



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

January 9, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Monona County, Iowa.

The County had local tax revenue of \$15,644,886 for the year ended June 30, 2012, which included \$664,368 in tax credits from the state. The County forwarded \$10,505,728 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,139,158 of the local tax revenue to finance County operations, a 2.4% increase over the prior year. Other revenues included charges for service of \$968,487, operating grants, contributions and restricted interest of \$4,570,267, capital grants, contributions and restricted interest of \$1,918,203, local option sales tax of \$354,148, unrestricted investment earnings of \$121,880 and other general revenues of \$310,385.

Expenses for County operations totaled \$11,462,693, a 10.6% increase over the prior year. Expenses included \$5,279,659 for roads and transportation, \$1,632,101 for public safety and legal services and \$1,129,271 for administration. The significant increase in expenses is primarily due to an increase in expenses for road maintenance and flood control.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1210-0067-B00F.pdf>.

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**MONONA COUNTY**

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

**JUNE 30, 2012**

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**Monona County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John McCall	Board of Supervisors	Jan 2013
James Jensen	Board of Supervisors	Jan 2015
Tim Jessen	Board of Supervisors	Jan 2015
Brooke Kuhlman	County Auditor	Jan 2013
Lawrence Framke	County Treasurer	Jan 2015
Tena L. Hinkel	County Recorder	Jan 2015
Jeffrey R. Pratt	County Sheriff	Jan 2013
Michael P. Jensen	County Attorney	Jan 2015
Tim Peters	County Assessor	Jan 2016

**Monona County**



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Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA  
Auditor of State

## Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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 Monona County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2013 on our consideration of Monona 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 14 and 44 through 48 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 which considers it to be an essential part of the 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary 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 Monona County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Monona 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 this information in conjunction with the County's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- The County's governmental activities revenues increased 13.2%, or approximately \$1,560,000, from fiscal year 2011 to fiscal year 2012. Property tax increased approximately \$122,000, operating grants, contributions and restricted interest increased approximately \$677,000 and capital grants, contributions and restricted interest increased approximately \$1,491,000.
- The County's governmental activities expenses increased 10.6%, or approximately \$1,095,000, from fiscal year 2011 to fiscal year 2012.
- The County's net assets increased 8.3%, or approximately \$1,920,000, from June 30, 2011 to June 30, 2012.

### 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 County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Monona County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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 which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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 most recent fiscal year. All changes in net assets are reported as soon as the 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 years.

The County's governmental activities are presented 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, governmental services to residents, administration, non-program activities and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds 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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Monona County's combined net assets increased from approximately \$23.2 million to approximately \$25.2 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

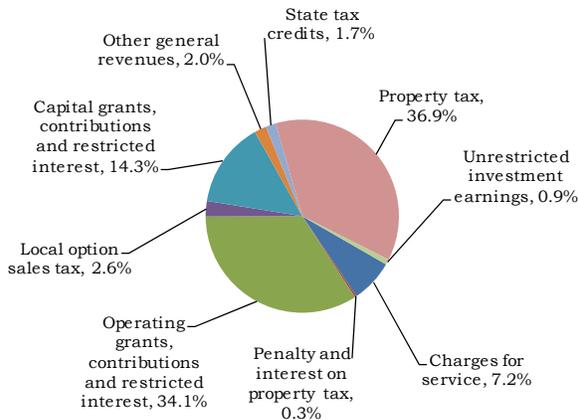
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2012	2011
Current and other assets	\$ 14,253	14,022
Capital assets	18,008	15,786
Total assets	<u>32,261</u>	<u>29,808</u>
Long-term liabilities	806	894
Other liabilities	6,286	5,665
Total liabilities	<u>7,092</u>	<u>6,559</u>
Net assets:		
Invested in capital assets, net of related debt	17,838	15,576
Restricted	6,096	6,099
Unrestricted	1,235	1,574
Total net assets	<u>\$ 25,169</u>	<u>23,249</u>

Net assets of Monona County's governmental activities increased approximately \$1,920,000, or 8.3%, compared to fiscal year 2011. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets decreased approximately \$3,000 from the prior year. 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 — are approximately \$1.24 million at June 30, 2012, a 21.5% decrease from the prior year.

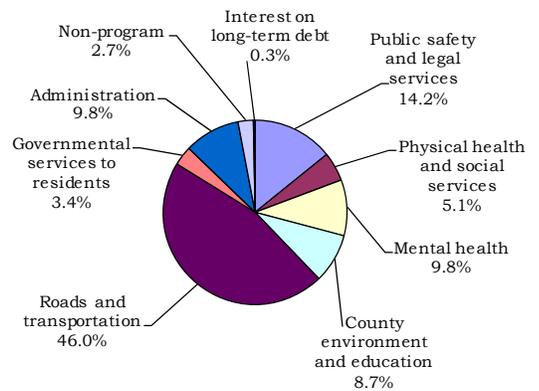
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 969	1,503
Operating grants, contributions and restricted interest	4,570	3,893
Capital grants, contributions and restricted interest	1,918	427
<b>General revenues:</b>		
Property tax	4,914	4,792
Penalty and interest on property tax	41	47
State tax credits	226	223
Local option sales tax	354	385
Unrestricted investment earnings	122	104
Gain on disposition of capital assets	-	98
Other general revenues	269	351
<b>Total revenues</b>	<b>13,383</b>	<b>11,823</b>
<b>Program expenses:</b>		
Public safety and legal services	1,632	1,494
Physical health and social services	584	695
Mental health	1,119	944
County environment and education	999	541
Roads and transportation	5,280	4,649
Governmental services to residents	386	349
Administration	1,129	1,320
Non-program	304	337
Interest on long-term debt	30	39
<b>Total expenses</b>	<b>11,463</b>	<b>10,368</b>
<b>Increase in net assets</b>	<b>1,920</b>	<b>1,455</b>
<b>Net assets beginning of year</b>	<b>23,249</b>	<b>21,794</b>
<b>Net assets end of year</b>	<b>\$ 25,169</b>	<b>23,249</b>

