transferred to the CSS Agency. In FY11, the first year of operation, funds transfers were infrequently requested by the CSS. However, in FY12 fund transfers requests increased. Interest on Long Term Debt increased \$284,574, along with Public Safety and Legal Services by \$260,670.

Cerro Gordo County maintained the rural rate of 3.50739 for FY12. The countywide tax rate of 6.27042 for FY11 decreased to 6.25077 for FY12. The combined tax rates resulted in increased property tax dollars of approximately \$389,000 for general purposes, \$93,500 for rural purposes, and \$22,750 for mental health services and a decrease of \$12,000 for debt service.

Business-Type Activities

Business-type activities decreased the County's net assets by \$69,927.

The County's Individual Major Funds

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of \$12,494,253, which is a decrease of \$1,961,028 or 13.6% over the combined fund balance for FY11. Of this amount, \$4,976,088 represents the unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is assigned, restricted, or nonspendable. The following are the major reasons for the changes in fund balances from the prior year:

- ◆ The General Fund, as the main operating fund for Cerro Gordo County, ended FY12 with a 49.9% ending fund balance totaling \$6,346,987. This is a \$90,825 decrease from the prior year's \$6,437,812 fund balance. Revenues increased \$552,776; the key factors were an additional \$376,823 in property and other county taxes and \$140,627 in intergovernmental revenues. Expenditures increased \$720,318 which is an increase of 6.0% from the previous year.
- ◆ Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. The county, along with four other counties, entered into a 28E agreement to create the CSS Agency in FY11. In FY12, three additional counties joined the CSS Agency for a total of eight counties. This agency accounts for all mental health revenues, with the exception of each county's

property taxes for mental health purposes. It also accounts for the majority of the mental health expenditures. The Mental Health Fund balance decreased from \$1,752,507 in FY11 to \$451,835, a decrease of \$1,300,672. For the year, expenditures totaled \$3,793,476, an increase of 461% over last year's expenditures of \$676,241 due to the irregular requests for reimbursement from County Social Services. Revenues increased \$25,876, or 1%.

- ◆ The Rural Services Fund balance decreased \$41,752 to \$747,874 from the prior year ending balance of \$789,626. Revenues increased \$92,720, from \$2,163,748 in FY11 to \$2,256,468 in FY12. Expenditures totaled \$448,220, a decrease of \$16,490, or 3.5% over last year's expenditures of \$464,710. The County supports the secondary roads fund with an annual transfer out of rural services property tax dollars. In FY12, this transfer remained the same as the prior year at \$1,850,000.
- ◆ The Secondary Roads Fund expenditures decreased by \$948,948 or 12.9%, from \$7,358,323 in FY11 to \$6,409,375 in FY12. This was due to a decrease in capital projects in FY12. The Secondary Roads fund balance decreased \$451,083, from \$3,432,739 in FY11 to \$2,981,656 in FY12.
- ◆ The Public Health Fund ended FY12 with a fund balance of \$704,823, a \$166,518 decrease over the prior year's balance of \$871,341. Expenditures increased \$130,776, or 4.0% over the prior year. Revenues also decreased 4.0%, or \$76,797.
- ◆ The Debt Service Fund had a fund balance of \$27,636, all of which is restricted for the payment of debt.
- ◆ The Capital Projects fund balance remained \$933 at June 30, 2012.

Budgetary Highlights

The county budget is based on ten functions/service areas as required by the State, not by fund or fund type. Over the course of the year, Cerro Gordo County amended its budget one time. The budgetary comparison schedule on pages 51-52 provides more information. The amendment, made May 2012, resulted in the following:

Revenues and Other Financing Sources increased \$10,509,267, which included:

- ◆ Increase of \$127,207 in local option sales and service tax.
- ◆ A \$365,384 increase in intergovernmental revenues by various departments, including increases of \$159,952 for the public health department, \$185,000 awarded for a Department of Energy grant, and \$32,000 for an aerial GIS project.
- ◆ An increase of \$13,625 in licenses and permits for public health and planning and zoning fees.
- ◆ Charges for services increased \$150,644 due to an increase in public health fees of \$15,144, \$73,000 for fees provided by the sheriff department, and an additional \$54,300 received by the county treasurer for services.
- ◆ Use of Money & Property increased \$32,586. The county received an additional \$14,586 for farm-land rent, and the sheriff commissary earned an additional \$18,000.
- ◆ Miscellaneous revenue increased \$414,786 due to several departments receiving additional miscellaneous revenue, with public health, \$102,211, the sheriff department, \$70,000, and the CPC (MH-DD) office, \$217,000, receiving the largest shares.

- ◆ Other Financing Sources of \$9,405,035 includes \$8,000 from the sale of county assets and \$9,397,035 for the long-term debt refunding of the Law Enforcement Center.

Expenditures and Other Financing Uses decreased \$12,617,919, which included:

- ◆ Decrease of \$688 in public safety and legal services.
- ◆ Increase of \$371,858 in physical health and education mainly due to an increase of \$304,749 for the public health department, and \$60,000 for court services/youth guidance department.
- ◆ Increase of \$1,477,467 in Mental Health, MR & DD for mental health services.
- ◆ An increase of \$26,884 in county environment & education. \$15,000 of this increase is for the administration expenditures of the newly formed Cerro Gordo County Corridor Urban Renewal Area, which will be later reimbursed back to the county. Also, an increase of \$10,000 for additional REAP expenditures.
- ◆ An increase of \$23,500 for government services to residents, which includes \$23,000 for additional election expenditures.
- ◆ An increase of \$167,898 in administration. \$67,000 of this increase was due to additional property and unemployment insurance, and the county Aerial GIS project expended \$132,125, which was not initially budgeted. Also, a decrease of expenditures for both the MIS department, \$25,000, and the County Treasurer department, \$13,750.
- ◆ An increase of \$9,396,000 for debt service due to the long-term debt refunding of the Law Enforcement Center.
- ◆ An increase in capital projects of \$1,155,000. This includes a reduction of \$30,000 for miscellaneous courthouse capital projects, and increases of \$1,000,000 for secondary road construction projects, and \$185,000 for the Department of Energy grant.

During the year, however, revenues were \$1,163,476 less than budgetary revenues and expenditures were \$3,399,548 less than budgetary expenditures. Iowa law requires budget amendments to specific expenditure functions/service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and since the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting yearend budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects and Roads and Transportation service areas when projects may roll over to a subsequent fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2012 was \$77,247,123, an increase of \$2,824,282 or 3.8% compared to FY11. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, vehicles, intangibles, and infrastructure.

Major capital asset additions during the current fiscal year included infrastructure, vehicles for Sheriff, Conservation, and Secondary Roads and the remodeling of county-owned buildings.

Cerro Gordo County's Capital Assets FYE 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,646,392	\$ 1,646,392	\$ 62,300	\$ 62,300	\$ 1,708,692	\$ 1,708,692
Construction-in-Process	521,461	254,570	0	0	521,461	254,570
Buildings	17,470,007	17,201,647	0	0	17,470,007	17,201,647
Improvements other than Buildings	603,760	603,760	0	0	603,760	603,760
Machinery & Equipment	7,010,544	6,982,661	0	0	7,010,544	6,982,661
Vehicles	4,106,445	3,850,830	0	0	4,106,445	3,850,830
Intangibles	263,734	263,734	0	0	263,734	263,734
Infrastructure	42,855,837	40,850,304	2,706,643	2,706,643	45,562,480	43,556,947
Total	74,478,180	71,653,898	2,768,943	2,768,943	77,247,123	74,422,841
Less: Accumulated Depreciation	32,185,949	29,627,196	956,973	871,687	33,142,922	30,498,883
Total	42,292,231	42,026,702	1,811,970	1,897,256	44,104,201	43,923,958

For governmental activities, Cerro Gordo County had depreciation expense of \$2,699,352 and total accumulated depreciation of \$32,185,949 for the year ended June 30, 2012. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$956,973 for the year end. Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

As of June 30, 2012, Cerro Gordo County had total long-term debt outstanding for governmental activities of \$12,089,726, a decrease of \$269,641 compared to FY11. The changes in debt resulted from the issuance of \$9,365,000 General Obligation Refunding Capital Loan Notes, capital loan note retirement of \$9,550,000, as well as \$55,318 of capital lease purchase agreements payments and a \$24,975 decrease in termination benefits. In the current year, the County paid \$9,607,704 in principal and \$804,707 in interest on outstanding debt, compared to \$2,541,936 in principal and \$519,010 in interest for FY11.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled \$547,538. This is a decrease of \$10,429 due to debt retirement. Business-Type Activities paid \$10,429 in principal and \$25,108 in interest on outstanding debt in the current year.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of \$204 million.

**Cerro Gordo County's Outstanding Debt
June 30, 2012**

	2012	2011
Governmental Activities:		
Revenue Bonds & Capital Loan Notes	\$ 11,196,750	\$ 11,381,750
Capital Lease Purchase Agreements	10,351	65,669
Drainage Warrants	14,417	20,088
Termination Benefits	72,150	97,125
Compensated Absences	796,058	794,735
Total	\$ 12,089,726	\$ 12,359,367
 Business-Type Activities:		
Sewer Revenue Bonds	\$ 547,538	\$ 557,967

Additional information about the County's long-term liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2013 fiscal year budget, tax rates, and the fees that will be charged for the various County services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 6.40% versus 6.90% a year ago. This compares with the State unemployment rate of 5.6% and the national rate of 8.5%

- ◆ For the budget year ending June 30, 2013, Cerro Gordo County decreased the countywide tax rate from \$6.25077 per thousand of taxable valuation to \$6.23582 and maintained the rural county tax rate at \$3.50739 per thousand of taxable valuation. The decrease in the countywide tax rate is due to a decrease in funds needed in the debt service fund.
- ◆ The tax base for Cerro Gordo County increased 3.6% over the prior year.
- ◆ The total expenditures for the FY13 budget are \$29,604,226, an increase of \$757,737, or 2.6%, from the FY12 budget. Most of the increase is due to the increase in salary and benefits for county employees. All four of the County bargaining unit contracts are under agreements that expire June 30, 2013.

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2013 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, contact the Cerro Gordo County Auditor's Office, 220 North Washington, Mason City, Iowa 50401.

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CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$11,673,378	\$94,471	\$11,767,849
Receivables:			
Property Tax:			
Delinquent	30,578	0	30,578
Succeeding year	15,282,897	0	15,282,897
Interest and Penalty on Property Tax	563	0	563
Accounts	399,721	0	399,721
Accrued Interest	5,531	0	5,531
Special Assessments	46,885	0	46,885
Drainage Assessments	5,287	0	5,287
Due From Other Governments	962,085	8,518	970,603
Inventories	1,213,866	0	1,213,866
Capital Assets:			
Land	1,646,392	62,300	1,708,692
Construction in Progress	521,461	0	521,461
Intangibles	263,734	0	263,734
Other Capital Assets	72,046,593	2,706,643	74,753,236
Less Accumulated Depreciation/Amortization	(32,185,949)	(956,973)	(33,142,922)
Total Assets	\$71,913,022	\$1,914,959	\$73,827,981
Liabilities			
Accounts Payable	\$899,126	\$2,146	\$901,272
Accrued Interest Payable	35,514	0	35,514
Salaries and Benefits Payable	460,226	0	460,226
Due to Other Governments	24,962	0	24,962
Unearned Revenue:			
Succeeding Year Property Tax	15,282,897	0	15,282,897
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Capital Lease Purchase Agreements	4,366	0	4,366
General Obligation Bonds/Revenue Notes	560,000	10,897	570,897
Compensated Absences	822,500	0	822,500
Termination Benefits	14,430	0	14,430
Portion Due or Payable After One Year:			
Capital Lease Purchase Agreements	5,985	0	5,985
General Obligation Bonds/Revenue Notes	10,636,750	536,641	11,173,391
Drainage District Warrants Payable	14,417	0	14,417
Termination Benefits	57,720	0	57,720
Net OPEB Liability	1,555,468	0	1,555,468
Total Liabilities	30,374,361	549,684	30,924,045
Net Assets			
Invested in Capital Assets, Net of Related Debt	31,446,880	1,264,433	32,711,313
Restricted For:			
Non-Expendable:			
Strand Endowment	60,000	0	60,000
Expendable:			
Supplemental Levy Purposes	116,503	0	116,503
Mental Health Purposes	446,749	0	446,749
Secondary Roads Purposes	2,794,116	0	2,794,116
Capital Projects	933	0	933
Drainage	107,885	0	107,885
Other Purposes	2,386,334	0	2,386,334
Unrestricted	4,179,261	100,842	4,280,103
Total Net Assets	\$41,538,661	\$1,365,275	\$42,903,936

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES Year Ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental Activities:				
Public Safety and Legal Services	\$7,841,364	\$949,400	\$598,958	\$0
Physical Health and Social Services	4,816,751	375,956	2,018,589	0
Mental Health	3,805,315	0	0	0
County Environment and Education	1,267,463	86,241	51,236	0
Roads and Transportation	6,906,435	19,285	3,065,229	755,642
Governmental Services to Residents	1,118,476	728,588	143	0
Administrative Services	2,697,211	208,308	1,188	181,634
Non-Program	217,755	204,314	0	0
Interest on Long Term Debt	799,924	0	0	0
	<u>29,470,694</u>	<u>2,572,092</u>	<u>5,735,343</u>	<u>937,276</u>
Business-type Activities:				
Wastewater Collection and Treatment	136,701	66,716	0	0
Total	<u>\$29,607,395</u>	<u>\$2,638,808</u>	<u>\$5,735,343</u>	<u>\$937,276</u>

GENERAL REVENUES:

Property and Other County Tax Levied For:

General Purposes

Debt Service

Penalty and Interest on Property Tax

State Tax Credits, Unrestricted

Local Option Sales and Service Tax

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year, as restated

Net Assets End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$6,293,006)	\$0	(\$6,293,006)
(2,422,206)	0	(2,422,206)
(3,805,315)	0	(3,805,315)
(1,129,986)	0	(1,129,986)
(3,066,279)	0	(3,066,279)
(389,745)	0	(389,745)
(2,306,081)	0	(2,306,081)
(13,441)	0	(13,441)
(799,924)	0	(799,924)
(20,225,983)	0	(20,225,983)
0	(69,985)	(69,985)
(\$20,225,983)	(\$69,985)	(\$20,295,968)
\$14,012,037	\$0	\$14,012,037
936,277	0	936,277
163,122	0	163,122
420,545	0	420,545
1,682,466	0	1,682,466
88,847	58	88,905
918,756	0	918,756
18,222,050	58	18,222,108
(2,003,933)	(69,927)	(2,073,860)
43,542,594	1,435,202	44,977,796
\$41,538,661	\$1,365,275	\$42,903,936

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS June 30, 2012

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Assets					
Cash and Pooled Investments	\$6,412,173	\$407,002	\$756,988	\$1,995,773	\$567,200
Receivables:					
Property Tax:					
Delinquent	18,583	4,249	5,637	0	0
Succeeding Year	9,978,780	2,206,410	2,165,107	0	0
Interest and Penalty on Property Tax	563	0	0	0	0
Accounts	192,947	3	0	5,063	196,760
Accrued Interest	5,459	0	0	0	0
Special Assessments	45,982	0	0	903	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	1,869	0	0	0	0
Due From Other Governments	368,529	50,503	0	354,366	91,422
Inventories	0	0	0	1,213,866	0
Total Assets	\$17,024,885	\$2,668,167	\$2,927,732	\$3,569,971	\$855,382
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$314,670	\$910	\$4,819	\$494,585	\$37,071
Salaries and Benefits Payable	288,306	4,828	4,372	79,129	82,660
Due To Other Funds	0	0	0	118	1,587
Due To Other Governments	4,461	0	0	0	20,501
Compensated Absences	4,222	0	0	13,580	8,640
Unearned Revenue:					
Succeeding Year Property Tax	9,978,780	2,206,410	2,165,107	0	0
Other	87,459	4,184	5,560	903	100
Total Liabilities	10,677,898	2,216,332	2,179,858	588,315	150,559
Fund Balances:					
Nonspendable:					
Inventories	0	0	0	1,213,866	0
Trust	0	0	0	0	0
Restricted For:					
Supplemental Levy Purposes	116,503	0	0	0	0
Mental Health Purposes	0	451,835	0	0	0
Rural Services Purposes	0	0	747,874	0	0
Secondary Roads Purposes	0	0	0	1,767,790	0
Drainage Warrants	0	0	0	0	0
Conservation Land Acquisition	46,119	0	0	0	0
Nature Center Endowment	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Other Purposes	0	0	0	0	0
Assigned	1,208,277	0	0	0	704,823
Unassigned	4,976,088	0	0	0	0
Total Fund Balances	6,346,987	451,835	747,874	2,981,656	704,823
Total Liabilities and Fund Balances	\$17,024,885	\$2,668,167	\$2,927,732	\$3,569,971	\$855,382

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$27,610	\$1,097	\$1,179,108	\$11,346,951
2,109	0	0	30,578
932,600	0	0	15,282,897
0	0	0	563
0	0	3,268	398,041
0	0	72	5,531
0	0	0	46,885
0	0	5,287	5,287
0	0	0	1,869
0	0	97,265	962,085
0	0	0	1,213,866
<u>\$962,319</u>	<u>\$1,097</u>	<u>\$1,285,000</u>	<u>\$29,294,553</u>
\$0	\$0	\$46,273	\$898,328
0	0	931	460,226
0	164	0	1,869
0	0	0	24,962
0	0	0	26,442
932,600	0	0	15,282,897
2,083	0	5,287	105,576
<u>934,683</u>	<u>164</u>	<u>52,491</u>	<u>16,800,300</u>
0	0	0	1,213,866
0	0	60,000	60,000
0	0	0	116,503
0	0	0	451,835
0	0	0	747,874
0	0	0	1,767,790
0	0	117,015	117,015
0	0	0	46,119
0	0	123,374	123,374
27,636	0	0	27,636
0	933	0	933
0	0	932,120	932,120
0	0	0	1,913,100
0	0	0	4,976,088
<u>27,636</u>	<u>933</u>	<u>1,232,509</u>	<u>12,494,253</u>
<u>\$962,319</u>	<u>\$1,097</u>	<u>\$1,285,000</u>	<u>\$29,294,553</u>

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS June 30, 2012

Total Governmental Fund Balances (page 24) \$12,494,253

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 in the governmental funds. The cost of assets is \$74,478,180 and the accumulated depreciation/amortization is \$32,185,949. 42,292,231

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.