**Revenues by Source**



**Expenses by Function**



Revenues for governmental activities increased approximately \$1,560,000 over the prior year. The increase in property tax of approximately \$122,000, capital grants, contributions and restricted interest of \$1,491,000 and operating grants, contributions and restricted interest of \$677,000 was offset by decreases in charges for service and local option sales tax of approximately \$534,000 and \$31,000, respectively. The increase in capital grants, contributions and restricted interest is due primarily to an increase in capital contributions from the Iowa Department of Transportation for farm to market projects and federal money in the Secondary Roads Department from the Natural Resources Conservation Service for flood control. The increase in operating grants, contributions and restricted interest can be attributed to an increase in state support for mental health services provided by Monona County in fiscal year 2012 and increased intergovernmental revenues for the Secondary Roads Department for flooding.

The County decreased overall property tax rates .94% for fiscal year 2012. Taxable valuation increased 3.595%. This resulted in an increase in the County's property tax revenue of approximately \$122,000 in fiscal year 2012.

The cost of all governmental activities this year was approximately \$11.5 million compared to approximately \$10.4 million last year, an increase of approximately \$1.1 million, or 10.6%.

As shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was \$4,005,736 because some of the cost was paid by those directly benefited from the programs (\$968,487 this year compared to \$1,502,505 last year) or by other governments and organizations which subsidized certain programs with grants and contributions (\$6,488,470 this year compared to \$4,319,801 last year). The County paid for the remaining "public benefit" portion of governmental activities with property tax and other revenues, such as local option sales tax and interest.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Monona County completed the year, its governmental funds reported a combined fund balance of approximately \$6.6 million, a 1% decrease from last year's total of approximately \$6.7 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund ending fund balance decreased \$87,885, or 3.4%. Overall revenues decreased \$74,739, or 1.8%, while expenditures increased \$145,615, or 3.6%. Revenues decreased primarily due to less grant money received. The increase in expenditures is primarily due to increased administrative costs.

The County has continued to look for ways to effectively manage the cost of mental health services. The Special Revenue, Mental Health Fund fund balance at year end decreased \$51,108 from the prior year. State revenues increased \$322,838. Expenditures totaled \$1,119,019, an increase of 18.6%, or \$175,171, from the previous fiscal year.

The Special Revenue, Rural Services Fund balance decreased \$92,480, or 15.4%, from the prior year. Rural Services Fund revenues increased \$122,720, primarily due to a small increase in the rural services supplemental property tax levy. Rural Services Fund expenditures increased \$196,450, due primarily to an increase in uniformed patrol services expenditures and increased salary and benefits of staff.

The Special Revenue, Secondary Roads Fund balance increased \$227,969, or 6.5%, over the prior year. Revenues decreased \$314,461, or 6.8%, from the prior year. This decrease is primarily due to less insurance recoveries received for flood and tornado damage. In addition, for fiscal year 2012 the County reported insurance recoveries as another source rather than a revenue. Secondary Roads Fund expenditures increased \$601,444 over the prior year.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was approved on May 8, 2012 and resulted in an increase in budgeted disbursements of \$1,722,522. The amendment was made primarily to provide for additional disbursements for secondary roads and conservation administration.

The County's overall receipts were \$336,878 less than budgeted while disbursements were \$1,561,643 less than the amended budget. Intergovernmental receipts were \$555,212 less than budgeted. This variance is primarily due to the County inadvertently under budgeting for flood and tornado recoveries as intergovernmental receipts. Actual disbursements were less than budgeted in all functional areas, but most significantly for the roads and transportation and administration functions by \$413,088 and \$213,847, respectively. These variances were primarily due to capital improvements for bridge construction and general roadway costs due to the tornado and fuel costs being less than estimated and administration disbursements for risk management and other policy services, data processing and maintenance costs being less than anticipated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, Monona County had approximately \$18 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2,222,000, or 14.1%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 275	202
Construction in progress, road network	1,565	146
Construction in progress, other	416	76
Buildings and improvements	1,640	1,600
Equipment and vehicles	2,933	2,784
Infrastructure	11,179	10,978
Total	\$ 18,008	15,786

The County had depreciation expense of \$951,920 in fiscal year 2012 and total accumulated depreciation of \$10,089,559 at June 30, 2012.

More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

## Long-Term Debt

At June 30, 2012, Monona County had approximately \$602,000 of general obligation and other debt outstanding, compared to approximately \$683,000 at June 30, 2011, as follows:

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2012	2011
General obligation visitor center note	\$ 170	210
Drainage warrants	432	473
Total	\$ 602	683

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and fees charged for various County activities. These factors were considerations for the fiscal year 2013 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars).