Property Taxes – General Purposes	28,032	
Property Taxes – Debt Service	2,083	
Public Health Inspection and License	100	
Reimbursements	23,189	
Drainage Assessments/Special Assessments	<u>52,172</u>	105,576

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 327,309

Long-term liabilities, including capital lease purchase agreements payable, bonds and notes payable, accrued interest payable, other post employment benefits payable, termination benefits payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (13,680,708)

Net assets of governmental activities (page 20) \$41,538,661

See Notes to Financial Statements

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended June 30, 2012

	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	\$9,626,546	\$2,200,243	\$2,185,482	\$0	\$0
Local Option Sales Tax	168,246	0	0	925,356	0
Interest and Penalty on Property Tax	163,122	0	0	0	0
Intergovernmental	2,433,834	61,291	70,986	3,213,083	1,255,882
Licenses and Permits	16,310	0	0	9,080	99,654
Charges For Service	1,009,790	0	0	0	276,302
Use of Money and Property	280,883	0	0	200	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	313,188	231,270	0	71,437	218,302
Total Revenues	14,011,919	2,492,804	2,256,468	4,219,156	1,850,140
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	7,312,564	0	4,147	0	0
Physical Health and Social Services	1,230,766	0	0	0	3,353,171
Mental Health	0	3,793,476	0	0	0
County Environment and Education	695,414	0	195,886	0	0
Roads and Transportation	0	0	245,607	4,821,366	0
Governmental Services to Residents	1,035,979	0	2,580	0	0
Administration	2,443,867	0	0	0	0
Non-Program	0	0	0	0	0
Debt Service	5,087	0	0	0	54,554
Capital Projects	0	0	0	1,588,009	0
Total Expenditures	12,723,677	3,793,476	448,220	6,409,375	3,407,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,288,242	(1,300,672)	1,808,248	(2,190,219)	(1,557,585)
Other Financing Sources (Uses):					
Sale of Capital Assets	12,000	0	0	0	0
Drainage Warrants Issued	0	0	0	0	0
Transfers In	0	0	0	1,850,000	1,391,067
Transfers Out	(1,391,067)	0	(1,850,000)	0	0
Issuance of Refunding Capital Loan Notes	0	0	0	0	0
Total Other Financing Sources (Uses)	(1,379,067)	0	(1,850,000)	1,850,000	1,391,067
Net Change in Fund Balances	(90,825)	(1,300,672)	(41,752)	(340,219)	(166,518)
Fund Balances Beginning of Year, As Restated	6,437,812	1,752,507	789,626	3,432,739	871,341
Decrease in Reserve For: Inventories	0	0	0	(110,864)	0
Fund Balances End of Year	\$6,346,987	\$451,835	\$747,874	\$2,981,656	\$704,823

See Notes To Financial Statements

Debt Service	Capital Projects	Nonmajor	Total
\$936,237	\$0	\$0	\$14,948,508
0	0	588,864	1,682,466
0	0	0	163,122
25,107	181,635	54,113	7,295,931
0	0	0	125,044
0	0	46,840	1,332,932
160	0	2,299	283,542
0	0	58,479	58,479
1,035	0	54,521	889,753
962,539	181,635	805,116	26,779,777
0	0	184,138	7,500,849
0	0	55,934	4,639,871
0	0	0	3,793,476
0	0	342,331	1,233,631
0	0	0	5,066,973
0	0	13,481	1,052,040
0	0	41,234	2,485,101
0	0	84,682	84,682
10,327,998	0	24,772	10,412,411
0	181,635	0	1,769,644
10,327,998	181,635	746,572	38,038,678
(9,365,459)	0	58,544	(11,258,901)
0	0	0	12,000
0	0	31,737	31,737
0	0	0	3,241,067
0	0	0	(3,241,067)
9,365,000	0	0	9,365,000
9,365,000	0	31,737	9,408,737
(459)	0	90,281	(1,850,164)
28,095	933	1,142,228	14,455,281
0	0	0	(110,864)
\$27,636	\$933	\$1,232,509	\$12,494,253

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2012

Net change in fund balances - Total governmental funds (page 27) (\$1,850,164)

*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. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year as follows:

Expenditures for capital assets	\$2,402,300	
Capital assets contributed by others	608,722	
Depreciation/amortization expense	<u>(2,699,352)</u>	311,670

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (46,141)

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	(194)	
Other	<u>(58,481)</u>	(58,675)

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. 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. Current year debt repayments exceeded issuances as follows:

Bonds and leases issued	(9,365,000)	
Drainage warrants issued	(31,737)	
Principal payments	9,550,000	
Lease payments	55,318	
Drainage warrants payments	<u>37,408</u>	245,989

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 governmental funds, as follows:

Compensated absences	(1,323)	
Other postemployment benefits/termination benefits	(510,295)	
Interest on long-term debt	<u>7,169</u>	(504,449)

The change in the amount reserved for Secondary Roads inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase or decrease in Secondary Roads expenses in the Statement of Activities. (110,864)

The Internal Service Funds are used by management to charge the costs of employee health benefits, telephone service, and property insurance to individual funds. The change in Net Assets of the Internal Service Funds are reported with governmental activities. 8,701

Change in net assets of governmental activities (page 22) (\$2,003,933)

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

June 30, 2012

	Enterprise			Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	
ASSETS				
Current Assets:				
Cash	\$32,315	\$62,156	\$94,471	\$326,427
Receivables:				
Accounts	0	0	0	1,680
Due From Other Governments	3,148	5,370	8,518	0
Total Current Assets	35,463	67,526	102,989	328,107
Non-Current Assets:				
Capital Assets:				
Land	37,300	25,000	62,300	0
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643	0
Less Accumulated Depreciation	(439,246)	(517,727)	(956,973)	0
Total Non-Current Assets	1,140,280	671,690	1,811,970	0
Total Assets	\$1,175,743	\$739,216	\$1,914,959	\$328,107
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$1,484	\$662	\$2,146	\$798
Note Payable:				
Portion Due Within One Year:				
Note Payable	5,497	5,400	10,897	0
Total Current Liabilities	6,981	6,062	13,043	798
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	317,247	219,394	536,641	0
Total Liabilities	324,228	225,456	549,684	798
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	817,536	446,897	1,264,433	0
Unrestricted	33,979	66,863	100,842	327,309
	\$851,515	\$513,760	\$1,365,275	\$327,309

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS Year Ended June 30, 2012

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
OPERATING REVENUES:				
Interfund Services Provided	\$0	\$0	\$0	\$2,623,339
Employee Payments	0	0	0	176,659
Miscellaneous	35,726	30,990	66,716	171,238
Total Operating Revenues	35,726	30,990	66,716	2,971,236
OPERATING EXPENSES:				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	9,161	17,146	26,307	0
Health Insurance:				
Medical Claims	0	0	0	230,220
Insurance Premiums	0	0	0	2,343,642
Administrative Fees	0	0	0	52,737
Miscellaneous	0	0	0	9,230
Central Services:				
Telephone	0	0	0	35,981
Insurance	0	0	0	290,785
Total Operating Expenses	57,966	53,627	111,593	2,962,595
Operating Income (Loss)	(22,240)	(22,637)	(44,877)	8,641
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	24	34	58	60
Interest Expense	(14,760)	(10,348)	(25,108)	0
Total Non-Operating Revenues (Expenses)	(14,736)	(10,314)	(25,050)	60
Net Income (Loss)	(36,976)	(32,951)	(69,927)	8,701
Net Assets Beginning of Year	888,491	546,711	1,435,202	318,608
Net Assets End of Year	\$851,515	\$513,760	\$1,365,275	\$327,309

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended June 30, 2012

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$35,590	\$30,788	\$66,378	\$0
Cash Received from Operating Funds	0	0	0	2,643,639
Cash Received from Employees and Other	0	0	0	348,285
Cash Paid to Suppliers for Services	(7,956)	(16,901)	(24,857)	(2,962,961)
Net Cash Provided by Operating Activities	27,634	13,887	41,521	28,963
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	24	34	58	60
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest Expense	(14,760)	(10,348)	(25,108)	0
Note Payments	(5,261)	(5,168)	(10,429)	0
Net Cash Used in Capital and Related Financing Activities	(20,021)	(15,516)	(35,537)	0
Net Increase (Decrease) in Cash	7,637	(1,595)	6,042	29,023
Cash – Beginning of Year	24,678	63,751	88,429	297,404
Cash – End of Year	\$32,315	\$62,156	\$94,471	\$326,427
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	(\$22,240)	(\$22,637)	(\$44,877)	\$8,641
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	48,805	36,481	85,286	0
(Increase) Decrease in Receivables	(136)	(202)	(338)	20,688
Increase (Decrease) in Payables	1,205	245	1,450	(366)
Net Cash Provided by Operating Activities	\$27,634	\$13,887	\$41,521	\$28,963

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS June 30, 2012

ASSETS

Cash and Pooled Investments:	
County Treasurer	\$3,260,258
Other County Officials	290,860
Receivables:	
Property Tax:	
Delinquent	1,423
Succeeding Year	52,713,231
Accounts	7,445
Assessments	1,083,719
Due From Other Governments	382,628
Total Assets	<u>\$57,739,564</u>

LIABILITIES

Accounts Payable	\$571,405
Salaries and Benefits Payable	19,639
Due To Other Governments	56,707,645
Trusts Payable	426,176
Compensated Absences	14,699
Total Liabilities	<u>\$57,739,564</u>

NET ASSETS

\$0

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies

Cerro Gordo 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, general administrative services, and drainage district 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, Cerro Gordo 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 Cerro Gordo 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 they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred and fifty-six 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 Cerro Gordo County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cerro Gordo County and City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission, Cerro Gordo County Joint E911 Service Board, and Advanced Law Enforcement Investigative and Administrative System Users. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. BASIS OF PRESENTATION

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of the 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 the following categories.

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, 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 funds, proprietary funds, 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 other nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Public Health Fund is utilized to account for Federal and State grants and fees collected by the County to provide and maintain the County Public Health Department.

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

The Capital Projects Fund is a discretionary major fund used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following proprietary funds:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the telephone service and property insurance. The Health Insurance Fund accounts for the County's insurance for health insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based on historical claims experience.

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds account for the activities of the Meservey Wastewater Collection and Treatment Facility and the Swaledale Wastewater Collection and Treatment Facility

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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. The County's Agency Funds consist of the following:

Elected Officials - To account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer, who acts as trustee for all pooled cash and investments of the County, or to other individuals, private entities or governments.

Relief – Representative Payee – To account for the funds of individuals incapable of managing their own affairs.

Veterans Affairs – To account for the funds used to maintain the veterans plaque.

Auditor – To account for revenues received from the sale of GIS maps, plat books, and copies.

Recorder – To account for the recording of deeds and mortgages, writing fees for DNR licenses, passport issuance fees, and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

Sheriff – To account for fees associated with the serving of papers and the sale of gun permits.

Other Agency Funds – Clearing accounts that account for funds collected by the County on behalf of individuals and other governmental entities:

- Agricultural Extension Education
- County Assessor
- County Special Appraisal
- City Assessor
- City Special Appraisal
- Schools
- Community College
- Corporations
- Townships
- City Special Assessments
- Auto License and Use Tax
- Brucellosis and Tuberculosis Eradication
- Joint Disaster Services
- Clear Lake Sanitary District
- County EMS Association
- Advance Tax
- Cash Long/Short
- Tax Sale Redemption
- Dispute Resolution
- E-911 Operations
- Advance Law Enforcement Investigative and Administration System
- Precinct Atlas
- Recorder's Transfer Fee
- Pass-Through Projects
- Empowerment
- Employee Benefits

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which 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 sixty 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 judgements and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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.

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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

Drainage and Special Assessments Receivable - Drainage and special assessments receivable represents amounts assessed to individuals for work done 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 payable but not yet due.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at 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 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>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	75,000
Equipment and vehicles	5,000

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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>
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

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

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

Unearned 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. Unearned 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. Unearned revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Unearned revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use payable to employees. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. Any accrued compensated absences that are carried over must be taken in the following fiscal year or else be lost. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Road Funds.

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.

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.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes. In a resolution dated June 2011, the Board of Supervisors designed the County Auditor to make such determinations.

Unassigned – All amounts not included in other classifications.

Net Assets – The Net Assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the Mental Health and Debt Service functions and disbursements in the Non Department, Special Projects, Mental Health and Civil Service Commission departments exceeded the amounts appropriated.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Note 3: Due from and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue:	
	Secondary Road	\$118
	Public Health	1,587
	Capital Projects	164
Total		<u>\$1,869</u>

These balances resulted from the time lag between the dates that inter-fund goods and services are provided or reimburseable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$1,850,000
Public Health	General Basic	1,391,067
Total		<u>\$3,241,067</u>

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$1,646,392	\$0	\$0	\$1,646,392
Construction in progress	254,570	2,272,424	2,005,533	521,461
Total capital assets not being depreciated	1,900,962	2,272,424	2,005,533	2,167,853
Capital assets being depreciated/amortized:				
Buildings	17,201,647	268,360	0	17,470,007
Improvements other than buildings	603,760	0	0	603,760
Machinery and equipment	6,982,661	54,318	26,435	7,010,544
Vehicles	3,850,830	415,920	160,305	4,106,445
Intangibles	263,734	0	0	263,734
Infrastructure	40,850,304	2,005,533	0	42,855,837
Total capital assets being depreciated/amortized	69,752,936	2,744,131	186,740	72,310,327
Less accumulated depreciation/amortization for:				
Buildings	3,140,790	333,119	0	3,473,909
Improvements other than buildings	445,798	9,300	0	455,098
Machinery and equipment	5,468,854	390,685	20,481	5,839,058
Vehicles	2,691,018	256,298	120,118	2,827,198
Intangibles	87,911	87,911	0	175,822
Infrastructure, road network	17,792,825	1,622,039	0	19,414,864
Total accumulated depreciation/amortization	29,627,196	2,699,352	140,599	32,185,949
Total capital assets being depreciated/amortized, net	40,125,740	44,779	46,141	40,124,378
Governmental activities capital assets, net	\$42,026,702	\$2,317,203	\$2,051,674	\$42,292,231

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$356,148
Physical health and social services	49,648
Mental health	2,256
County environment and education	48,610
Roads and transportation	2,038,594
Governmental services to residents	41,320
Administration services	162,776
Total depreciation/amortization expense -- governmental activities	\$2,699,352

Capital asset activity of the Enterprise Funds for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	\$62,300	\$0	\$0	\$62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	871,687	85,286	0	956,973
Total capital assets being depreciated, net	1,834,956	(85,286)	0	1,749,670
Business-type activities capital assets, net	\$1,897,256	(\$85,286)	\$0	\$1,811,970

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 6: Due to Other Governments

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

Fund	Description	Amount
General	Services	\$4,461
Special Revenue:		
Public Health		20,501
Total Governmental Funds		<u>\$24,962</u>
Agency	Collections	
County Special Appraisal		\$558,154
Schools		27,125,375
City Assessor		265,687
Corporations		22,805,875
Auto License & Use Tax		934,546
City Special Appraisal		68,883
County Assessor		587,280
E911 Operations		397,945
City Special Assessments		1,051,500
All Others		2,912,400
Total for Agency Funds		<u>\$56,707,645</u>

Note 7: Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012, is as follows:

Governmental Activities	Capital Loan	Lease	Compensated
	Notes & Revenue Bonds	Obligations	Absences
Balance – Beginning of Year	\$11,381,750	\$65,669	\$794,735
Increases	9,365,000	0	796,058
Decreases	9,550,000	55,318	794,735
Balance – End of Year	<u>\$11,196,750</u>	<u>\$10,351</u>	<u>\$796,058</u>
Due within one year	<u>\$560,000</u>	<u>\$4,366</u>	<u>\$796,058</u>

	Termination	Drainage	Total
	Benefits	Warrants	
Balance – Beginning of Year	\$97,125	\$20,088	\$12,359,367
Increases	0	31,737	10,192,795
Decreases	24,975	37,408	10,462,436
Balance – End of Year	<u>\$72,150</u>	<u>\$14,417</u>	<u>\$12,089,726</u>
Due within one year	<u>\$14,430</u>	<u>\$0</u>	<u>\$1,374,854</u>

Business Type Activities	Sewer Revenue
	Capital Loan Notes
Balance – Beginning of Year	\$557,967
Increases	0
Decreases	10,429
Balance – End of Year	<u>\$547,538</u>
Due within one year	<u>\$10,897</u>

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 8: Capital Lease Purchase Agreements / Installment Purchase Agreements

The County entered into a capital lease purchase agreement for the Administration's postage machine totaling \$20,679. The following is a schedule of the future minimum lease payments, including interest at 8.233% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2012 for Equipment:

Year Ending June 30,	Postage Machine
2013	\$5,087
2014	5,087
2015	1,272
Total Minimum Lease Payments	11,446
Less: Amount Representing Interest	1,095
Present Value of Net Minimum Lease Payments	<u>\$10,351</u>

Payments under capital lease purchase agreements for year ended June 30, 2012, totaled \$5,087.