	2013	2012	Percentage Change
	Dollars Certified	Dollars Certified	
General basic levy	\$ 1,895,601	\$ 1,735,691	9.21%
General supplemental levy	1,310,949	1,200,359	9.21%
Mental health levy	369,214	364,500	1.29%
Rural services basic levy	1,620,605	1,447,870	11.93%
Rural services supplemental levy	246,045	219,820	11.93%
Debt service levy	47,542	48,064	-1.09%
Total	\$ 5,489,956	5,016,304	9.44%

Continued state revenue cutbacks and health insurance increases for the past few years are driving any increases in property tax. No new services were added to the fiscal year 2013 budget. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2013 and fiscal year 2012 are as follows:

	2013	2012	Percentage Change
	General basic levy	\$ 3.50000	\$ 3.50000
General supplemental levy	2.42051	2.42051	0.00%
Mental health levy	0.68171	0.73501	-7.25%
Rural services basic levy	3.95000	3.95000	0.00%
Rural services supplemental levy	0.59970	0.59970	0.00%
Debt service levy	0.08653	0.09588	-9.75%
Total	\$ 11.23845	11.30110	-0.55%

Budgeted disbursements in the fiscal year 2013 budget are \$11,960,192, a 5.9% increase over the fiscal year 2012 original budgeted disbursements. The countywide taxable valuation increased approximately \$45.4 million. While Monona County has not added any major programs to the fiscal year 2013 budget, an increase is expected for roads and transportation and for buildings and equipment purchased and decreases are expected for public safety and legal services.

If these estimates are realized, the County's budgetary balance is expected to decrease \$455,836, or 10.2%, to \$4,017,901 by the close of fiscal year 2013.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monona County Auditor's Office, 101 Main Street, City of Onawa, Iowa 51040-1695 or by contacting the Monona County Auditor's Office at [mocoaud@longlines.com](mailto:mocoaud@longlines.com).

## **Basic Financial Statements**

**Exhibit A**

Monona County  
Statement of Net Assets  
June 30, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 5,872,809
Receivables:	
Property tax:	
Delinquent	4,476
Succeeding year	5,329,000
Accounts	88,981
Accrued interest	63,345
Drainage assessments	627,582
Due from other governments	1,104,899
Inventories	919,530
Prepaid expense	242,843
Capital assets (net of accumulated depreciation)	18,007,884
<b>Total assets</b>	<u>32,261,349</u>
<b>Liabilities</b>	
Accounts payable	353,705
Due to other governments	603,878
Deferred revenue:	
Succeeding year property tax	5,329,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note	41,000
Compensated absences	134,304
Portion due or payable after one year:	
General obligation note	129,000
Drainage warrants	432,099
Compensated absences	44,674
Net OPEB liability	24,895
<b>Total liabilities</b>	<u>7,092,555</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	17,837,884
Restricted for:	
Supplemental levy purposes	939,709
Rural services purposes	429,782
Secondary roads purposes	4,166,693
Debt service	521
Drainage warrants	284,046
Other purposes	275,277
Unrestricted	1,234,882
<b>Total net assets</b>	<u>\$ 25,168,794</u>

See notes to financial statements.

Monona County

Statement of Activities

Year ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Charges for Service	Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,632,101	130,090	920	-	(1,501,091)
Physical health and social services	583,613	99,232	280,276	-	(204,105)
Mental health	1,119,019	3,489	691,892	-	(423,638)
County environment and education	998,941	52,820	92,482	288,546	(565,093)
Roads and transportation	5,279,659	195,158	3,466,184	1,629,657	11,340
Governmental services to residents	386,391	189,981	-	-	(196,410)
Administration	1,129,271	142,857	11,248	-	(975,166)
Non-program	303,538	154,860	27,265	-	(121,413)
Interest on long-term debt	30,160	-	-	-	(30,160)
<b>Total</b>	<b>\$ 11,462,693</b>	<b>968,487</b>	<b>4,570,267</b>	<b>1,918,203</b>	<b>(4,005,736)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,866,689
Debt service					47,013
Penalty and interest on property tax					41,335
State tax credits					225,456
Local option sales tax					354,148
Unrestricted investment earnings					121,880
Insurance recoveries					252,408
Miscellaneous					16,642
<b>Total general revenues</b>					<b>5,925,571</b>
Change in net assets					1,919,835
Net assets beginning of year					23,248,959
Net assets end of year					<b>\$ 25,168,794</b>

See notes to financial statements.

Monona County  
Balance Sheet  
Governmental Funds

June 30, 2012

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 2,337,529	282,705	510,928
Receivables:			
Property tax:			
Delinquent	3,632	418	372
Succeeding year	3,111,000	358,000	1,814,000
Accounts	37,713	-	-
Accrued interest	14,256	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other funds	35,000	-	-
Due from other governments	74,625	41,721	-
Inventories	-	-	-
Prepaid expenditures	132,059	-	-
<b>Total assets</b>	<b>\$ 5,745,814</b>	<b>682,844</b>	<b>2,325,300</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 50,074	29,256	6,153
Due to other funds	-	-	-
Due to other governments	35,418	564,870	-
Deferred revenue:			
Succeeding year property tax	3,111,000	358,000	1,814,000
Other	45,067	418	372
Total liabilities	<b>3,241,559</b>	<b>952,544</b>	<b>1,820,525</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	132,059	-	-
Restricted for:			
Supplemental levy purposes	787,372	-	75,316
Rural services purposes	-	-	429,459
Secondary roads purposes	-	-	-
Drainage purposes	-	-	-
Conservation land acquisition/capital improvements	36,095	-	-
Debt service	-	-	-
Other purposes	8,193	-	-
Assigned for:			
Jail/correction services	49,057	-	-
Drug enforcement related purposes	30,036	-	-
Courthouse heating and cooling purposes	75,000	-	-
Soil and water conservation purposes	19,477	-	-
Unassigned	1,366,966	(269,700)	-
Total fund balances	<b>2,504,255</b>	<b>(269,700)</b>	<b>504,775</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,745,814</b>	<b>682,844</b>	<b>2,325,300</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,489,483	165,828	5,786,473
-	54	4,476
-	46,000	5,329,000
2,628	-	40,341
-	49,089	63,345
-	401,638	401,638
-	225,944	225,944
-	-	35,000
985,283	3,270	1,104,899
919,530	-	919,530
110,784	-	242,843
<u>4,507,708</u>	<u>891,823</u>	<u>14,153,489</u>
231,484	36,738	353,705
-	35,000	35,000
3,590	-	603,878
-	46,000	5,329,000
559,038	627,636	1,232,531
<u>794,112</u>	<u>745,374</u>	<u>7,554,114</u>
919,530	-	919,530
110,784	-	242,843
-	-	862,688
-	-	429,459
2,683,282	-	2,683,282
-	88,563	88,563
-	-	36,095
-	467	467
-	57,419	65,612
-	-	49,057
-	-	30,036
-	-	75,000
-	-	19,477
-	-	1,097,266
<u>3,713,596</u>	<u>146,449</u>	<u>6,599,375</u>
<u>4,507,708</u>	<u>891,823</u>	<u>14,153,489</u>

**Monona County**

Monona County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2012

**Total governmental fund balances (page 19)** \$ 6,599,375

***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 \$28,097,443 and the accumulated depreciation is \$10,089,559. 18,007,884

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 1,232,531

The Internal Service Fund is used by management to charge the costs of the County's employee group 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. 134,976

Long-term liabilities, including the general obligation note payable, drainage warrants payable, other postemployment benefits payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (805,972)

**Net assets of governmental activities (page 16)** \$ 25,168,794

See notes to financial statements.

Monona County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2012

	Special Revenue		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,871,006	356,405	1,638,489
Local option sales tax	-	-	-
Interest and penalty on property tax	41,335	-	-
Intergovernmental	741,500	711,506	68,622
Licenses and permits	14,095	-	-
Charges for service	259,552	-	-
Use of money and property	159,873	-	-
Miscellaneous	49,904	-	-
Total revenues	4,137,265	1,067,911	1,707,111
Expenditures:			
Operating:			
Public safety and legal services	1,472,127	-	187,338
Physical health and social services	588,532	-	-
Mental health	-	1,119,019	-
County environment and education	451,104	-	177,199
Roads and transportation	-	-	288,846
Governmental services to residents	381,353	-	3,585
Administration	1,335,272	-	-
Non-program	-	-	-
Debt service	-	-	-
Capital projects	12,421	-	-
Total expenditures	4,240,809	1,119,019	656,968
Excess (deficiency) of revenues over (under) expenditures	(103,544)	(51,108)	1,050,143
Other financing sources (uses):			
Operating transfers in	15,659	-	-
Operating transfers out	-	-	(1,142,623)
Drainage warrant proceeds	-	-	-
Sale of capital assets	-	-	-
Insurance proceeds	-	-	-
Total other financing sources (uses)	15,659	-	(1,142,623)
Change in fund balances	(87,885)	(51,108)	(92,480)
Fund balances beginning of year	2,592,140	(218,592)	597,255
Fund balances end of year	\$ 2,504,255	(269,700)	504,775

See notes to financial statements.

Secondary		
Roads	Nonmajor	Total
-	47,003	4,912,903
354,148	-	354,148
-	-	41,335
3,882,642	79,072	5,483,342
3,819	-	17,914
10	1,961	261,523
-	21,101	180,974
47,671	225,531	323,106
4,288,290	374,668	11,575,245
-	-	1,659,465
-	-	588,532
-	-	1,119,019
-	62,929	691,232
4,877,545	-	5,166,391
-	-	384,938
-	-	1,335,272
-	261,784	261,784
-	354,955	354,955
652,793	-	665,214
5,530,338	679,668	12,226,802
(1,242,048)	(305,000)	(651,557)
1,126,964	-	1,142,623
-	-	(1,142,623)
-	243,850	243,850
90,645	-	90,645
252,408	-	252,408
1,470,017	243,850	586,903
227,969	(61,150)	(64,654)
3,485,627	207,599	6,664,029
3,713,596	146,449	6,599,375

Monona County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2012

**Change in fund balances - Total governmental funds (page 23)** \$ (64,654)

**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 expense to allocate those expenditures over the life of the assets. Capital outlays and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,420,165	
Capital assets contributed by :		
Iowa Department of Transportation	1,564,721	
Iowa Natural Heritage Foundation and others	326,877	
Depreciation expense	(951,920)	2,359,843

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. (138,088)

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	799	
Other	(325,920)	(325,121)

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 repayments exceeded issuances, as follows:

Issued	(243,850)	
Repaid	324,795	80,945

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

Compensated absences	13,389	
Other postemployment benefits	(6,745)	6,644

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 266

**Change in net assets of governmental activities (page 17)** \$ 1,919,835

See notes to financial statements.

Monona County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2012

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 86,336
Accounts receivable	48,640
<b>Total assets</b>	134,976
<b>Liabilities</b>	
None	-
<b>Net Assets</b>	
Unrestricted	\$ 134,976

See notes to financial statements.

Monona County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 980,096
Reimbursements from employees and others	162,815
Total operating revenues	<u>1,142,911</u>
Operating expenses:	
Insurance premiums	1,142,684
Operating income	<u>227</u>
Non-operating revenues:	
Interest income	39
Net income	<u>266</u>
Net assets beginning of year	<u>134,710</u>
Net assets end of year	<u>\$ 134,976</u>

See notes to financial statements.