In August of 2008, the Public Health Department entered into a capital lease purchase agreement for a Virtual Network capitalized at \$159,453. Payments under the capital lease purchase agreement for the year ended June 30, 2012 totaled \$54,554 and the lease was paid in full.

Note 9: General Obligation Capital Loan Notes / Local Option Sales and Service Tax Revenue Bonds

During the year ended June 30, 2007, the County issued \$9,000,000 and \$4,500,000 of General Obligation Capital Loan Notes for the purpose of constructing and equipping a new Law Enforcement Center. During the year ended June 30, 2011, the County refunded the \$2,470,000 outstanding balance of the \$4,500,000 General Obligation Capital Loan Notes issuance with the issuance of \$2,000,000 General Obligation Crossover Refunding Capital Loan Notes. During the year ended June 30, 2012, the County refunded the \$9,000,000 outstanding balance of the \$9,000,000 General Obligation Capital Loan Notes issuance with the issuance of \$9,365,000 General Obligation Refunding Capital Loan Notes. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on each note is due annually on December 1 and principal and interest payments are due annually on June 1. Maturities of the various notes range from 2009 through 2026. Details of the outstanding notes are as follows:

Year Ending June 30,	2012A \$9,365,000 Issue			2010A \$2,000,000 Issue		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2013	2.00%	\$0	\$392,248	2.00%	\$540,000	\$29,400
2014	2.00%	0	392,248	2.00%	550,000	18,600
2015	2.00%	0	392,248	2.00%	380,000	7,600
2016	2.00%	770,000	205,228			
2017	2.00%	785,000	189,827			
2018-2022	2.00%-2.10%	4,155,000	707,638			
2023-2026	2.25%-2.65%	3,655,000	234,462			
		<u>\$9,365,000</u>	<u>\$2,513,899</u>		<u>\$1,470,000</u>	<u>\$55,600</u>

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 9: General Obligation Capital Loan Notes / Local Option Sales and Service Tax Revenue Bonds (Continued)

During the year ended June 30, 2009, the County issued \$885,000 of Local Option Sales and Service Tax Revenue Bonds. The purpose of the bonds was for paying the County's share of the Clear Lake Dredging and Restoration Project, a rural County betterment project for the County of Cerro Gordo. The funds were to be advanced as needed for the project. As of June 30, 2009, \$300,000 had been advanced to the County. During the year ended June 30, 2010, an additional \$ 168,750 was advanced to the County. Interest payments are due semiannually, commencing December 1, 2008 and principal payments are due annually commencing June 1, 2009, maturing June 1, 2028. Payments made during fiscal year 2012 totaled \$ 20,000. Details of the outstanding bonds are as follows:

Year Ending June 30,	Interest Rate	2008 \$885,000 Issue	
		Principal	Interest
2013	1.25%	\$20,000	\$4,521
2014	1.25%	20,500	4,272
2015	1.25%	21,000	4,016
2016	1.25%	21,500	3,753
2017	1.25%	21,500	3,484
2018-2022	1.25%	112,500	13,303
2023-2027	1.25%	119,500	6,072
2028	1.25%	25,250	316
		<u>\$361,750</u>	<u>\$39,737</u>

Note 10: Retirement Benefits

The County offers retirement benefits to its employees. There are different criteria for different collective bargaining units and non-bargaining units, however, the general rule is: Any retiree with 30 years of service at age 58, or 20 years at age 62, will be provided with a single health insurance policy premium until the age of 65 for some, or 65 or Medicare eligible, whichever is later, for others.

At June 30, 2012, the County has obligations to three participants with a total liability of \$72,150. Retirement benefits expenses for five retirees for the year ended June 30, 2012 totaled \$24,975 and were paid from the General Fund and the Secondary Roads Fund.

Note 11: Drainage Warrants/Drainage Improvement Certificates Payable

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 12: Sewer Revenue Capital Loan Notes

The County has issued \$280,000 in sewer revenue capital loan notes to fund the costs of improvement and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Swaledale. The notes and interest are payable solely from the net earnings of the system and not from general funds of the County. Payments on the capital loan notes began on July 1, 1999. The capital loan notes have an interest rate of 4.50% with the final payment due July 1, 2036. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$5,400	\$10,116	\$15,516
2014	5,643	9,873	15,516
2015	5,897	9,619	15,516
2016	6,163	9,353	15,516
2017	6,440	9,076	15,516
2018-2022	36,818	40,763	77,581
2023-2027	45,880	31,701	77,581
2028-2032	57,175	20,406	77,581
2033-2036	55,378	6,344	61,722
	<u>\$224,794</u>	<u>\$147,251</u>	<u>\$372,045</u>

The County has also issued \$59,100, \$253,200 and \$49,000 in sewer revenue capital loan notes to fund the costs of improvements and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Meservey. The notes and interest are payable solely from the net earnings of the system and do not represent general obligations of the County. Interest payments on the capital loan notes began on July 1, 2003. The capital loan notes have an interest rate of 4.5% with final payment due by July 1, 2044. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	\$59,100 Note		\$253,200 Note		\$49,000 Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$915	\$2,360	\$3,917	\$10,113	\$665	\$2,051	\$5,497	\$14,524
2014	956	2,319	4,094	9,936	695	2,021	5,745	14,276
2015	999	2,276	4,278	9,752	727	1,989	6,004	14,017
2016	1,044	2,231	4,470	9,560	759	1,957	6,273	13,748
2017	1,091	2,184	4,672	9,358	794	1,922	6,557	13,464
2018-2022	6,237	10,139	26,707	43,443	4,537	9,043	37,481	62,625
2023-2027	7,770	8,605	33,281	36,869	5,654	7,926	46,705	53,400
2028-2032	9,684	6,691	41,473	28,676	7,045	6,535	58,202	41,902
2033-2037	12,068	4,307	51,685	18,465	8,780	4,800	72,533	27,572
2038-2042	11,687	1,339	50,149	5,752	10,942	2,639	72,778	9,730
2043-2044	0	0	0	0	4,969	335	4,969	335
	<u>\$52,451</u>	<u>\$42,451</u>	<u>\$224,726</u>	<u>\$181,924</u>	<u>\$45,567</u>	<u>\$41,218</u>	<u>\$322,744</u>	<u>\$265,593</u>

Note 13: 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 5.38% of their annual covered salary and the County is required to contribute 8.07% of annual 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 contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$958,435, \$834,867 and \$771,687 respectively, equal to the required contributions for each year.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 14: Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 255 active and 4 retired members in the plan. Employees must be age 55 or older at retirement. The medical/prescription drug benefit, which is a partially self-funded medical plan, is administered by Group Services. 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. The plan does not issue a stand-alone report.

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 of the County (ARC), 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 table shows the components of the County's annual OPEB cost for June 30, 2012, the amount actually contributed to the plan and the changes in the County's net OPEB obligation:

Annual required contribution	\$565,781
Interest on net OPEB obligation	21,103
Adjustment to annual required contribution	(39,551)
Annual OPEB cost (expense)	<u>547,333</u>
Contributions made	<u>(12,063)</u>
Increase in net OPEB obligation	535,270
Net OPEB obligation - beginning of the year	<u>\$1,020,198</u>
Net OPEB obligation – end of the year	<u>\$1,555,468</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2012. For the fiscal year 2012, the County contributed \$ 12,063 to the medical plan. Plan members receiving benefits contributed \$24,126, or 66.67% of the premium costs.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$274,753	2.23%	\$514,017
June 30, 2011	\$516,767	2.05%	\$1,020,198
June 30, 2012	\$547,333	2.20%	\$1,555,468

Funded Status and Funding Progress. As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$4,743,305, with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of \$4,743,305. The covered payroll (annual payroll of active employees covered by the plan) was \$10,446,171, and the ratio of the UAAL to the covered payroll was 45.41%. As of June 30, 2012, there were no trust fund assets. The General Fund and the Special Revenue Secondary Roads Fund will be used to liquidate the net pension obligation.

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 assumption about future employment, mortality, and the healthcare 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 the 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 benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 14: Other Postemployment Benefits (OPEB) (Continued)

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, 2010 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2007 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$1,278 per month for retirees less than 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage on an open basis over 30 years.

Note 15: Risk Management

Cerro Gordo 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 663 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 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were \$194,601.

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. 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 losses can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 15: Risk Management (Continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim 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 casualty capital contribution. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty 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 \$500,000 and \$100,000, (except for the Treasurer which is \$500,000) respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 16: Employee Health Insurance Plan

The Internal Service, Employee Group Health Insurance Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and the fully insured portion is administered through a service agreement with Wellmark Blue Cross and Blue Shield of Iowa and the self funded portion is administered through a service agreement with Group Services, Inc. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of administrative fees and claims processed are paid to Group Service, Inc. from the Cerro Gordo County Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2012 was \$ 2,297,895.

Amounts payable from the Health Insurance Fund at June 30, 2012 total \$0 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$265,091 at June 30, 2012 and is reported as a designation of the Health Insurance Fund Net Assets. Information on the reconciliation of changes in the aggregate liabilities for claims for the current year and prior year is as follows:

	Balance as of July 1	Current Year Claims	Claims Payments	Balance as of June 30
2008-2009	\$0	\$141,800	\$141,800	\$0
2009-2010	\$0	\$247,000	\$247,000	\$0
2010-2011	\$0	\$245,000	\$245,000	\$0
2011-2012	\$0	\$230,220	\$230,220	\$0

Note 17: Closure and Postclosure Care Costs

Cerro Gordo County is a member of the Landfill of North Iowa. The Landfill of North Iowa is an inter-governmental agency established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member city, town, and the unincorporated portion of Cerro Gordo County, comprising the municipalities. In performing its duties, the agency may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and federal laws and regulations require the agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2012, the County did not anticipate any additional assessments for closure and postclosure care costs.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 18: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the contract totals were less than \$1,500 for the fiscal year or the county employee did not participate in acquiring the services.

Note 19: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agency is not determinable at this time; however, County officials do not believe that such amounts would be significant.

Note 20: Early Childhood Iowa Area Board

Cerro Gordo County is the fiscal agent for the Cerro Gordo, Hancock, Worth Empowerment Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2012 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$84,104	\$0	\$84,104
Family Support and Parent Education	0	265,062	265,062
Preschool Support for Low-Income Families	0	116,381	116,381
Quality Improvement	0	45,525	45,525
Allocation for Administration	4,426	14,081	18,507
Other Grant Programs	0	28,304	28,304
Total State Grants	88,530	469,353	557,883
Interest on Investments	14	508	522
Total Revenues	88,544	469,861	558,405
Expenditures:			
Program Services:			
Early Childhood	28,418	0	28,418
Family Support and Parent Education	0	214,742	214,742
Preschool Support for Low-Income Families	0	104,631	104,631
Quality Improvement	0	47,830	47,830
Other Program Services	49,977	31,696	81,673
Total Program Services	78,395	398,899	477,294
Administration	5,249	14,193	19,442
Total Expenditures	83,644	413,092	496,736
Net Change in Fund Balance	4,900	56,769	61,669
Fund Balance Beginning of Year	5,184	46,156	51,340
Fund Balance End of Year	\$10,084	\$102,925	\$113,009

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 21: Accounting Change/Restatement

Chapter 256L.5 of the Code of Iowa was revised to require agreed upon procedures to be performed for the Cerro Gordo, Hancock, Worth Empowerment Board. As the fiscal agent for the Cerro Gordo, Hancock, Worth Empowerment Board, the County had previously reported this fund as a special revenue fund. With the revision of the Code and change in reporting requirements, the County will now present this fund as an agency fund.

	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds
	Net Assets	Nonmajor
Balances June 30, 2011 as previously reported	\$43,593,936	\$1,193,570
	(51,342)	(51,342)
Balances June 30, 2011 as restated	\$43,542,594	\$1,142,228

Note 22: Subsequent Events

Management has evaluated subsequent events through December 17, 2012, the date which the financial statements were available to be issued.

A complaint and jury demand was filed in United States District Court by Tammy Simmers, a former employee of the Sheriff's Department, on November 27, 2012. The complaint names Cerro Gordo County, the Cerro Gordo County Sheriff's Department, Jail Administrator Shad Stoeffler and Sheriff Kevin Pals as defendants.

Note 23: Construction Commitment

The County has entered into a contract totaling \$1,908,219 for roadway resurfacing. As of June 30, 2012 costs of \$481,307 on the project have been incurred. The balance of \$1,426,912 remaining on the contract at June 30, 2012 will be paid as work on the project progresses. The County also has farm-to-market construction in progress of \$40,154 at June 30, 2012.

Required Supplementary Information

CERRO GORDO COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN BALANCE – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS Year Ended June 30, 2012

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	\$16,630,974	\$0	\$16,630,974
Interest and Penalty on Property Tax	163,122	0	163,122
Intergovernmental	7,295,931	2,931	7,293,000
Licenses and Permits	125,044	0	125,044
Charges for Service	1,332,932	37,702	1,295,230
Use of Money and Property	283,542	39	283,503
Miscellaneous	948,232	0	948,232
Total Revenues	<u>26,779,777</u>	<u>40,672</u>	<u>26,739,105</u>
EXPENDITURES:			
Public Safety and Legal Services	7,500,849	0	7,500,849
Physical Health and Social Services	4,639,871	0	4,639,871
Mental Health	3,793,476	0	3,793,476
County Environment and Education	1,233,631	0	1,233,631
Roads and Transportation	5,177,837	0	5,177,837
Governmental Services to Residents	1,052,040	0	1,052,040
Administrative Services	2,485,101	0	2,485,101
Non-Program	84,682	84,682	0
Debt Service	10,412,411	0	10,412,411
Capital Projects	1,769,644	0	1,769,644
Total Expenditures	<u>38,149,542</u>	<u>84,682</u>	<u>38,064,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,369,765)	(44,010)	(11,325,755)
Other Financing Sources, Net	<u>9,408,737</u>	<u>31,737</u>	<u>9,377,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,961,028)	(12,273)	(1,948,755)
Balance Beginning of Year	<u>14,455,281</u>	<u>129,288</u>	<u>14,325,993</u>
Balance End of Year	<u>\$12,494,253</u>	<u>\$117,015</u>	<u>\$12,377,238</u>

See Accompanying Independent Auditors' Report.

Budgeted Amounts		Final to Net Variance - Positive (Negative)
Original	Final	
\$16,608,682	\$16,735,889	(\$104,915)
180,000	180,000	(16,878)
7,730,663	8,096,047	(803,047)
99,560	113,185	11,859
1,127,540	1,278,184	17,046
305,083	337,669	(54,166)
746,821	1,161,607	(213,375)
26,798,349	27,902,581	(1,163,476)
7,841,578	7,840,890	340,041
5,310,139	5,681,997	1,042,126
2,321,758	3,799,225	5,749
1,359,759	1,386,643	153,012
5,499,290	5,499,290	321,453
1,074,561	1,098,061	46,021
2,645,981	2,813,879	328,778
0	0	0
993,423	10,389,423	(22,988)
1,800,000	2,955,000	1,185,356
28,846,489	41,464,408	3,399,548
(2,048,140)	(13,561,827)	2,236,072
8,000	9,413,035	(36,035)
(2,040,140)	(4,148,792)	2,200,037
14,377,272	14,377,272	(51,279)
\$12,337,132	\$10,228,480	\$2,148,758

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2012

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except blended component units, drainage districts, the Internal Service Fund 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 budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, 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. During the year, a budget amendment increased budgeted revenues and expenditures by \$1,104,232 and \$12,617,919 respectively. This budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the Mental Health and Debt Service functions and disbursements in the Non Department, Special Projects, Mental Health and Civil Service Commission departments exceeded the amounts appropriated.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (IN THOUSANDS) REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
2009	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,426	21.7%
2010	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,761	20.9%
2011	July 1, 2010	\$0	\$4,399	\$4,399	0%	\$9,861	44.6%
2012	July 1, 2010	\$0	\$4,743	\$4,743	0%	\$10,446	45.4%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

See Accompanying Independent Auditors' Report.