Monona County  
 Statement of Cash Flows  
 Proprietary Fund  
 Year ended June 30, 2012

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 936,815
Cash received from employees and others	157,456
Cash paid to suppliers for services	(1,142,684)
Net cash used by operating activities	(48,413)
Cash flows from investing activities:	
Interest on investments	39
Net decrease in cash and cash equivalents	(48,374)
Cash and cash equivalents beginning of year	134,710
Cash and cash equivalents end of year	\$ 86,336
 <b>Reconciliation of operating income to net cash</b>	
<b>used by operating activities:</b>	
Operating income	\$ 227
Adjustment to reconcile operating income to net cash	
used by operating activities:	
Increase in accounts receivable	(48,640)
Net cash used by operating activities	\$ (48,413)

See notes to financial statements.

Monona County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

**Assets**

## Cash and pooled investments:

County Treasurer	\$ 1,576,243
Other County officials	15,180

## Receivables:

Accounts	20,778
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## Property tax:

Delinquent	17,704
Succeeding year	10,085,000

Special assessments	94,954
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## Drainage assessments:

Current	103,696
Future	642,231

Due from other governments	14,024
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<b>Total assets</b>	<u>12,569,810</u>
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**Liabilities**

Accounts payable	4,176
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Due to other governments	12,547,928
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Trusts payable	8,352
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Compensated absences	9,354
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<b>Total liabilities</b>	<u>12,569,810</u>
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<b>Net assets</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2012

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

For financial reporting purposes, Monona 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 Monona 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.

Fifty-seven 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 Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona 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: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, WESCO Industries, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs 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 other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

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

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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.

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 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term 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-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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, have a maturity date no longer than three months.

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

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.

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

Special Assessments Receivable – Special assessments receivable represent the amount due from individuals for work done which benefits 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. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent 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 fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment and vehicles	2 - 20

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be

collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in 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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and 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.

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.

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

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, 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.

**(2) Cash, Cash Equivalents 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; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$619,978 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and uses of the County.

**(3) 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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 202,033	189,384	116,733	274,684
Construction in progress, road network	146,313	1,925,392	506,984	1,564,721
Construction in progress, other	76,472	347,321	7,968	415,825
Total capital assets not being depreciated	424,818	2,462,097	631,685	2,255,230
Capital assets being depreciated:				
Buildings	2,032,170	181,417	80,002	2,133,585
Improvements other than buildings	632,575	7,968	-	640,543
Equipment and vehicles	9,026,210	683,322	370,968	9,338,564
Infrastructure, road network	13,105,804	623,717	-	13,729,521
Total capital assets being depreciated	24,796,759	1,496,424	450,970	25,842,213
Less accumulated depreciation for:				
Buildings	675,781	78,067	29,214	724,634
Improvements other than buildings	389,517	19,477	-	408,994
Equipment and vehicles	6,241,613	432,401	268,595	6,405,419
Infrastructure, road network	2,128,537	421,975	-	2,550,512
Total accumulated depreciation	9,435,448	951,920	297,809	10,089,559
Total capital assets being depreciated, net	15,361,311	544,504	153,161	15,752,654
Governmental activities capital assets, net	\$15,786,129	3,006,601	784,846	18,007,884

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 53,963
County environment and education	33,386
Roads and transportation	761,243
Administration	103,328
Total depreciation expense - governmental activities	<u>\$ 951,920</u>

**(4) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Resource Enhancement and Protection	<u>\$ 35,000</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 35,418
Special Revenue:		
Mental Health	Services	564,870
Secondary Roads	Services	3,590
Total for governmental funds		<u>\$ 603,878</u>
Agency:		
County Offices	Collections	\$ 6,828
Agricultural Extension Education		159,127
County Assessor		532,529
Schools		7,165,417
Community Colleges		417,588
Corporations		1,909,786
Townships		213,440
Special Assessments		96,595
Auto License and Use Tax		238,716
Drainage Districts		1,655,697
Other		152,205
Total for agency funds		<u>\$ 12,547,928</u>

**(6) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 15,659
Special Revenue: Secondary Roads	Special Revenue: Rural Services	1,126,964
Total		<u>\$ 1,142,623</u>

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

**(7) Changes in Long-Term Liabilities**

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

	General Obligation Note	Drainage Warrants	Compen- sated Absences	Other Post- employment Benefits	Total
Balance beginning of year	\$ 210,000	473,044	192,367	18,150	893,561
Increases	-	243,850	180,769	16,968	441,587
Decreases	40,000	284,795	194,158	10,223	529,176
Balance end of year	<u>\$ 170,000</u>	<u>432,099</u>	<u>178,978</u>	<u>24,895</u>	<u>805,972</u>
Due within one year	\$ 41,000	-	134,304	-	175,304

General Obligation Note

On December 15, 2005, the County issued a \$400,000 general obligation note to evidence its obligation under a loan agreement entered into in a prior year for the purpose of providing funds to pay a portion of the cost of constructing, furnishing and equipping the Lewis and Clark Visitor Center. The proceeds of the general obligation note were used in December 2005 to redeem the outstanding loan. A summary of the County's June 30, 2012 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	4.20%	\$ 41,000	7,400	48,400
2014	4.30	42,000	5,678	47,678
2015	4.40	43,000	3,872	46,872
2016	4.50	44,000	1,980	45,980
Total		<u>\$ 170,000</u>	<u>18,930</u>	<u>188,930</u>

### Drainage Warrants

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

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

### **(8) 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 covered salary for the current year. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$303,233, \$271,896 and \$257,318, respectively, equal to the required contributions for each year.