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Other Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND Year ended June 30, 2012

REVENUES:

Property and Other County Tax:		
Property Tax	\$9,244,245	
Local Option Sales Tax	168,246	
Utility Tax Replacement Excise Tax	375,039	
Other County Tax	7,262	\$9,794,792
Interest and Penalty on Property Tax		163,122
Intergovernmental:		
State Shared Revenues		20,253
State Tax Credits		268,037
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	447,979	
Human Services Administration Reimbursement	132,240	
Other	753,376	1,333,595
Contributions From Other Intergovernmental Units		748,780
State Grants and Entitlements		61,981
Federal Grants and Entitlements		1,188
Licenses and Permits		16,310
Charges for Service:		
Office Fees and Collections:		
County Auditor	2,388	
County Recorder	298,822	
County Sheriff	129,167	
Auto License, Use Tax and Postage	372,873	
Miscellaneous	206,540	1,009,790
Use of Money and Property:		
Interest on Investments	86,473	
Miscellaneous	194,410	280,883
Miscellaneous:		
Reimbursements	210,451	
Assessments	6,469	
Miscellaneous	96,268	313,188
Total Revenues		<u>14,011,919</u>

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND Year Ended June 30, 2012

EXPENDITURES:

Operating:

Public Safety and Legal Services		\$7,312,564
Physical Health and Social Services		1,230,766
County Environment and Education		695,414
Governmental Services to Residents		1,035,979
Administration		2,443,867
Debt Service		5,087
Total Expenditures		<u>12,723,677</u>

Excess of Revenues Over Expenditures 1,288,242

Other Financing Sources (Uses):

Sale of Capital Assets	12,000	
Transfers Out:		
Public Health	<u>(1,391,067)</u>	(1,379,067)

Deficiency of Revenues and Other Financing Sources Under
Expenditures and Other Financing Uses (90,825)

Fund Balance Beginning of Year 6,437,812

Fund Balance End of Year \$6,346,987

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2012

Public Safety and Legal Services:

Law Enforcement:

Uniformed Patrol Services	\$1,683,792
Law Enforcement Communications	921,628
Adult Correctional Services	2,437,714
Administration	636,092
	<u>5,679,226</u>

Legal Services:

Criminal Prosecution	822,225
Medical Examinations	119,627
Child Support Recovery	453,978
	<u>1,395,830</u>

Emergency Services:

Emergency Management	43,669
Fire Protection and Rescue Services	5,994
	<u>49,663</u>

Assistance to District Court System:

Physical Operations	1,872
Research and Other Assistance	250
	<u>2,122</u>

Court Proceeding Program:

Juries and Witnesses	14,763
Detention Services	16,112
Court Costs	3,847
Service of Civil Papers	107,422
	<u>142,144</u>

Juvenile Justice Administration:

Juvenile Victim Restitution	34,908
Court-Appointed Attorneys and Court Costs for Juveniles	8,671
	<u>43,579</u>

Total Public Safety and Legal Services

\$7,312,564

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2012

Physical Health and Social Services:

Services to the Poor:

Administration

\$295,769

General Welfare Services

8,257

304,026

Services to Military Veterans:

Administration

118,996

General Services to Veterans

22,327

141,323

Children's and Family Services:

Youth Guidance

155,187

Services to Other Adults:

Other Social Services

585,627

Chemical Dependency:

Treatment Services

30,258

Preventive Services

14,345

44,603

Total Physical Health and Social Services

\$1,230,766

County Environment and Education:

Conservation and Recreation Services:

Administration

\$423,803

Maintenance and Operations

164,395

588,198

Animal Control :

Animal Shelter

20,701

County Development:

Land Use and Building Controls

74,491

Economic Development

12,024

86,515

Total County Environment and Education

\$695,414

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2012

Governmental Services to Residents:

Representation Services:

Elections Administration	\$314,956	
Local Elections	35,601	
	<u>350,557</u>	

State Administrative Services:

Motor Vehicle Registrations and Licensing	354,877	
Recording of Public Documents	330,545	
	<u>685,422</u>	

Total Governmental Services to Residents

\$1,035,979

Administration:

Policy and Administration:

General County Management	\$355,097	
Administrative Management Services	447,984	
Treasury Management Services	169,573	
Other Policy and Administration	50,902	
	<u>1,023,556</u>	

Central Services:

General Services	482,498	
Data Processing	746,970	
	<u>1,229,468</u>	

Risk Management Services:

Safety of Workplace	106,274	
Fidelity of Public Officers	3,358	
Unemployment Compensation	81,211	
	<u>190,843</u>	

Total Administration

\$2,443,867

Debt Service:

Principal	\$4,026	
Interest	1,061	\$5,087

Total Expenditures

\$12,723,677

(Concluded)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
ASSETS					
Cash and Pooled Investments	\$117,309	\$32,324	\$17,189	\$396,782	\$19,332
Receivables:					
Accounts	0	2,534	0	0	0
Accrued Interest	0	5	0	66	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	13,541	0	0
Total Assets	\$117,309	\$34,863	\$30,730	\$396,848	\$19,332
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$1,916	\$7,500
Salaries and Benefits Payable	0	0	0	931	0
Unearned Revenue	0	0	0	0	0
Total Liabilities	0	0	0	2,847	7,500
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted for:					
Drainage Warrants	0	0	0	0	0
Nature Center Endowment	0	0	0	123,374	0
Other Purposes	117,309	34,863	30,730	270,627	11,832
Total Fund Balances	117,309	34,863	30,730	394,001	11,832
Total Liabilities and Fund Balances	\$117,309	\$34,863	\$30,730	\$396,848	\$19,332

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Drainage	Strand Estate Grant	Sheriff Forfeiture	Attorney Forfeiture	Total
\$191,694	\$81,725	\$29,875	\$118,151	\$72,302	\$79,138	\$23,287	\$1,179,108
734	0	0	0	0	0	0	3,268
0	0	0	0	1	0	0	72
0	0	0	5,287	0	0	0	5,287
54,164	27,082	0	2,167	0	0	311	97,265
<u>\$246,592</u>	<u>\$108,807</u>	<u>\$29,875</u>	<u>\$125,605</u>	<u>\$72,303</u>	<u>\$79,138</u>	<u>\$23,598</u>	<u>\$1,285,000</u>
\$26,709	\$0	\$6,333	\$3,303	\$312	\$200	\$0	\$46,273
0	0	0	0	0	0	0	931
0	0	0	5,287	0	0	0	5,287
<u>26,709</u>	<u>0</u>	<u>6,333</u>	<u>8,590</u>	<u>312</u>	<u>200</u>	<u>0</u>	<u>52,491</u>
0	0	0	0	60,000	0	0	60,000
0	0	0	117,015	0	0	0	117,015
0	0	0	0	0	0	0	123,374
219,883	108,807	23,542	0	11,991	78,938	23,598	932,120
<u>219,883</u>	<u>108,807</u>	<u>23,542</u>	<u>117,015</u>	<u>71,991</u>	<u>78,938</u>	<u>23,598</u>	<u>1,232,509</u>
<u>\$246,592</u>	<u>\$108,807</u>	<u>\$29,875</u>	<u>\$125,605</u>	<u>\$72,303</u>	<u>\$79,138</u>	<u>\$23,598</u>	<u>\$1,285,000</u>

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2012

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
REVENUES:					
Local Option Sales Tax	\$0	\$0	\$84,124	\$0	\$0
Intergovernmental	51,092	0	0	90	0
Charges For Service	0	9,138	0	0	0
Use of Money and Property	54	92	0	1,901	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	49,467	4,320
Total Revenues	51,146	9,230	84,124	51,458	4,320
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	0	0	0	0
Physical Health and Social Services	0	0	45,694	0	0
County Environment and Education	38,548	0	1,500	43,422	7,500
Governmental Services to Residents	0	13,481	0	0	0
Administration	0	0	20,309	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Total Expenditures	38,548	13,481	67,503	43,422	7,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,598	(4,251)	16,621	8,036	(3,180)
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	12,598	(4,251)	16,621	8,036	(3,180)
Fund Balances Beginning of Year	104,711	39,114	14,109	385,965	15,012
Fund Balances End of Year	\$117,309	\$34,863	\$30,730	\$394,001	\$11,832

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Drainage	Strand Estate Grant
\$336,494	\$168,246	\$0	\$0	\$0
0	0	0	2,931	0
0	0	0	37,702	0
0	0	0	39	213
0	0	0	0	0
734	0	0	0	0
337,228	168,246	0	40,672	213
135,343	0	0	0	0
10,240	0	0	0	0
72,952	170,100	6,333	0	1,976
0	0	0	0	0
20,925	0	0	0	0
0	0	0	84,682	0
24,772	0	0	0	0
264,232	170,100	6,333	84,682	1,976
72,996	(1,854)	(6,333)	(44,010)	(1,763)
0	0	0	31,737	0
0	0	0	31,737	0
72,996	(1,854)	(6,333)	(12,273)	(1,763)
146,887	110,661	29,875	129,288	73,754
\$219,883	\$108,807	\$23,542	\$117,015	\$71,991

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2012

	Sheriff Forfeiture	Attorney Forfeiture	Total
REVENUES:			
Local Option Sales Tax	\$0	\$0	\$588,864
Intergovernmental	0	0	54,113
Charges For Service	0	0	46,840
Use of Money and Property	0	0	2,299
Fines, Forfeitures and Defaults	55,461	3,018	58,479
Miscellaneous	0	0	54,521
Total Revenues	55,461	3,018	805,116
EXPENDITURES:			
Operating:			
Public Safety and Legal Services	48,795	0	184,138
Physical Health and Social Services	0	0	55,934
County Environment and Education	0	0	342,331
Governmental Services to Residents	0	0	13,481
Administration	0	0	41,234
Non-Program	0	0	84,682
Debt Service	0	0	24,772
Total Expenditures	48,795	0	746,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,666	3,018	58,544
Other Financing Sources (Uses):			
Drainage Warrants Issued	0	0	31,737
Total Other Financing Sources (Uses)	0	0	31,737
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,666	3,018	90,281
Fund Balances Beginning of Year	72,272	20,580	1,142,228
Fund Balances End of Year	\$78,938	\$23,598	\$1,232,509

(Concluded)

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – INTERNAL SERVICE FUNDS

June 30, 2012

	Central Services	Health Insurance	Total
ASSETS			
Cash and Pooled Investments	\$62,626	\$263,801	\$326,427
Receivables:			
Accounts	390	1,290	1,680
Total Assets	\$63,016	\$265,091	\$328,107
LIABILITIES			
Liabilities			
Accounts Payable	\$798	\$0	\$798
Net Assets			
Unrestricted	\$62,218	\$265,091	\$327,309

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS Year Ended June 30, 2012

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Interfund Services Provided	\$325,444	\$2,297,895	\$2,623,339
Payments from Employees	0	176,659	176,659
Miscellaneous	377	170,861	171,238
Total Operating Revenues	325,821	2,645,415	2,971,236
OPERATING EXPENSES:			
Health Insurance:			
Medical Claims Paid	0	230,220	230,220
Insurance Premiums	0	2,343,642	2,343,642
Administrative Fees	0	52,737	52,737
Miscellaneous	0	9,230	9,230
Central Services:			
Telephone	35,981	0	35,981
Insurance	290,785	0	290,785
Total Operating Expenses	326,766	2,635,829	2,962,595
Operating Income (Loss)	(945)	9,586	8,641
NON-OPERATING REVENUES:			
Interest	0	60	60
Net Income (Loss)	(945)	9,646	8,701
Net Assets Beginning of Year	63,163	255,445	318,608
Net Assets End of Year	\$62,218	\$265,091	\$327,309

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2012

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Other Funds	\$330,481	\$2,313,158	\$2,643,639
Cash Received from Employees & Others	390	347,895	348,285
Cash Payments to Suppliers for Services	(327,132)	(2,635,829)	(2,962,961)
Net Cash Provided By Operating Activities	3,739	25,224	28,963
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	0	60	60
Net Increase in Cash	3,739	25,284	29,023
Cash Beginning of Year	58,887	238,517	297,404
Cash End of Year	\$62,626	\$263,801	\$326,427
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(\$945)	\$9,586	\$8,641
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Decrease in Receivables	5,050	15,638	20,688
Decrease in Payables	(366)	0	(366)
Net Cash Provided By Operating Activities	\$3,739	\$25,224	\$28,963

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS June 30, 2012

	Elected Officials	Other	Total
ASSETS			
Cash and Pooled Investments:			
County Treasurer	\$0	\$3,260,258	\$3,260,258
Other County Officials	290,860	0	290,860
Receivables:			
Property Tax:			
Delinquent	0	1,423	1,423
Succeeding Year	0	52,713,231	52,713,231
Accounts	173	7,272	7,445
Assessments	0	1,083,719	1,083,719
Due From Other Governments	0	382,628	382,628
Total Assets	\$291,033	\$57,448,531	\$57,739,564
LIABILITIES			
Accounts Payable	\$0	\$571,405	\$571,405
Salaries and Benefits Payable	0	19,639	19,639
Due to Other Governments	87	56,707,558	56,707,645
Trusts Payable	290,946	135,230	426,176
Compensated Absences	0	14,699	14,699
Total Liabilities	\$291,033	\$57,448,531	\$57,739,564

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS

June 30, 2012

	Relief Representative Payee	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash and Pooled Investments:					
Other County Officials	\$85,186	\$999	(\$86)	\$204,761	\$290,860
Receivables:					
Accounts	0	0	173	0	173
Total Assets	\$85,186	\$999	\$87	\$204,761	\$291,033
LIABILITIES					
Due to Other Governments	\$0	\$0	\$87	\$0	\$87
Trusts Payable	85,186	999	0	204,761	290,946
Total Liabilities	\$85,186	\$999	\$87	\$204,761	\$291,033

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS June 30, 2012

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS				
Cash and Pooled Investments:				
County Treasurer	\$2,295	\$313,775	\$390,022	\$57,319
Receivables:				
Property Tax:				
Delinquent	7	8	4	7
Succeeding Year	236,498	296,083	171,032	217,300
Accounts	0	1,199	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	\$238,800	\$611,065	\$561,058	\$274,626
LIABILITIES				
Accounts Payable	\$0	\$2,783	\$205	\$737
Salaries and Benefits Payable	0	8,610	2,699	5,895
Due to Other Governments	238,800	587,280	558,154	265,687
Trusts Payable	0	0	0	0
Compensated Absences	0	12,392	0	2,307
Total Liabilities	\$238,800	\$611,065	\$561,058	\$274,626

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments
\$62,136	\$297,134	\$14,172	\$240,117	\$2,823	\$18,544
0	808	41	527	8	0
14,747	26,827,433	1,385,468	22,563,035	235,030	0
0	0	0	0	0	0
0	0	0	2,196	0	1,032,956
0	0	0	0	0	0
<u>\$76,883</u>	<u>\$27,125,375</u>	<u>\$1,399,681</u>	<u>\$22,805,875</u>	<u>\$237,861</u>	<u>\$1,051,500</u>
\$8,000	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
68,883	27,125,375	1,399,681	22,805,875	237,861	1,051,500
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$76,883</u>	<u>\$27,125,375</u>	<u>\$1,399,681</u>	<u>\$22,805,875</u>	<u>\$237,861</u>	<u>\$1,051,500</u>

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued)

June 30, 2012

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association	Advance Tax
ASSETS						
Cash and Pooled Investments:						
County Treasurer	\$934,546	\$68	\$204,480	\$14,926	\$89	\$71,468
Receivables:						
Property Tax:						
Delinquent	0	0	0	13	0	0
Succeeding Year	0	6,909	0	759,696	0	0
Accounts	0	0	0	0	0	0
Assessments	0	0	0	48,567	0	0
Due From Other Governments	0	0	1,159	0	4,017	0
Total Assets	\$934,546	\$6,977	\$205,639	\$823,202	\$4,106	\$71,468
LIABILITIES						
Accounts Payable	\$0	\$0	\$127,801	\$0	\$3,089	\$0
Salaries and Benefits Payable	0	0	2,435	0	0	0
Due to Other Governments	934,546	6,977	75,403	823,202	1,017	0
Trusts Payable	0	0	0	0	0	71,468
Compensated Absences	0	0	0	0	0	0
Total Liabilities	\$934,546	\$6,977	\$205,639	\$823,202	\$4,106	\$71,468

Cash Long/Short	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Precinct Atlas	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$239	\$397,945	\$1,251	\$118,626	\$940	\$0	\$113,009	\$4,334	\$3,260,258
0	0	0	0	0	0	0	0	1,423
0	0	0	0	0	0	0	0	52,713,231
0	0	0	0	856	0	0	5,217	7,272
0	0	0	0	0	0	0	0	1,083,719
0	0	0	39,953	0	337,499	0	0	382,628
\$239	\$397,945	\$1,251	\$158,579	\$1,796	\$337,499	\$113,009	\$9,551	\$57,448,531
\$0	\$0	\$2	\$32,491	\$0	\$337,499	\$58,798	\$0	\$571,405
0	0	0	0	0	0	0	0	19,639
239	397,945	1,249	126,088	1,796	0	0	0	56,707,558
0	0	0	0	0	0	54,211	9,551	135,230
0	0	0	0	0	0	0	0	14,699
\$239	\$397,945	\$1,251	\$158,579	\$1,796	\$337,499	\$113,009	\$9,551	\$57,448,531

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS Year Ended June 30, 2012

	Elected Officials			Balance June 30, 2012
	Balance July 1, 2011	Additions	Deductions	
ASSETS				
Cash and Pooled Investments:				
Other County Officials	\$282,181	\$3,146,799	\$3,138,120	\$290,860
Receivables:				
Accounts	432	173	432	173
Total Assets	\$282,613	\$3,146,972	\$3,138,552	\$291,033
LIABILITIES				
Due to Other Governments	\$44	\$2,856,026	\$2,855,983	\$87
Trusts Payable	282,569	290,946	282,569	290,946
Total Liabilities	\$282,613	\$3,146,972	\$3,138,552	\$291,033

	Other Agency Funds			Balance June 30, 2012
	Balance July 1, 2011	Additions	Deductions	
ASSETS				
Cash and Pooled Investments:				
County Treasurer	\$3,189,722	\$15,655,347	\$15,584,811	\$3,260,258
Receivables:				
Property Tax:				
Delinquent	2,858	1,423	2,858	1,423
Succeeding Year	52,954,633	52,713,231	52,954,633	52,713,231
Accounts	3,589	7,272	3,589	7,272
Due From Other Governments	959,091	1,083,719	959,091	1,083,719
Assessments	33,064	382,628	33,064	382,628
Total Assets	\$57,142,957	\$69,843,620	\$69,538,046	\$57,448,531
LIABILITIES				
Accounts Payable	\$34,262	\$571,405	\$34,262	\$571,405
Salaries and Benefits Payable	16,875	19,639	16,875	19,639
Due to Other Governments	57,011,463	69,102,647	69,406,552	56,707,558
Trusts Payable	65,567	135,230	65,567	135,230
Compensated Absences	14,790	14,699	14,790	14,699
Total Liabilities	\$57,142,957	\$69,843,620	\$69,538,046	\$57,448,531

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS Year Ended June 30, 2012

	Relief Representative Payee	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance Beginning of Year	\$80,889	\$999	\$0	\$44	\$200,681	\$282,613
Additions:						
Office Fees and Collections	0	0	2,388	684,814	1,539,370	2,226,572
Trusts	403,310	0	0	0	517,090	920,400
Total Additions	403,310	0	2,388	684,814	2,056,460	3,146,972
Deductions:						
Agency Remittances:						
To County Funds	0	0	2,388	298,822	129,167	430,377
To Other Governments	0	0	0	385,274	6,655	391,929
Trusts Paid Out	399,013	0	0	675	1,916,558	2,316,246
Total Deductions	399,013	0	2,388	684,771	2,052,380	3,138,552
Balance End of Year	\$85,186	\$999	\$0	\$87	\$204,761	\$291,033

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS Year Ended June 30, 2012

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor	City Special Appraisal
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$219,768	\$594,767	\$540,170	\$256,747	\$105,526
Additions:					
Property and Other County Tax	237,573	302,917	175,013	214,412	13,800
E911 Surcharge	0	0	0	0	0
State Tax Credits	6,075	7,885	4,592	5,170	1,693
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	0	0	0
Trusts	0	0	0	0	0
Miscellaneous	0	6,003	12	2,237	0
Total Additions	243,648	316,805	179,617	221,819	15,493
Deductions:					
Agency Remittances:					
To Other Governments	224,616	300,507	158,729	203,940	44,136
Trusts Paid Out	0	0	0	0	0
Total Deductions	224,616	300,507	158,729	203,940	44,136
Balance End of Year	\$238,800	\$611,065	\$561,058	\$274,626	\$76,883

See Accompanying Independent Auditors' Report.

Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
\$28,287,087	\$1,357,011	\$22,068,353	\$232,978	\$949,191	\$1,016,115	\$6,557
26,966,032	1,392,104	22,237,407	241,813	0	0	18,001
0	0	0	0	0	0	0
781,120	37,516	512,305	8,300	0	0	181
0	0	0	0	0	10,933,685	0
0	0	21,602	0	353,602	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
27,747,152	1,429,620	22,771,314	250,113	353,602	10,933,685	18,182
28,908,864	1,386,950	22,033,792	245,230	251,293	11,015,254	17,762
0	0	0	0	0	0	0
28,908,864	1,386,950	22,033,792	245,230	251,293	11,015,254	17,762
\$27,125,375	\$1,399,681	\$22,805,875	\$237,861	\$1,051,500	\$934,546	\$6,977

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) Year Ended June 30, 2012

	Joint Disaster Services	Clear Lake Sanitary	County EMS Association	Advance Tax	Cash Long/Short
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$104,171	\$815,892	\$4,910	\$62,007	\$217
Additions:					
Property and Other County Tax	0	751,760	0	0	0
E911 Surcharge	0	0	0	0	0
State Tax Credits	0	11,432	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	46,137	0	0	0
Trusts	0	0	0	9,461	0
Miscellaneous	510,552	0	9,493	0	22
Total Additions	510,552	809,329	9,493	9,461	22
Deductions:					
Agency Remittances:					
To Other Governments	409,084	802,019	10,297	0	0
Trusts Paid Out	0	0	0	0	0
Total Deductions	409,084	802,019	10,297	0	0
Balance End of Year	\$205,639	\$823,202	\$4,106	\$71,468	\$239

Tax Sale Redemption	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Precinct Atlas	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$0	\$6,481	\$398,698	\$14,946	\$42,291	\$4,174	\$0	\$51,340	\$3,560	\$57,142,957
0	0	0	0	0	0	0	0	0	52,550,832
0	0	172,002	0	0	0	0	0	0	172,002
0	0	0	0	0	0	0	0	0	1,376,269
0	0	0	0	0	0	0	0	0	10,933,685
0	0	0	0	0	0	0	0	0	421,341
822,370	0	0	0	0	0	1,780,017	558,405	243,116	3,413,369
0	0	185	10,650	427,831	9,137	0	0	0	976,122
822,370	0	172,187	10,650	427,831	9,137	1,780,017	558,405	243,116	69,843,620
0	6,481	172,940	24,345	311,543	11,515	0	0	0	66,539,297
822,370	0	0	0	0	0	1,442,518	496,736	237,125	2,998,749
822,370	6,481	172,940	24,345	311,543	11,515	1,442,518	496,736	237,125	69,538,046
\$0	\$0	\$397,945	\$1,251	\$158,579	\$1,796	\$337,499	\$113,009	\$9,551	\$57,448,531

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
ASSETS				
Land	\$ 1,646,392	\$ -	\$ -	\$ 1,646,392
Construction in Process	254,570	2,272,424	2,005,533	521,461
Buildings and Structures	17,201,647	268,360	-	17,470,007
Improvements other than Buildings	603,760	-	-	603,760
Machinery and Equipment	6,982,661	54,318	26,435	7,010,544
Licensed Vehicles	3,850,830	415,920	160,305	4,106,445
Intangibles	263,734	-	-	263,734
Infrastructure	40,850,304	2,005,533	-	42,855,837
	<u>\$ 71,653,898</u>	<u>\$ 5,016,555</u>	<u>\$ 2,192,273</u>	<u>\$ 74,478,180</u>
FUNDING SOURCE				
General Fund	\$ 6,340,218	\$ 106,920	\$ -	\$ 6,447,138
Special Revenue Funds	50,893,811	4,731,295	2,192,273	53,432,833
Capital Project Fund	14,419,869	178,340	-	14,598,209
	<u>\$ 71,653,898</u>	<u>\$ 5,016,555</u>	<u>\$ 2,192,273</u>	<u>\$ 74,478,180</u>

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY AS OF JUNE 30, 2012

	Land	Construction in Process	Buildings and Structures
Public Safety and Legal Services			
Law Enforcement	\$ -	-	13,273,609
Legal Services	-	-	90,020
Total Public Safety and Legal Services	-	-	13,363,629
Physical Health and Social Services:			
Physical Health Services	-	-	-
Services to Poor	-	-	-
Services to Military Veterans	-	-	-
Total Physical Health and Social Services	-	-	-
Mental Health, MR & DD:			
Chronic Mental Illness	-	-	-
Total Mental Health, MR & DD	-	-	-
County Environment and Education:			
Environmental Quality Program	-	-	-
Conservation and Recreation Services	150,798	-	490,292
County Development	-	-	-
Total County Environment and Education	150,798	-	490,292
Roads & Transportation:			
Secondary Roads Administration and Engineering	-	-	325,259
Roadway Maintenance	-	521,461	-
General Roadway Expenditures	-	-	229,970
Total Roads & Transportation	-	521,461	555,229
Government Services to Residents:			
Representation Services	-	-	-
State Administration Services	-	-	-
Total Government Services to Residents	-	-	-
Administration:			
Policy and Administration	-	-	417,192
Central Services	1,495,594	-	2,643,665
Total Administration	1,495,594	-	3,060,857
Total Capital Assets	\$ 1,646,392	521,461	\$ 17,470,007

Improvements other than Buildings	Machinery and Equipment	Licensed Vehicles	Intangibles	Infrastructure	Total
35,379	418,453	659,249	-	-	\$ 14,386,690
-	34,237	-	-	-	124,257
35,379	452,690	659,249	-	-	14,510,947
-	286,008	46,098	-	-	332,106
-	6,371	-	-	-	6,371
-	-	-	-	-	-
-	292,379	46,098	-	-	338,477
-	6,261	13,037	-	-	19,298
-	6,261	13,037	-	-	19,298
-	-	-	-	-	-
132,939	264,307	257,304	-	-	1,295,640
-	5,157	10,641	-	-	15,798
132,939	269,464	267,945	-	-	1,311,438
31,151	83,011	51,827	-	-	491,248
-	76,024	137,803	-	42,855,837	43,591,125
-	4,739,409	2,930,486	-	-	7,899,865
31,151	4,898,444	3,120,116	-	42,855,837	51,982,238
-	379,762	-	97,786	-	477,548
-	55,707	-	-	-	55,707
-	435,469	-	97,786	-	533,255
-	60,406	-	-	-	477,598
404,291	595,431	-	165,948	-	5,304,929
404,291	655,837	-	165,948	-	5,782,527
603,760	\$ 7,010,544	\$ 4,106,445	\$ 263,734	42,855,837	74,478,180

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Public Safety and Legal Services				
Law Enforcement	\$ 14,355,724	\$ 120,915	\$ 89,949	\$ 14,386,690
Legal Services	34,237	90,020	-	124,257
Total Public Safety and Legal Services	14,389,961	210,935	89,949	14,510,947
Physical Health and Social Services:				
Physical Health Services	333,992	5,748	7,634	332,106
Services to Poor	6,371	-	-	6,371
Services to Military Veterans	-	-	-	-
Total Physical Health and Social Services	340,363	5,748	7,634	338,477
Mental Health, MR & DD:				
Persons with Chronic Mental Illness	19,298	-	-	19,298
Total Mental Health, MR & DD	19,298	-	-	19,298
County Environment and Education:				
Environmental Quality Program	-	-	-	-
Conservation and Recreation Services	1,282,771	31,670	18,801	1,295,640
County Development	15,798	-	-	15,798
Total County Environment and Education	1,298,569	31,670	18,801	1,311,438
Roads & Transportation:				
Secondary Roads Administration & Engineering	491,248	-	-	491,248
Roadway Maintenance	41,316,186	4,309,481	2,034,542	43,591,125
General Roadway Expenditures	7,670,931	270,281	41,347	7,899,865
Total Roads & Transportation	49,478,365	4,579,762	2,075,889	51,982,238
Government Services to Residents:				
Representation Services	477,548	-	-	477,548
State Administration Services	55,707	-	-	55,707
Total Government Services to Residents	533,255	-	-	533,255
Administration:				
Policy and Administration	299,258	178,340	-	477,598
Central Services	5,294,829	10,100	-	5,304,929
Total Administration	5,594,087	188,440	-	5,782,527
Total Capital Assets	\$ 71,653,898	\$ 5,016,555	\$ 2,192,273	74,478,180

STATISTICAL SECTION

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION
June 30, 2012

This part of Cerro Gordo County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	84-93
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	94-103
Debt Capacity These schedules present information to help the readers assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	104-108
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	109-110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	111-116

CERRO GORDO COUNTY, IOWA

NET ASSETS BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Government activities:				
Invested in capital assets, net of related debt	\$ 8,363,575	\$ 9,761,714	\$ 13,727,858	\$ 19,084,939
Restricted	4,630,537	3,241,336	3,083,406	5,369,094
Unrestricted	4,357,591	4,610,114	3,600,840	2,972,174
Total Government activities net assets	<u>\$ 17,351,703</u>	<u>\$ 17,613,164</u>	<u>\$ 20,412,104</u>	<u>\$ 27,426,207</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 460,966	\$ 1,924,793	\$ 1,748,701	\$ 1,765,188
Restricted	-	-	-	-
Unrestricted	1,483,044	44,199	132,894	49,236
Total Business-type activities net assets	<u>\$ 1,944,010</u>	<u>\$ 1,968,992</u>	<u>\$ 1,881,595</u>	<u>\$ 1,814,424</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 8,824,541	\$ 11,686,507	\$ 15,476,559	\$ 20,850,127
Restricted	4,630,537	3,241,336	3,083,406	5,369,094
Unrestricted	5,840,635	4,654,313	3,733,734	3,021,410
Total Business-type activities net assets	<u>\$ 19,295,713</u>	<u>\$ 19,582,156</u>	<u>\$ 22,293,699</u>	<u>\$ 29,240,631</u>

Source: County Records

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 25,918,908	\$ 26,166,841	\$ 28,174,721	\$ 29,988,315	\$ 30,961,033	\$ 31,446,880
7,059,287	6,552,918	8,449,567	7,113,380	7,714,036	5,912,520
4,705,865	5,609,581	5,136,789	5,173,073	4,918,867	4,179,261
<u>\$ 37,684,060</u>	<u>\$ 38,329,340</u>	<u>\$ 41,761,077</u>	<u>\$ 42,274,768</u>	<u>\$ 43,593,936</u>	<u>\$ 41,538,661</u>
\$ 1,971,672	\$ 1,910,172	\$ 1,490,330	\$ 1,414,592	\$ 1,339,288	\$ 1,264,433
-	-	-	-	-	-
(240,350)	(270,020)	83,268	92,301	95,914	100,842
<u>\$ 1,731,322</u>	<u>\$ 1,640,152</u>	<u>\$ 1,573,598</u>	<u>\$ 1,506,893</u>	<u>\$ 1,435,202</u>	<u>\$ 1,365,275</u>
\$ 27,890,580	\$ 28,077,013	\$ 29,665,051	\$ 31,402,907	\$ 32,300,321	\$ 32,711,313
7,059,287	6,552,918	8,449,567	7,113,380	7,714,036	5,912,520
4,465,515	5,339,561	5,220,057	5,265,374	5,014,781	4,280,103
<u>\$ 39,415,382</u>	<u>\$ 39,969,492</u>	<u>\$ 43,334,675</u>	<u>\$ 43,781,661</u>	<u>\$ 45,029,138</u>	<u>\$ 42,903,936</u>

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Government activities:				
Public safety and legal services	\$ 4,308,699	\$ 4,431,064	\$ 4,590,463	\$ 4,827,135
Physical health and social services	3,683,099	4,107,546	4,104,085	4,274,119
Mental health	5,003,380	5,221,710	5,225,350	5,617,449
County environment and education	888,743	1,296,647	923,060	1,291,161
Roads and transportation	3,633,925	4,704,427	5,591,263	4,996,566
Government services to residents	751,404	674,627	804,185	892,862
Administration or general government	1,970,255	2,671,926	2,050,532	2,441,271
Non-program	341,615	146,647	1,063,732	319,240
Interest on long-term debt	29,262	22,388	37,859	37,976
Capital projects	398,312	-	-	-
Total governmental activities expenses	21,008,694	23,276,982	24,390,529	24,697,779
Business-type activities:				
Wastewater collection and treatment	71,877	126,426	248,320	137,422
Total government expenses	\$ 21,080,571	\$ 23,403,408	\$ 24,638,849	\$ 24,835,201
Program Revenues:				
Government activities:				
Charges for services:				
Public safety and legal services	\$ 432,584	\$ 399,983	\$ 544,358	\$ 556,195
Physical health and social services	691,980	726,481	698,391	510,549
Mental health	410,470	37,978	56,119	514,799
County environment and education	75,748	169,280	161,248	82,626
Roads and Transportation	90,634	450,070	661,816	547,931
Government services to residents	753,603	782,932	687,499	676,740
Administration or general government	94,347	170,474	107,919	269,375
Non-program	559,631	81,831	331,394	468,310
Capital Projects	480,535	49,799	-	-
Operating grants and contributions	6,266,218	8,903,694	9,275,378	9,019,060
Capital grants and contributions	792,603	-	2,445,455	5,216,480
Total governmental activities	10,648,353	11,772,522	14,969,577	17,862,065
Business-type activities:				
Charges for services:				
Wastewater collection and treatment	368,340	151,408	160,923	70,251
Total business-type activities	368,340	151,408	160,923	70,251
Total government program	\$ 11,016,693	\$ 11,923,930	\$ 15,130,500	\$ 17,932,316