### **(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 663 members from 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 and 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% 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 contributions to the Pool for the year ended June 30, 2012 were \$197,762.

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 on an individual-member basis.

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 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 such losses have occurred and the amount of such loss 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.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and 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 capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and a separate employee blanket bond in the amounts of \$1,000,000 and \$200,000, 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.

#### **(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical benefits for employees, retirees and their spouses. There are 86 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded health plan, is administered by Employee Benefits System (EBS). Retirees receive coverage for the same plan as when they were active. Retirees pay the full cost of the premium for the health benefits at the same rates which apply to active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 10,223
Interest on net OPEB obligation	996
Adjustment to annual required contribution	5,749
Annual OPEB cost	<u>16,968</u>
Contributions made	(10,223)
Increase in net OPEB obligation	<u>6,745</u>
Net OPEB obligation beginning of year	18,150
Net OPEB obligation end of year	<u><u>\$ 24,895</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$10,223 to the health plan. Plan members eligible for benefits contributed \$31,951, or 76% 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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 15,759	21%	\$ 12,442
2011	15,815	64	18,150
2012	16,968	60	24,895

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$107,436 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$107,436. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,664,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section

following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 5%. The health trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 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 Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the health plan are \$883 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(11) Deficit Fund Balance**

The Special Revenue, Mental Health Fund had a deficit fund balance of \$269,700 at June 30, 2012. The deficit balance will be eliminated upon receipt of funds.

**Required Supplementary Information**

Monona County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2012

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 5,294,756	-	5,294,756
Interest and penalty on property tax	41,496	-	41,496
Intergovernmental	5,602,584	24,157	5,578,427
Licenses and permits	21,171	-	21,171
Charges for service	270,933	-	270,933
Use of money and property	678,429	-	678,429
Miscellaneous	463,192	223,577	239,615
Total receipts	<u>12,372,561</u>	<u>247,734</u>	<u>12,124,827</u>
<b>Disbursements:</b>			
Public safety and legal services	1,633,200	-	1,633,200
Physical health and social services	600,590	-	600,590
Mental health	1,028,629	-	1,028,629
County environment and education	692,990	-	692,990
Roads and transportation	5,036,347	-	5,036,347
Governmental services to residents	382,851	-	382,851
Administration	1,294,965	-	1,294,965
Non-program	244,216	244,216	-
Debt service	354,589	305,549	49,040
Capital projects	733,200	-	733,200
Total disbursements	<u>12,001,577</u>	<u>549,765</u>	<u>11,451,812</u>
Excess (deficiency) of receipts over (under) disbursements	370,984	(302,031)	673,015
Other financing sources, net	243,850	243,850	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	614,834	(58,181)	673,015
Balance beginning of year	5,171,639	130,918	5,040,721
Balance end of year	<u>\$ 5,786,473</u>	<u>72,737</u>	<u>5,713,736</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
5,263,501	5,263,501	31,255
25,200	25,200	16,296
5,029,246	6,133,639	(555,212)
11,738	11,738	9,433
241,610	251,610	19,323
181,745	603,532	74,897
67,485	172,485	67,130
10,820,525	12,461,705	(336,878)
1,778,450	1,785,137	151,937
739,969	759,969	159,379
969,700	1,169,700	141,071
648,405	737,814	44,824
4,615,696	5,449,435	413,088
455,533	455,533	72,682
1,487,312	1,508,812	213,847
-	-	-
49,040	49,040	-
546,828	1,098,015	364,815
11,290,933	13,013,455	1,561,643
(470,408)	(551,750)	1,224,765
-	-	-
(470,408)	(551,750)	1,224,765
4,052,788	4,052,788	987,933
3,582,380	3,501,038	2,212,698

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Monona County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,372,561	(797,316)	11,575,245
Expenditures	12,001,577	225,225	12,226,802
Net	370,984	(1,022,541)	(651,557)
Other financing sources, net	243,850	343,053	586,903
Beginning fund balances	5,171,639	1,492,390	6,664,029
Ending fund balances	\$ 5,786,473	812,902	6,599,375

See accompanying independent auditor's report.

Monona County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,722,522. The 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 did not exceed the amounts budgeted by function.

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Monona County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

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Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 163	\$ 163	0.0%	\$ 3,592	4.5%
2011	Jul 1, 2009	-	175	175	0.0	3,657	4.8
2012	Jul 1, 2011	-	107	107	0.0	3,664	2.9

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Supplementary Information**

Monona County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2012

	Resource Enhancement and Protection	County Recorder's Records Management
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$ 44,005	35,433
Receivables:		
Property tax:		
Delinquent	-	-
Succeeding year	-	-
Accrued interest	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other governments	-	161
<b>Total assets</b>	<b>\$ 44,005</b>	<b>35,594</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ -	-
Due to other funds	35,000	-
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
Total liabilities	35,000	-
Fund balances:		
Restricted for:		
Drainage purposes	-	-
Debt service	-	-
Other purposes	9,005	35,594
Total fund balances	9,005	35,594
<b>Total liabilities and fund balances</b>	<b>\$ 44,005</b>	<b>35,594</b>

See accompanying independent auditor's report.