Source: County Records

		Fiscal Year								
		2007	2008	2009	2010	2011	2012			
\$	5,598,566	\$	6,549,905	7,202,831	\$	7,269,875	\$	7,580,694	\$	7,841,364
	4,730,060		4,884,946	5,111,164		4,726,961		5,289,561		4,816,751
	5,851,088		6,373,624	5,813,641		5,943,074		660,626		3,805,315
	1,128,411		1,536,823	1,676,138		1,329,604		1,171,665		1,267,463
	6,085,524		5,944,155	6,534,326		7,061,925		6,838,237		6,906,435
	895,995		998,437	1,019,291		969,501		1,117,534		1,118,476
	2,227,192		2,448,491	2,166,888		2,920,542		2,482,454		2,697,211
	266,798		172,344	916,010		2,399,569		240,487		217,755
	604,169		557,654	535,303		513,578		515,350		799,924
	-		-	-		-		-		-
	27,387,803		29,466,379	30,975,592		33,134,629		25,896,608		29,470,694
	144,092		165,782	140,356		133,970		137,781		136,701
\$	27,531,895	\$	29,632,161	31,115,948	\$	33,268,599	\$	26,034,389	\$	29,607,395
\$	457,988	\$	900,473	893,693	\$	921,982	\$	924,425	\$	949,400
	500,140		579,215	574,979		649,560		413,120		375,956
	52,699		586,315	548,039		557,386		43,112		-
	78,750		63,167	90,782		78,204		80,193		86,241
	100,061		23,057	57,906		58,176		53,251		19,285
	677,734		721,702	641,497		694,326		674,094		728,588
	257,804		232,344	253,284		187,016		176,074		208,308
	87,828		89,556	153,355		228,208		182,654		204,314
	-		-	-		-		-		-
	10,668,131		8,755,036	9,992,973		7,396,827		6,339,798		5,735,343
	850,690		611,123	3,974,119		5,371,687		429,002		937,276
	13,731,825		12,561,988	17,180,627		16,143,372		9,315,723		9,244,711
	60,990		74,612	73,802		67,217		66,040		66,716
	60,990		74,612	73,802		67,217		66,040		66,716
\$	13,792,815	\$	12,636,600	17,254,429	\$	16,210,589	\$	9,381,763	\$	9,311,427

(Continued)

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue:				
Governmental activities	\$ (10,360,341)	\$ (11,504,460)	\$ (9,420,952)	\$ (6,835,714)
Business-type activities	296,463	24,982	(87,397)	(67,171)
Total government net expense	\$ (10,063,878)	\$ (11,479,478)	\$ (9,508,349)	\$ (6,902,885)
General Revenues and Other Changes in Net Assets:				
Governmental activities				
Property and other county tax levied for:				
General purposes	\$ 8,551,715	\$ 8,788,746	\$ 9,443,597	\$ 11,129,894
Debt service	170,744	-	374,667	571,714
Penalty and interest on property tax	117,361	106,704	126,247	139,522
State tax credits, unrestricted	965,074	399,747	422,743	483,123
Local option sales and service tax	1,454,813	1,769,845	1,228,557	1,411,660
Unrestricted grants and contributions	23,202	198,621	45,959	68,051
Unrestricted investment earnings	278,751	142,318	275,773	533,762
Loss on Disposal of Capital Assets	-	-	-	-
Miscellaneous	283,284	298,337	302,349	848,945
Total governmental activities	11,844,944	11,704,318	12,219,892	15,186,671
Business-type activities:				
Wastewater collection and treatment	12,353	-	-	-
Total business-type activities	\$ 12,353	\$ -	\$ -	\$ -
Total government	\$ 11,857,297	\$ 11,704,318	\$ 12,219,892	\$ 15,186,671
Changes in Net Assets:				
Governmental activities	\$ 1,484,603	\$ 199,858	\$ 2,798,940	\$ 8,350,957
Business-type activities	308,816	24,982	(87,397)	(67,171)
Total government program	\$ 1,793,419	\$ 224,840	\$ 2,711,543	\$ 8,283,786

Source: County Records

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (13,655,978)	\$ (16,904,391)	(13,794,965)	\$ (16,991,257)	\$ (16,580,885)	\$ (20,225,983)
(83,102)	(91,170)	(66,554)	(66,753)	(71,741)	(69,985)
\$ (13,739,080)	\$ (16,995,561)	(13,861,519)	\$ (17,058,010)	\$ (16,652,626)	\$ (20,295,968)

\$ 11,789,658	\$ 12,116,096	12,881,530	\$ 13,373,304	\$ 13,558,781	\$ 14,012,037
1,465,976	1,396,144	952,133	951,217	950,610	936,277
130,746	146,433	166,230	174,381	161,757	163,122
498,856	483,910	457,716	443,450	408,057	420,545
1,520,121	1,787,415	1,539,950	1,424,656	1,650,341	1,682,466
-	-	-	-	-	-
1,141,111	718,515	282,175	134,595	110,664	88,847
(18,897)	(24,774)	(19,063)	(582,918)	(16,798)	(34,141)
358,647	925,932	966,031	1,464,133	1,076,641	952,897
16,886,218	17,549,671	17,226,702	17,382,818	17,900,053	18,222,050

-	-	-	48	50	58
\$ -	\$ -	-	\$ 48	\$ 50	\$ 58
\$ 16,886,218	\$ 17,549,671	17,226,702	\$ 17,382,866	\$ 17,900,103	\$ 18,222,108

\$ 3,230,240	\$ 645,280	3,431,737	\$ 391,561	\$ 1,319,168	\$ (2,003,933)
(83,102)	(91,170)	(66,554)	(66,705)	(71,691)	(69,927)
\$ 3,147,138	\$ 554,110	3,365,183	\$ 324,856	\$ 1,247,477	\$ (2,073,860)

(Concluded)

CERRO GORDO COUNTY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	249,410	171,117	108,481	256,829
Committed				
Assigned	848,207	850,481	898,934	757,648
Unassigned	2,973,221	2,343,430	2,168,791	3,216,509
Total General Fund	<u>\$ 4,070,838</u>	<u>\$ 3,365,028</u>	<u>\$ 3,176,206</u>	<u>\$ 4,230,986</u>
All Other Governmental Funds				
Nonspendable	\$ 1,169,114	\$ 969,868	\$ 682,260	\$ 1,278,393
Restricted	3,647,549	4,740,949	3,883,143	3,998,814
Committed	-	-	-	-
Assigned	277,252	309,108	398,424	556,248
Unassigned	-	-	-	(588,497)
Total all other governmental funds	<u>\$ 5,093,915</u>	<u>\$ 6,019,925</u>	<u>\$ 4,963,827</u>	<u>\$ 5,244,958</u>
Total Fund Balance All Governmental Funds	<u>\$ 9,164,753</u>	<u>\$ 9,384,953</u>	<u>\$ 8,140,033</u>	<u>\$ 9,475,944</u>

Source: County Records

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
414,957	611,152	792,804	1,062,596	591,110	162,622
791,825	836,483	885,085	1,026,793	1,296,116	1,208,277
4,115,092	4,263,906	4,285,163	4,207,065	4,550,586	4,976,088
<u>\$ 5,321,874</u>	<u>\$ 5,711,541</u>	<u>\$ 5,963,052</u>	<u>\$ 6,296,454</u>	<u>\$ 6,437,812</u>	<u>\$ 6,346,987</u>
\$ 1,099,959	\$ 1,480,937	\$ 1,062,380	\$ 1,203,806	\$ 1,384,730	\$ 1,273,866
11,137,918	4,586,705	6,105,723	5,200,556	5,812,740	4,168,577
-	-	-	-	-	-
656,143	635,649	721,725	893,266	871,341	704,823
-	(254,172)	-	(20,262)	-	-
<u>\$ 12,894,020</u>	<u>\$ 6,449,119</u>	<u>\$ 7,889,828</u>	<u>\$ 7,277,366</u>	<u>\$ 8,068,811</u>	<u>\$ 6,147,266</u>
<u>\$ 18,215,894</u>	<u>\$ 12,160,660</u>	<u>\$ 13,852,880</u>	<u>\$ 13,573,820</u>	<u>\$ 14,506,623</u>	<u>\$ 12,494,253</u>

CERRO GORDO COUNTY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Property and Other County Tax	\$ 10,152,625	\$ 10,570,374	\$ 11,061,423	\$ 13,118,367
Interest and Penalty on Property Tax	110,045	118,295	126,247	139,522
Intergovernmental	9,214,984	9,722,154	12,701,807	11,191,640
Licenses and Permits	255,666	270,476	297,721	324,776
Charges for Services	1,537,166	1,292,565	1,228,309	1,205,710
Use of Money and Property	274,923	228,181	374,870	637,056
Miscellaneous	863,485	1,215,451	950,043	1,203,546
Total Revenues	22,408,894	23,417,496	26,740,420	27,820,617
Expenditures:				
Public safety and legal services	4,222,779	4,251,143	4,541,026	4,808,056
Physical health and social services	3,615,357	3,913,976	4,006,819	4,251,999
Mental health	5,003,304	5,198,915	5,209,344	5,611,348
County environment and education	855,482	921,991	880,494	1,235,315
Roads and transportation	4,496,519	4,551,633	4,885,745	5,111,457
Government services to residents	729,694	742,415	803,724	827,433
Administration	1,719,801	1,902,524	1,841,707	1,872,576
Non-program	296,741	207,694	354,230	169,026
Debt service				
Principal	235,000	60,000	425,000	640,000
Interest	30,192	18,738	37,012	33,630
Capital projects	1,605,101	2,281,067	5,027,808	3,267,852
Total Expenditures	22,809,970	24,050,096	28,012,909	27,828,692
Excess of revenues over (under) expenditures	(401,076)	(632,600)	(1,272,489)	(8,075)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	150	8,000	11,400	204,378
Transfers in	1,953,484	2,158,917	2,095,971	2,372,050
Transfers out	(2,140,837)	(2,241,321)	(2,001,214)	(2,372,050)
Proceeds from drainage warrants	1,659	16,543	10,340	24,554
Issuance of crossover refunding capital loan notes				
Issuance of capital lease purchase agreement	600,986	-	-	24,394
Issuance of LOSST revenue bonds	-	-	-	-
Issuance of installment purchase contracts	-	-	-	-
General obligation notes issued	-	1,109,907	200,000	500,000
Discount on general obligation notes	-	-	(1,320)	(5,473)
Total other financing sources (uses)	415,442	1,052,046	315,177	747,853
Net change in fund balances	\$ 14,366	\$ 419,446	\$ (957,312)	\$ 739,778
Debt service as % of noncapital expenditures	1.25%	0.36%	2.01%	2.74%

Source: County Records

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	14,782,265	\$	15,308,353	\$	15,367,915	\$	15,746,255	\$	16,151,502	\$	16,630,974
	130,746		146,433		166,230		174,381		161,757		163,122
	11,356,056		10,584,094		12,986,761		12,253,236		7,827,411		7,295,931
	327,967		414,152		397,960		413,794		126,934		125,044
	1,132,140		1,155,633		1,173,034		1,248,757		1,391,135		1,332,932
	1,246,172		902,907		439,098		311,405		277,433		283,542
	867,131		921,893		942,716		1,476,175		933,810		948,232
	29,842,477		29,433,465		31,473,714		31,624,003		26,869,982		26,779,777
	5,565,965		6,229,452		6,769,038		6,826,705		7,095,863		7,500,849
	4,725,534		4,866,227		5,150,211		4,656,497		5,095,095		4,639,871
	5,861,602		6,366,901		5,802,641		5,941,119		676,241		3,793,476
	1,112,434		1,631,652		1,661,836		1,302,316		1,181,451		1,233,631
	4,513,467		4,972,994		5,079,324		5,340,158		4,963,655		5,066,973
	830,775		928,523		939,846		970,387		988,933		1,052,040
	2,157,767		2,466,608		2,187,056		2,886,708		2,355,944		2,485,101
	72,906		50,342		276,787		167,932		114,044		84,682
	-		-		-		-		-		-
	1,160,000		955,000		964,252		861,763		2,541,936		9,607,704
	435,718		560,657		528,766		517,357		519,010		804,707
	7,893,520		6,858,012		1,224,944		3,022,467		2,628,619		1,769,644
	34,329,688		35,886,368		30,584,701		32,493,409		28,160,791		38,038,678
	(4,487,211)		(6,452,903)		889,013		(869,406)		(1,290,809)		(11,258,901)
	21,910		10,910		60,525		214,204		7,714		12,000
	2,461,511		2,600,826		2,738,466		2,860,798		3,227,450		3,241,067
	(2,461,511)		(2,600,826)		(2,738,466)		(2,860,798)		(3,227,450)		(3,241,067)
	7,199		5,781		18,985		45,287		34,974		31,737
	-		-		199,413		20,679		2,000,000		9,365,000
	-		-		300,000		168,750		-		-
	-		-		642,841		-		-		-
	13,500,000		-		-		-		-		-
	(123,514)		-		-		-		-		-
	13,405,595		16,691		1,221,764		448,920		2,042,688		9,408,737
\$	8,918,384	\$	(6,436,212)	\$	2,110,777	\$	(420,486)	\$	751,879	\$	(1,850,164)
	6.04%		5.22%		5.09%		4.39%		12.22%		29.22%

CERRO GORDO COUNTY, IOWA

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Government activities:				
Public safety and legal services	\$ 859,858	\$ 871,914	\$ 993,783	\$ 1,005,372
Physical health and social services	2,296,479	2,541,021	2,713,092	2,972,838
Mental health	2,689,083	3,073,718	3,303,908	2,962,403
County environment and education	167,089	246,775	212,211	132,769
Roads and Transportation	2,561,946	3,815,417	6,342,834	9,247,719
Government services to residents	778,594	782,932	916,099	754,886
Administration or general government	135,347	171,105	107,919	317,768
Non-program	679,422	91,847	379,731	468,310
Capital Projects	480,535	177,793	-	-
Total Governmental activities program revenues	10,648,353	11,772,522	14,969,577	17,862,065
Business-type activities:				
Wastewater collection and treatment	368,340	151,408	160,923	70,251
Total business-type activities program revenues	368,340	151,408	160,923	70,251
Total government program	\$ 11,016,693	\$ 11,923,930	\$ 15,130,500	\$ 17,932,316

Source: County Records

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	1,537,752	\$	1,480,436	\$	1,536,881	\$	1,561,615	\$	1,589,118	\$	1,548,358
	3,210,734		3,025,728		2,917,504		2,975,874		2,915,052		2,394,545
	3,758,706		3,248,590		4,571,818		2,032,435		49,943		-
	149,244		114,371		586,783		128,474		121,681		137,477
	4,027,815		3,646,140		6,323,786		6,188,066		3,596,827		3,840,156
	697,549		724,823		642,216		694,771		674,408		728,731
	258,451		232,344		448,284		187,016		186,040		391,130
	91,574		89,556		153,355		2,375,121		182,654		204,314
	-		-		-		-		-		-
	13,731,825		12,561,988		17,180,627		16,143,372		9,315,723		9,244,711
	60,990		74,612		73,802		67,217		66,040		66,716
	60,990		74,612		73,802		67,217		66,040		66,716
\$	13,792,815	\$	12,636,600	\$	17,254,429	\$	16,210,589	\$	9,381,763	\$	9,311,427

CERRO GORDO COUNTY, IOWA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
Last Ten Fiscal Years
(Unaudited)

Assessed Value and Actual Value of Taxable Property				
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
2003	\$ 1,446,224,242	\$ 330,952,120	\$ 103,694,495	\$ 277,587,342
2004	1,497,415,171	352,973,493	104,854,672	281,099,208
2005	1,611,741,386	377,229,604	107,330,489	244,175,206
2006	1,669,700,033	387,968,624	108,897,495	243,226,460
2007	1,847,067,126	406,188,967	115,663,644	243,061,267
2008	1,931,601,558	415,706,118	118,533,891	245,007,595
2009	2,082,080,113	454,631,950	124,087,009	291,362,364
2010	2,158,325,908	472,474,791	125,039,073	292,634,499
2011	2,185,469,250	462,309,715	122,515,972	432,256,773
2012	2,232,467,433	467,738,844	117,498,875	430,812,881

Taxable Value of Property				
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
2003	\$ 746,690,164	\$ 322,364,729	\$ 103,694,495	\$ 277,587,342
2004	768,799,470	352,973,493	104,854,672	281,099,208
2005	778,583,429	373,980,577	107,330,489	244,175,206
2006	796,987,659	387,968,624	108,897,495	243,226,460
2007	841,230,630	402,277,964	115,663,644	243,061,267
2008	871,747,220	415,706,118	118,533,891	245,007,595
2009	903,062,500	453,264,680	124,087,009	262,503,636
2010	965,567,898	472,474,791	125,039,073	274,580,757
2011	1,003,294,020	462,309,715	122,515,972	285,781,276
2012	1,059,415,029	467,738,844	117,498,875	296,510,611

Source: Cerro Gordo County Auditor's Office

(1) Net Taxable Value is the value on which real estate taxes are calculated and on which budgets of the various Levy Authorities are based. For property valued by local assessors, taxable value of property is the actual value of property multiplied by the statewide rollback rate that is determined annually by the Iowa Department of Management.

(2) Other Property includes utility property, railroad property, and gas and electric utility property, all of which are valued by the Iowa Department of Management. All other property classes are valued by the local assessor.

(3) Per \$1,000 of value

Assessed Value and Actual Value of Taxable Property

TIF Increment	(2) Other Property	Total Assessed Taxable Property	Less: Military Tax-Exempt Property	Net Assessed Taxable Property
\$ 63,909,159	\$ 159,002,012	\$ 2,381,369,370	\$ 7,108,709	\$ 2,374,260,661
63,650,574	155,758,848	2,455,751,966	6,968,150	2,448,783,816
71,183,983	152,267,639	2,563,928,307	6,860,915	2,557,067,392
75,170,736	355,470,345	2,840,433,693	6,721,097	2,833,712,596
84,837,300	557,830,644	3,254,648,948	6,725,715	3,247,923,233
83,605,174	557,706,923	3,352,161,259	6,674,947	3,345,486,312
94,990,249	524,896,066	3,572,047,751	6,546,853	3,565,500,898
100,955,290	552,664,832	3,702,094,393	6,400,851	3,695,693,542
116,873,546	630,695,007	3,950,120,263	6,267,987	3,943,852,276
125,306,712	729,052,147	4,102,876,892	6,115,677	4,096,761,215

Taxable Value of Property

TIF Increment	(2) Other Property	Total Taxable Property	Less: Military Tax-Exempt Property	Net Taxable Property	(3) Total Direct Tax Rate Urban
\$ 63,909,159	\$ 158,644,547	\$ 1,672,890,436	\$ 7,108,709	\$ 1,665,781,727	4.70
63,650,574	155,758,848	1,727,136,265	6,968,150	1,720,168,115	4.59
71,183,983	137,128,009	1,712,381,693	6,860,915	1,705,520,778	5.28
75,170,736	149,339,489	1,761,590,463	6,721,097	1,754,869,366	6.20
84,837,300	185,780,708	1,872,851,513	6,725,715	1,866,125,798	6.59
83,605,174	167,798,894	1,902,398,892	6,674,947	1,895,723,945	6.59
94,990,249	184,296,587	2,022,204,661	6,546,853	2,015,657,808	6.32
100,955,290	168,369,930	2,106,987,739	6,400,851	2,100,586,888	6.29
116,873,546	157,060,949	2,147,835,478	6,267,987	2,141,567,491	6.27
125,306,712	158,266,959	2,224,737,030	6,115,677	2,218,621,353	6.25

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2003	2004	2005	2006
County Direct Rates:				
General Basic	3.17	3.21	3.50	3.50
General Supplemental	-	-	0.15	1.00
MH/DD Service	1.43	1.38	1.40	1.36
Debt Service	0.11	-	0.23	0.34
Total Urban County Rate	4.70	4.59	5.28	6.20
Rural Basic	3.13	3.13	3.42	3.51
Total Rural County Rate	7.83	7.73	8.69	9.71
City and Town Rates:				
Mason City	10.25	10.47	10.55	11.64
Clear Lake	8.23	8.41	8.98	9.36
Dougherty	14.86	14.53	16.65	17.24
Meservey	9.75	9.79	9.86	9.83
Plymouth	3.15	3.40	1.22	5.34
Rock Falls	6.74	6.74	6.84	6.84
Rockwell	8.10	8.10	8.10	8.10
Swaledale	19.52	17.95	16.64	16.64
Thornton	10.47	10.46	12.83	12.71
Ventura	6.52	7.34	7.41	7.26
Nora Springs	11.14	13.26	12.16	12.12
Township Rates:				
Bath	0.47	0.47	0.54	0.54
Clear Lake	0.28	0.26	0.33	0.29
Dougherty	0.31	0.31	0.35	0.35
Falls	0.54	0.53	0.59	0.62
Geneseo	0.42	0.41	0.47	0.47
Grant - Clear Lake	0.42	0.41	0.50	0.50
Grant - Forest City	0.42	0.41	0.50	0.50
Grant - Ventura	0.42	0.41	0.50	0.50
Gimes	0.79	0.73	0.82	0.82
Lake	0.22	0.20	0.27	0.18
Lime Creek	0.40	0.41	0.42	0.42
Lincoln	0.31	0.30	0.38	0.39
Mason	0.41	0.41	0.41	0.41
Mount Vernon	0.23	0.42	0.49	0.47
Owen	0.50	0.50	0.63	0.63
Pleasant Valley	0.40	0.47	0.51	0.51
Portland	0.32	0.31	0.34	0.38
Union	0.28	0.24	0.28	0.28

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.50
1.00	1.08	1.14	1.19	1.20	1.23
1.28	1.26	1.19	1.13	1.12	1.08
0.81	0.76	0.49	0.47	0.45	0.43
6.59	6.59	6.32	6.29	6.27	6.25
3.51	3.51	3.51	3.51	3.51	3.51
10.11	10.11	9.83	9.80	9.78	9.76
12.26	12.67	12.80	12.73	13.39	13.57
10.05	10.05	10.05	10.05	10.05	10.54
17.77	18.20	17.67	21.70	21.93	20.60
9.81	9.80	9.77	9.70	9.77	9.74
5.55	8.92	11.49	12.09	12.40	12.11
6.50	6.50	6.50	6.50	6.50	6.50
8.10	8.10	8.10	8.10	8.10	8.10
16.15	16.61	17.08	16.52	16.70	16.53
12.09	12.77	12.64	11.98	13.19	13.55
3.00	7.73	6.78	9.98	10.98	10.32
11.22	13.23	14.05	14.71	14.15	13.65
0.54	0.54	0.54	0.54	0.54	0.54
0.28	0.27	0.25	0.23	0.24	0.24
0.35	0.35	0.35	0.35	0.34	0.34
0.62	0.62	0.62	0.62	0.62	0.62
0.47	0.46	0.40	0.37	0.41	0.35
0.50	0.51	0.42	0.41	0.39	0.43
0.50	0.51	0.44	0.41	0.39	0.43
0.50	0.51	0.38	0.39	0.41	0.43
0.76	0.78	0.76	0.73	0.73	0.82
0.10	0.12	0.10	0.12	0.12	0.11
0.41	0.41	0.41	0.41	0.41	0.41
0.39	0.39	0.37	0.35	0.34	0.33
0.41	0.41	0.41	0.41	0.41	0.41
0.47	0.48	0.49	0.49	0.49	0.45
0.63	0.63	0.63	0.63	0.63	0.63
0.51	0.51	0.52	0.49	0.48	0.47
0.38	0.41	0.46	0.44	0.44	0.43
0.24	0.25	0.25	0.25	0.25	0.25

(Continued)

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2003	2004	2005	2006
School District Rates:				
Clear Lake	12.94	12.83	13.45	12.64
Forest City	15.73	14.77	14.97	15.36
Mason City	15.11	13.65	14.12	14.72
Meservey-Thornton (1)	9.83	9.02	10.85	11.63
Central Springs - Nora Springs-Rock Falls (2)	16.16	16.27	16.86	16.74
Central Springs - North Central (2)	14.34	13.97	14.82	14.37
Rockwell-Swaledale (1)	11.68	11.90	13.80	13.55
Rudd-Rockford-Marble Rock	13.17	13.17	15.19	15.96
Sheffield-Chapin (1)	12.94	12.90	14.50	14.23
Ventura	11.58	11.72	10.97	10.99
West Fork (1)				
Other Taxing Authority Rates:				
County Assessor	0.40	0.40	0.41	0.40
City Assessor	0.24	0.23	0.21	0.22
North Iowa Area Community College	0.60	0.61	0.63	0.62
Ag. Extension	0.11	0.11	0.12	0.12
State	0.00	0.00	0.00	0.00
Clear Lake Sanitary Sewer	1.76	1.70	1.67	1.67
Falls - Rock Falls Cemetery	0.07	0.07	0.07	0.07

(1) In 2012, West Fork School District was formed by combining Meservey-Thornton School District, Rockwell-Swaledale School District, and Sheffield-Chapin School District.

(2) Beginning in 2012, Nora Springs-Rock Falls School District and North Central School District consolidated. However, each school has its own property tax rate.

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2007	2008	2009	2010	2011	2012
11.89	11.90	11.88	11.88	12.94	12.92
14.56	14.64	15.01	15.43	16.74	16.27
14.10	14.08	13.67	13.62	15.12	15.11
10.05	10.27	10.77	11.32	11.68	-
16.62	16.75	16.46	16.85	16.41	14.11
13.31	14.20	13.47	14.31	14.48	14.60
13.74	14.37	14.26	13.78	13.77	-
15.79	15.79	16.24	14.01	14.02	14.00
14.25	12.59	12.85	13.29	13.59	-
10.40	10.10	9.61	10.39	10.57	9.92
					10.99
0.41	0.49	0.56	0.55	0.52	0.43
0.20	0.23	0.26	0.23	0.23	0.25
0.62	0.66	0.66	0.62	0.66	0.66
0.11	0.11	0.10	0.11	0.11	0.11
0.00	0.00	0.00	0.00	0.00	0.00
1.67	1.66	1.59	1.49	1.46	1.35
0.07	0.07	0.07	0.07	0.07	0.07

(Concluded)

CERRO GORDO COUNTY, IOWA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

	Fiscal Year 2012			Fiscal Year 2003		
	Net	Rank	Percent of	Net	Rank	Percent of
	Taxable		Total	Taxable		Total
	Value		Taxable	Value		Taxable
Interstate Power & Light Co	\$ 75,539,399	1	3.40%	\$ 69,585,257	1	4.16%
Lehigh Portland Cement Co	18,896,673	2	0.85%	21,393,839	2	1.28%
Union Pacific	18,127,730	3	0.81%	14,459,152	4	0.86%
Golden Grain Energy LLC	16,970,312	4	0.76%			
Hawkeye Power Partners LLC	12,791,561	5	0.57%			
Quest Corp	11,757,524	6	0.53%	14,113,067	6	0.84%
Mall Associates LLC	11,439,113	7	0.51%	11,813,395	7	0.71%
AADG Inc (Curries Company)	11,197,685	8	0.50%	14,335,943	5	0.86%
Wal-Mart Real Estate Business Trust	10,699,915	9	0.48%			
Mills Properties Inc	10,681,330	10	0.48%			
Holnam Inc/Northwestern States Portland Cement Co.				17,355,152	3	1.04%
Northern Border Pipeline				11,490,215	8	0.69%
Mason City Shopping Center				9,528,791	9	0.57%
Principal Mutual Life				8,586,907	10	0.51%
	<u>\$ 198,101,242</u>		<u>8.90%</u>	<u>\$ 192,661,718</u>		<u>11.52%</u>

Net Taxable Value is the value on which real estate taxes are calculated and on which the budgets of the various Levy Authorities are based.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Taxes Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 44,383,926	\$ 44,169,153	99.52%	\$ 8,059	\$ 44,177,212	99.53%
2004	44,544,314	42,566,151	95.56%	144,700	42,710,851	95.88%
2005	47,203,216	45,252,976	95.87%	24,111	45,277,087	95.92%
2006	51,164,802	49,185,934	96.13%	-3,149	49,182,785	96.13%
2007	54,025,405	52,028,179	96.30%	16,638	52,044,817	96.33%
2008	55,911,709	53,942,250	96.48%	36,357	53,978,607	96.54%
2009	58,154,094	56,220,505	96.68%	4,747	56,225,252	96.68%
2010	61,066,901	59,136,632	96.84%	13,163	59,149,795	96.86%
2011	65,508,663	63,720,109	97.27%	9,348	63,729,457	97.28%
2012	67,300,914	65,466,374	97.27%	-6,788	65,459,586	97.26%

Total tax collections solely for Cerro Gordo County were:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$9,175,330
2004	\$9,194,534
2005	\$10,259,896
2006	\$11,607,154
2007	\$12,752,868
2008	\$13,075,127
2009	\$13,234,094
2010	\$13,906,364
2011	\$14,211,708
2012	\$14,678,427

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Loan Notes	Capital Lease Purchases	Revenue Bonds	Sewer Revenue Capital Loan Notes				
2003	\$ 400,000	\$ 400,000	\$ 477,468	\$ -	\$ 576,348	\$ 1,853,816	0.15%	\$ 40.89	
2004	340,000	1,120,000	325,408	-	569,463	2,354,871	0.18%	52.19	
2005	280,000	955,000	165,886	-	611,268	2,012,154	0.14%	44.69	
2006	215,000	880,000	20,698	-	603,750	1,719,448	0.12%	38.35	
2007	145,000	13,290,000	15,393	-	595,379	14,045,772	0.95%	316.46	
2008	75,000	12,405,000	9,621	-	586,635	13,076,256	0.86%	297.08	
2009	-	11,945,000	469,623	253,000	577,497	13,245,120	0.82%	302.81	
2010	-	11,470,000	117,605	401,750	567,946	12,557,301	0.77%	283.85	
2011	-	11,000,000	65,669	381,750	557,967	12,005,386	0.71%	272.19	
2012	-	10,835,000	10,351	361,750	547,538	11,754,639	0.65%	267.53	

1. Calculated using population and personal income figures from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Bonded Debt Outstanding		Percentage Net Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Total		
2003	\$ 400,000	\$ 400,000	0.02%	\$ 8.82
2004	340,000	340,000	0.02%	7.54
2005	280,000	280,000	0.02%	6.22
2006	215,000	215,000	0.01%	4.80
2007	145,000	145,000	0.01%	3.27
2008	75,000	75,000	0.00%	1.70
2009	0	0	0.00%	-
2010	0	0	0.00%	-
2011	0	0	0.00%	-
2012	0	0	0.00%	-

1. See Assessed Value and Actual Value of Taxable Property Schedule for property value data.
2. Calculated using population figure from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2012

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 11,196,750	100.00%	\$ <u>11,196,750</u>
City debt:			
Clear Lake	6,008,500	100.00%	6,008,500
Mason City	31,359,859	100.00%	31,359,859
Nora Springs	1,065,000	5.25%	55,862
Rockwell	1,104,856	100.00%	1,104,856
Thornton	150,000	100.00%	150,000
Ventura	3,614,669	100.00%	3,614,669
Subtotal, City debt			<u>42,293,746</u>
School Districts:			
Central Springs (North Central)	\$ 1,380,000	24.70%	340,835
Clear Lake	9,225,000	100.00%	9,225,000
Forest City	1,600,000	3.38%	54,061
Mason City	36,030,737	100.00%	36,030,737
Rudd-Rockford-Marble Rock	152,324	7.25%	11,038
Ventura	1,610,000	70.78%	1,139,540
West Fork	1,475,000	62.53%	922,277
Subtotal, School District debt			<u>47,723,486</u>
Other Districts:			
Clear Lake Sanitary District	\$ 4,260,000	100.00%	4,260,000
North Iowa Area Community College	1,155,000	36.05%	416,354
Subtotal, Other District debt			<u>4,676,354</u>
Total overlapping debt			<u>94,693,586</u>
Total direct and overlapping debt			<u>\$ 105,890,336</u>

Source: Cities and school districts within Cerro Gordo County

* The overlapping debt percentage is calculated by dividing the amount of valuation of each taxing jurisdiction that is partially or wholly within the County by the total valutaion of each taxing jurisdiction.

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	2003	2004	2005	2006
Debt Limit, 5% of Assessed Value	118,713,033	122,439,191	127,853,370	141,685,630
Total net debt applicable to limit	400,000	1,460,000	1,235,000	1,115,698
Legal Debt Margin	\$ 118,313,033	\$ 120,979,191	\$ 126,618,370	\$ 140,569,932
Total net debt applicable to the limit as a percentage of debt limit	0.34%	1.19%	0.97%	0.79%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2012

Net Assessed Value	\$	4,096,761,215
Debt Limit (5% of assessed value)		204,838,061
Debt applicable to limit:		
General obligation capital loan notes		11,055,000
LOS&ST Revenue Bonds		361,750
Capital leases		10,352
Total net debt applicable to limit		<u>11,427,102</u>
Legal debt margin	\$	<u><u>193,410,959</u></u>

2007	2008	2009	2010	2011	2012
162,396,162	167,274,316	178,275,045	184,784,677	197,192,614	204,838,061
13,450,393	12,489,621	12,667,623	11,989,355	11,447,419	11,427,102
<u>\$ 148,945,769</u>	<u>\$ 154,784,695</u>	<u>\$ 165,607,422</u>	<u>\$ 172,795,322</u>	<u>\$ 185,745,195</u>	<u>\$ 193,410,959</u>
8.28%	7.47%	7.11%	6.49%	5.81%	5.58%

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Farm Proprietors (2)	School Enrollment (3)	Unemployment Rate (4)
2002	45,339	\$ 1,265,315	\$ 27,910	776	7,475	4.10%
2003	45,118	1,298,375	28,749	752	7,444	4.20%
2004	45,029	1,393,010	31,514	746	7,183	4.60%
2005	44,836	1,431,405	31,879	748	6,962	4.70%
2006	44,384	1,484,822	32,628	742	6,974	3.90%
2007	44,016	1,524,128	33,623	738	6,661	4.50%
2008	43,740	1,620,279	37,043	627	6,564	5.43%
2009	44,239	1,640,574	37,084	620	6,526	6.70%
2010	44,107	1,692,205	38,366	621	6,411	6.90%
2011	43,938	1,811,347	41,225	620	6,359	6.40%

(1) U.S. Census Bureau.