Special Revenue						
County						
Recorder's		Conservation	Drainage	Archer	Debt	
Electronic		Trust	Districts	Trust	Service	Total
Transaction Fee						
312		4,646	72,737	7,862	833	165,828
-		-	-	-	54	54
-		-	-	-	46,000	46,000
-		-	49,089	-	-	49,089
-		-	401,638	-	-	401,638
-		-	225,944	-	-	225,944
-		-	3,109	-	-	3,270
312		4,646	752,517	7,862	46,887	891,823
-		-	36,372	-	366	36,738
-		-	-	-	-	35,000
-		-	-	-	46,000	46,000
-		-	627,582	-	54	627,636
-		-	663,954	-	46,420	745,374
-		-	88,563	-	-	88,563
-		-	-	-	467	467
312		4,646	-	7,862	-	57,419
312		4,646	88,563	7,862	467	146,449
312		4,646	752,517	7,862	46,887	891,823

Monona County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2012

	Special Revenue		
	Resource Enhancement and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee
Revenues:			
Property tax	\$ -	-	-
Intergovernmental	49,697	-	-
Charges for service	-	1,961	-
Use of money and property	5	6	1
Miscellaneous	-	-	-
Total revenues	49,702	1,967	1
Expenditures:			
Operating:			
County environment and education	62,149	-	-
Non-program	-	-	-
Debt service	-	-	-
Total expenditures	62,149	-	-
Excess (deficiency) of revenues over (under) expenditures	(12,447)	1,967	1
Other financing sources:			
Drainage warrant proceeds	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(12,447)	1,967	1
Fund balances beginning of year	21,452	33,627	311
Fund balances end of year	\$ 9,005	35,594	312

See accompanying independent auditor's report.

Conservation Trust	Drainage Districts	Archer Trust	Debt Service	Total
-	-	-	47,003	47,003
-	27,266	-	2,109	79,072
-	-	-	-	1,961
-	21,089	-	-	21,101
1,955	223,576	-	-	225,531
1,955	271,931	-	49,112	374,668
780	-	-	-	62,929
-	261,784	-	-	261,784
-	305,549	-	49,406	354,955
780	567,333	-	49,406	679,668
1,175	(295,402)	-	(294)	(305,000)
-	243,850	-	-	243,850
1,175	(51,552)	-	(294)	(61,150)
3,471	140,115	7,862	761	207,599
4,646	88,563	7,862	467	146,449

Monona County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,944	175,657	91,355	5,111
Other County officials	15,180	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Property tax:					
Delinquent	-	183	425	9,062	477
Succeeding year	-	157,000	364,000	7,065,000	412,000
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 15,180</b>	<b>159,127</b>	<b>540,082</b>	<b>7,165,417</b>	<b>417,588</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	187	-	-
Due to other governments	6,828	159,127	532,529	7,165,417	417,588
Trusts payable	8,352	-	-	-	-
Compensated absences	-	-	7,366	-	-
<b>Total liabilities</b>	<b>\$ 15,180</b>	<b>159,127</b>	<b>540,082</b>	<b>7,165,417</b>	<b>417,588</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
28,269	2,402	1,641	238,716	899,625	131,523	1,576,243
-	-	-	-	-	-	15,180
-	-	-	-	-	20,778	20,778
7,517	38	-	-	-	2	17,704
1,874,000	211,000	-	-	-	2,000	10,085,000
-	-	94,954	-	-	-	94,954
-	-	-	-	103,696	-	103,696
-	-	-	-	642,231	-	642,231
-	-	-	-	14,024	-	14,024
1,909,786	213,440	96,595	238,716	1,659,576	154,303	12,569,810
-	-	-	-	3,879	110	4,176
1,909,786	213,440	96,595	238,716	1,655,697	152,205	12,547,928
-	-	-	-	-	-	8,352
-	-	-	-	-	1,988	9,354
1,909,786	213,440	96,595	238,716	1,659,576	154,303	12,569,810

Monona County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2012

	Agricultural		County Assessor	Schools	Community Colleges
	County Offices	Extension Education			
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 6,785	146,324	432,959	6,829,257	384,383
Additions:					
Property and other county tax	-	156,765	364,368	7,063,859	411,943
E911 surcharges	-	-	-	-	-
State tax credits	-	6,502	13,475	307,069	17,095
Electronic transaction fees	-	-	-	-	-
Office fees and collections	324,329	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	45,640	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	369,969	163,267	377,843	7,370,928	429,038
Deductions:					
Agency remittances:					
To other funds	193,614	-	-	-	-
To other governments	124,879	150,464	270,720	7,034,768	395,833
Trusts paid out	43,081	-	-	-	-
Total deductions	361,574	150,464	270,720	7,034,768	395,833
Balances end of year	\$ 15,180	159,127	540,082	7,165,417	417,588

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Drainage Districts	Other	Total
1,750,580	209,906	150,596	232,576	1,441,323	115,207	11,699,896
1,856,657	211,672	-	-	-	1,552	10,066,816
-	-	-	-	-	68,803	68,803
85,921	8,780	-	-	-	70	438,912
-	-	-	-	-	1,960	1,960
-	-	-	-	-	-	324,329
-	-	-	3,024,533	-	-	3,024,533
-	-	-	-	1,040,707	-	1,040,707
-	-	-	-	-	-	45,640
-	-	-	-	375,488	215,944	591,432
1,942,578	220,452	-	3,024,533	1,416,195	288,329	15,603,132
-	-	-	110,926	-	-	304,540
1,783,372	216,918	54,001	2,907,467	1,197,942	249,233	14,385,597
-	-	-	-	-	-	43,081
1,783,372	216,918	54,001	3,018,393	1,197,942	249,233	14,733,218
1,909,786	213,440	96,595	238,716	1,659,576	154,303	12,569,810