(2) Bureau of Economic Analysis, U.S. Department of Commerce.

(3) School districts in Cerro Gordo County.

(4) Iowa Workforce Development

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

	2012			2003		
	Employees	Rank	Percent of Total County Employment	Employees (1)	Rank	Percent of Total County Employment (1)
Mercy Medical Center North Iowa	2,650	1	10.56%	-	1	-
Curries Graham	633	2	2.52%	-	2	-
Opportunity Village	610	3	2.43%	-	7	-
Hy-Vee Food Stores	578	4	2.30%	-	5	-
Mason City Community School District	555	5	2.21%	-	-	-
Principal Financial Group	490	6	1.95%	-	4	-
Wal-Mart Stores	361	7	1.44%	-	6	-
Good Shepherd Geriatrics Center	305	8	1.22%	-	10	-
City of Mason City	293	9	1.17%	-	-	-
Graham	260	10	1.04%	-	-	-
Staff Management	-	-	-	-	3	-
Woodharbor Doors and Cabinetry, Inc.	-	-	-	-	9	-
Cole Sewell Corporation	-	-	-	-	8	-
IMI Cornelius	-	-	-	-	-	-
Armour Food Co.	-	-	-	-	-	-
	<u>\$ 6,735</u>		<u>26.83%</u>	<u>\$ 0</u>		<u>0.00%</u>

Source: Number of Employees provided by Mason City Economic Development Corporation. Total Cerro Gordo County labor force provided by Iowa Workforce Development.

(1) Information not available.

CERRO GORDO COUNTY, IOWA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Public Safety and Legal Services:				
Sheriff	54.00	53.00	53.00	51.00
Attorney	11.00	11.00	11.00	10.00
Child Support Recovery	7.00	7.00	7.00	7.00
Physical Health and Social Services:				
Health Department	51.00	49.00	49.00	49.00
General Relief	1.25	1.25	1.35	1.35
Veteran Affairs	1.75	1.75	1.65	1.65
Mental Health:				
CPC	1.00	1.50	1.50	1.50
Case Management	7.00	7.00	9.00	10.00
County Environment and Education:				
Conservation	6.50	6.50	6.50	6.00
Planning and Zoning:	0.50	1.00	1.00	1.00
Roads and Transportation:				
Engineer	42.00	43.00	43.00	43.00
Roadsides	3.00	3.00	3.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	6.60	6.60	6.60	6.60
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	2.50	3.00	3.00	3.00
Administration:				
Board of Supervisors	3.00	3.50	3.50	3.50
Auditor	5.50	5.50	5.50	5.50
Treasurer, tax	2.40	2.40	2.40	2.40
MIS	7.00	6.00	7.00	7.00
Courthouse Maintenance	2.50	2.50	2.50	2.50
Safety	0.50	0.50	0.50	0.50
Personnel	0.50	0.50	0.50	0.50
Total	222	221	224	221

Source: County Records

Fiscal Year					
2007	2008	2009	2010	2011	2012
61.00	71.00	72.00	72.00	73.00	73.00
11.00	11.00	11.00	11.00	11.00	11.00
7.00	7.00	7.00	7.00	7.00	6.00
51.00	49.00	50.00	51.00	48.00	50.00
1.35	1.35	1.35	1.35	1.35	1.35
1.65	1.65	1.65	1.65	1.65	1.65
1.50	1.50	2.20	2.20	3.20	3.20
9.00	9.00	9.00	9.00	9.00	9.00
6.00	6.00	6.00	6.50	6.50	7.00
1.00	1.00	1.00	1.00	1.00	1.00
40.00	40.00	39.00	38.00	39.00	39.00
3.00	3.00	3.00	3.00	3.00	2.00
6.60	6.60	6.45	5.75	5.75	5.75
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.00	3.00	3.00	3.00	3.00
3.50	3.50	3.50	3.50	3.50	3.50
6.50	6.50	6.50	6.50	6.50	6.50
2.40	2.40	1.55	2.25	2.25	2.25
7.00	7.00	7.00	6.00	6.00	6.00
2.50	2.50	2.50	2.50	2.50	2.50
0.50	0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50	0.50
231	239	240	239	239	240

CERRO GORDO COUNTY, IOWA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	291	285	304	320
Number of Jail bookings	3,015	3,111	2,864	3,361
Civil Papers Served	5,541	5,593	4,972	4,304
Service Calls	6,667	7,098	5,419	5,568
Number of Arrests	521	530	412	434
Citations and Warnings issued	3,549	4,272	4,742	4,008
Attorney:				
Number Cases Filed:				
Felony	432	455	432	412
Indictable Misdemeanor	1,339	1,252	1,347	1,294
Juvenile	219	233	229	265
Physical Health and Social Services:				
Health Department:				
Number of Immunizations	5,393	6,578	3,834	5,036
Number of Nursing Clients	435	370	352	372
Number of Nursing Visits	5,503	5,864	5,844	5,854
Number of Home Care Aide Clients	341	259	238	222
Number Home Care Aide service hours	16,431	13,858	14,573	13,879
Number of Food Inspections	2,815	2,469	2,572	2,305
County Environment and Education:				
Conservation:				
Number of camper nights	4,753	4,285	4,715	3,800
Conservation programs presented	213	271	218	252
People attending programs	10,819	11,225	9,102	9,156
Planning and Zoning:				
Zoning Permits issued	135	145	126	122
Board of Adjustment cases	51	32	39	37
Roads and Transportation:				
Engineer: Miles maintained	945	965	970	970
Governmental Services to Residents:				
Treasurer: Titles issued	17,071	17,012	17,186	17,142
Recorder: Documents recorded	14,054	16,437	12,807	11,664
Auditor:				
Registered voters	31,350	31,290	33,239	32,171
Absentee ballots requested	7,032	3,064	9,505	1,992

Source: County Records

Fiscal Year					
2007	2008	2009	2010	2011	2012
338	343	394	495	1,149	673
3,652	3,497	3,542	3,431	2,998	3,130
4,289	4,068	4,911	4,743	4,647	4,627
5,519	5,151	7,953	8,634	8,876	7,554
1,005	344	1,604	2,423	2,572	2,546
4,507	4,354	2,677	2,764	4,029	2,755
404	347	277	218	283	234
1,225	1,229	1,049	984	1,036	871
177	215	203	174	151	165
5,685	6,255	7,006	5,516	5,081	4,978
354	314	341	324	358	378
5,968	5,516	5,649	6,443	6,320	6,376
247	223	148	144	296	145
13,206	12,176	13,066	13,527	12,175	12,365
3,067	2,998	3,209	2,664	840	386
4,097	4,583	4,017	4,359	4,209	4,173
297	273	238	251	274	271
9,985	9,295	10,727	10,451	11,169	10,487
105	153	105	92	96	103
37	36	34	26	28	37
970	970	970	970	970	970
19,917	13,704	12,874	14,989	13,791	14,812
11,026	10,806	10,094	9,961	9,495	9,137
31,470	32,089	32,200	32,114	32,158	32,449
5,370	3,067	10,145	1,731	5,872	1,530

CERRO GORDO COUNTY, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	21	22	21	22
Physical Health and Social Services:				
Health Department:				
Number of vehicles	7	7	8	9
County Environment and Education:				
Conservation:				
Number of park areas	30	30	30	30
Total acres managed	3,024	3,024	3,024	3,024
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	21	21	22	23
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	2	32	29	59

Source: Various County Departments.

Note: Several programs do not have capital assets specific to their area and have been eliminated from this schedule.

* Beginning in FY2009, tandem trucks and single axle trucks were classified as vehicles.

Fiscal Year					
2007	2008	2009	2010	2011	2012
24	26	26	26	28	28
8	8	9	9	9	9
30	30	31	31	31	31
3,024	3,024	3,284	3,284	3,284	3,284
15	15	15	15	15	15
23	23	44*	44*	44*	46*
6	6	6	6	6	6
59	59	59	59	59	59

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FINANCIAL INFORMATION REQUIRED

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUNDS Years Ended June 30,

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Property and Other County Tax	\$ 16,630,974	16,151,502	15,746,255	15,367,915
Interest and Penalty on Property Tax	163,122	161,757	174,381	166,230
Intergovernmental	7,295,931	7,827,411	12,253,236	12,986,761
Licenses and Permits	125,044	126,934	413,794	397,960
Charges for Services	1,332,932	1,391,135	1,248,757	1,173,034
Use of Money and Property	283,542	277,433	311,405	439,098
Fines, Forfeitures, and Defaults	58,479	9,465	42,893	48,814
Miscellaneous	889,753	924,345	1,433,282	893,902
Total	\$ 26,779,777	26,869,982	31,624,003	31,473,714
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 7,500,849	7,095,863	6,826,705	6,769,038
Physical Health and Social Services	4,639,871	5,095,095	4,656,497	5,150,211
Mental Health	3,793,476	676,241	5,941,119	5,802,641
County Environment and Education	1,233,631	1,181,451	1,302,316	1,661,836
Roads and Transportation	5,066,973	4,963,655	5,340,158	5,079,324
Governmental Services to Residents	1,052,040	988,933	970,387	939,846
Administrative Services	2,485,101	2,355,944	2,886,708	2,187,056
Non-program	84,682	114,044	167,932	276,787
Debt Service	10,412,411	3,060,946	1,379,120	1,493,018
Capital Projects	1,769,644	2,628,619	3,022,467	1,224,944
Total	\$ 38,038,678	28,160,791	32,493,409	30,584,701

See Accompanying Independent Auditors' Report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
15,308,353	14,782,265	13,118,367	11,061,423	10,570,374	10,152,625
146,433	130,746	139,522	126,247	118,275	110,045
10,584,094	11,356,056	11,191,640	12,701,807	9,722,154	9,214,984
414,152	327,967	324,776	297,721	270,476	255,666
1,155,633	1,132,140	1,205,710	1,228,309	1,292,565	1,537,166
902,907	1,246,172	637,056	374,870	228,181	274,923
25,305	31,316	61,612	-	-	-
896,588	835,815	1,141,934	950,043	1,215,451	863,485
29,433,465	29,842,477	27,820,617	26,740,420	23,417,476	22,408,894
6,229,452	5,565,965	4,808,056	4,541,026	4,251,143	4,222,779
4,866,227	4,725,534	4,251,999	4,006,819	3,913,976	3,615,357
6,366,901	5,861,602	5,611,348	5,209,344	5,198,915	5,003,304
1,631,652	1,112,434	1,203,407	880,494	921,991	855,482
4,972,994	4,513,467	5,111,457	4,885,745	4,551,633	4,496,519
928,523	830,775	827,433	803,724	742,415	729,694
2,466,608	2,157,767	1,872,576	1,841,707	1,902,524	1,719,801
50,342	72,906	169,026	354,230	207,694	296,741
1,515,657	1,595,718	673,630	462,012	78,738	265,192
6,858,012	7,893,520	3,299,760	5,027,808	2,281,067	1,605,101
35,886,368	34,329,688	27,828,692	28,012,909	24,050,096	22,809,970

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SINGLE AUDIT SECTION

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CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct:			
U.S. Department of Energy ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	RW0000180	\$181,634
U.S. Department of Health and Human Services Centers for Disease Control and Prevention Environmental Public Health and Emergency Response	93.070	1UE2EH000726-01	118,720
Total Direct			\$300,354
Indirect:			
U.S. Department of Agriculture Iowa Department of Human Services Human Services Administrative Reimbursements State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		44,628
U.S. Department of Housing and Urban Development Iowa Department of Economic Development Community Development Block Grant – State’s Program Jumpstart Disaster Recovery Housing Program Disaster Business Rental Assistance Program	14.228 14.228	08-DRH-202 08-DRB-208	1,738,352 41,665 <u>1,780,017</u>
U.S. Department of Justice Iowa Department of Justice Violence Against Women	16.588	VW-12-53	1,294
Iowa Office of Drug Control Policy ARRA – Byrne - Justice Assistance Grant	16.803	09JAG/ARRA-3344B	139,184
National Highway Traffic Safety Administration Iowa Department of Transportation Highway Planning and Construction	20.205		146,920
Iowa Department of Transportation Traffic Safety Bureau Alcohol Incentive Grant Intoxicated Persons Program	20.605	PAP 11-410,Task 13 PAP 12-410,Task 15	9,684
U.S. Department of Health and Human Services Iowa Department of Elder Affairs Retired Area Agency on Aging Special Programs for the Aging –Title III Part B – Medication Management Part D – Grants for Supportive Services & Senior Centers Part E – Homemaker	93.044 93.043 93.052		9,077 13,964 <u>20,644</u>

CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012 (Continued)

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Iowa Department of Public Health		5881BT317	
Public Health Emergency Preparedness & Response	93.069	5881BT17/5882BT17	35,439
Immunization Action Plan	93.268	5880I414/5882I414	25,148
Breast & Cervical Cancer Prevention	93.283	5880NB07/5882NB07	18,323
HIV Counseling, Testing & Referral & Hepatitis	93.940	5881AP04/5882AP04	6,779
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596		10,015
Foster Care Title IV-E	93.658		16,311
Adoption Assistance	93.659		4,773
Refugee	93.566		87
Medical Assistance Program	93.778		41,952
Children's Health Insurance Program	93.767		155
Social Services Block Grant	93.667		14,317
Child Care and Development Block Grant	93.575		88,530
U.S. Department of Homeland Security			
Iowa Homeland Security & Emergency Management Division			
Emergency Management Performance Grant	97.042		39,364
Homeland Security Grant Program	97.067	2008-GE-T8-2008	15,033
Homeland Security Grant Program	97.067	2009-SS-T9-0034	329,136
Homeland Security Grant Program	97.067	2010-SS-T00031	156,400
			500,569
Total Indirect			\$2,967,174
Total for County			\$3,178,998
Total for Empowerment			88,530
Grand Total			\$3,267,528

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

See Accompanying Independent Auditors' Report.

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Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 17, 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

The management of Cerro Gordo County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cerro Gordo 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 Cerro Gordo County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo 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 weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-12 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 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.

Cerro Gordo County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Cerro Gordo 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 Cerro Gordo County and other parties to whom Cerro Gordo 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 Cerro Gordo 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.

December 17, 2012

Gardner Thompson, P.C.



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

Compliance

We have audited Cerro Gordo County, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2012. Cerro Gordo County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of Cerro Gordo County's management. Our responsibility is to express an opinion on Cerro Gordo County's compliance based on our audit.

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

In our opinion Cerro Gordo County complied, in all material respects, with the requirements referred to above that could have a direct material effect on its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Cerro Gordo County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Cerro Gordo County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies as defined below.

A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

December 17, 2012

Garland Thompson, P.C.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Part I: Summary of the Independent Auditors' Results:

- a. Unqualified opinions were issued on the financial statements.
- b. Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- e. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- f. The major programs were as follows:
 - CFDA Number 14.228 – Jumpstart Disaster Recovery Housing Program and Disaster Business Rental Assistance Program and 97.067 – Homeland Security Grant Program.
- g. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- h. Cerro Gordo County did not qualify as a low-risk auditee.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-12 **Segregation of Duties**—During our review of internal control, 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.

Recommendation—We realize that with a limited number of office employees, segregation of duties is difficult. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned—We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy will be separated and spread among the County Official, Deputy and Clerks. We plan to implement these changes as soon as possible.

Conclusion—Response accepted.

II-B-12 **Financial Reporting**—During the audit, we identified a material amounts of accounts receivable not recorded on the County's financial statements. Adjustments were subsequently made by the County to properly include this amount in the financial statements.

Recommendation—The County should implement procedures to ensure all accounts receivable are identified and included in the County's financial statements.

Response and Corrective Action Planned—We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion—Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 **Certified Budget** – Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the Mental Health and Debt Service functions and disbursements in certain departments exceeded amounts appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

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

Conclusion – Response accepted.

IV-B-12 **Questionable Disbursements** – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-12 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-12 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
Tracie Siemers, Auditor’s Office		
Steve Siemers, Spouse	Snow Removal	\$ 662
Linda Weatherwax, Tracie’s Mother	Election Worker	431
Kenneth Kline, County Auditor		
Jason Kline, Son	Computer Services	1,854
Barb Sowder, Auditor’s Office		
Terri Gretillat, Sister	Election Worker	401
Robert Gretillat, Brother-in-Law	Election Equipment Transport	302

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Steve Siemers, Linda Weatherwax, Terri Gretillat and Robert Gretillat do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342 of the Code of Iowa, the transactions over \$1,500 during the year with Jason Kline do not appear to represent a conflict of interest because Kenneth Kline was not directly involved in acquiring these services.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

- IV-E-12 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.
- IV-F-12 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-12 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s Investment Policy were noted.
- IV-H-12 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-12 **Economic Development** – During the year ended June 30, 2012, the County paid \$170,100 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.
- IV-J-12 **Grant Activity** – The County complied with grant regulations; no violations were noted.
- IV-K-12 **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. Disbursements for the County Extension Office during the year ended June 30, 2012, did not exceed the amount budgeted.