Monona County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2012	2011	2010
<b>Revenues:</b>			
Property and other county tax	\$ 4,912,903	4,791,180	4,441,028
Local option sales tax	354,148	384,895	298,021
Interest and penalty on property tax	41,335	48,625	47,540
Intergovernmental	5,483,342	4,995,389	5,205,958
Licenses and permits	17,914	23,441	19,089
Charges for service	261,523	268,682	270,522
Use of money and property	180,974	151,351	133,476
Miscellaneous	323,106	977,271	168,300
<b>Total</b>	<b>\$ 11,575,245</b>	<b>11,640,834</b>	<b>10,583,934</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,659,465	1,539,312	1,502,227
Physical health and social services	588,532	702,058	680,218
Mental health	1,119,019	943,848	950,776
County environment and education	691,232	579,980	510,339
Roads and transportation	5,166,391	4,671,066	4,961,380
Governmental services to residents	384,938	349,701	357,417
Administration	1,335,272	1,230,200	1,237,514
Non-program	261,784	289,628	526,954
Debt service	354,955	499,822	231,557
Capital projects	665,214	460,146	951,371
<b>Total</b>	<b>\$ 12,226,802</b>	<b>11,265,761</b>	<b>11,909,753</b>

See accompanying independent auditor's report.

Modified Accrual Basis						
2009	2008	2007	2006	2005	2004	2003
4,402,891	4,156,786	3,827,396	3,505,877	3,236,275	3,578,571	3,668,858
328,949	312,547	259,019	286,700	279,548	266,414	291,179
36,760	34,794	34,660	36,065	29,574	32,998	29,779
5,135,888	4,566,620	4,119,028	4,404,664	4,840,236	4,380,663	3,967,265
15,549	13,291	4,782	14,988	8,383	6,894	4,428
258,797	243,990	244,281	254,502	266,643	256,727	232,201
172,916	281,898	273,883	220,167	135,752	115,425	149,762
293,012	261,580	227,401	242,476	160,735	202,117	319,966
10,644,762	9,871,506	8,990,450	8,965,439	8,957,146	8,839,809	8,663,438
1,445,381	1,410,859	1,524,442	1,366,019	1,286,130	1,236,371	1,342,558
665,971	648,216	642,486	678,994	683,490	663,052	659,620
972,878	947,118	876,352	731,575	704,122	743,359	713,374
541,371	484,672	422,869	409,006	457,116	431,777	480,139
3,360,561	3,225,385	3,616,304	3,560,787	3,705,814	3,762,048	3,024,313
351,495	317,837	299,698	420,487	270,144	285,714	263,465
1,276,578	1,186,945	1,192,533	1,226,434	995,626	1,024,697	1,048,211
263,501	198,781	214,719	140,830	63,758	61,913	160,425
209,096	293,199	118,219	71,399	55,308	71,039	323,124
711,791	713,985	333,017	659,460	518,434	2,098,484	263,873
9,798,623	9,426,997	9,240,639	9,264,991	8,739,942	10,378,454	8,279,102

**Schedule 6**

## Monona County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 1,645
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		13,503
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO67(68)-8J-67	242,964
Highway Planning and Construction	20.205	ER-029-5(231)108-06-67	7,167
			<u>250,131</u>
National Highway Traffic Safety Administration:			
Iowa Department of Public Safety:			
Iowa Governors Safety Traffic Bureau:			
State and Community Highway Safety	20.600	Occupant Protection, PAP 12-03, Task 221	4,000
U.S. Environmental Protection Agency:			
American Lung Association:			
Unknown Title	66.xxx		750
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT67	3,605
Public Health Emergency Preparedness	93.069	5882BT67	16,070
			<u>19,675</u>
Immunization Cooperative Agreements	93.268	5882I492/5881I492	5,078
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance			
State Administered Program	93.566		24
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,016
Foster Care - Title IV-E	93.658		4,932
Adoption Assistance	93.659		1,438
Children's Health Insurance Program	93.767		47
Medical Assistance Program	93.778		12,684
Social Services Block Grant	93.667		4,317
Social Services Block Grant	93.667		41,721
			<u>46,038</u>

Monona County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2012

	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Health and Human Services:			
Shelby County Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5889MH08	17,827
Crawford County Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5889MH08	3,494
			<u>21,321</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	FEMA-1998-DR-IA	615,365
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	133-0667D-00	34,003
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	133-06680-00	4,959
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	DR-1763-0146-01	11,015
			<u>665,342</u>
Emergency Management Performance Grants	97.042	EMPG-11-PT-67	3,764
Emergency Management Performance Grants	97.042	EMPG-12-PT-67	14,714
			<u>18,478</u>
Total indirect			<u>1,066,457</u>
Total			<u>\$ 1,068,102</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Monona 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 auditor's report.

**Monona County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Mary Mosiman, CPA  
Auditor of State

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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 November 25, 2013. 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings 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 the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

A significant deficiency is a deficiency, or a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-C-12 through II-G-12 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monona 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 which are described in 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.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Monona 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2013

**Independent Auditor's 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**

**Monona County**



**OFFICE OF AUDITOR OF STATE**  
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Independent Auditor's 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 Monona County:

Compliance

We have audited Monona County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. Monona County's major federal program is 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 program is the responsibility of Monona County's management. Our responsibility is to express an opinion on Monona 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 Monona 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 Monona County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Monona 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 Monona 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 Monona 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 identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-12 to be a material weakness.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Monona County and other parties to whom Monona 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2013

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

**Part I: Summary of the Independent Auditor's 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) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of management and Budget Circular A-133, Section .510(1).
- (g) The major program was as follows:
  - CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Monona County did not qualify as a low-risk auditee.

Monona County  
 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 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. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts and disbursements. Also, responsibilities for maintaining detailed accounts receivable records are not segregated from those for collections and records postings. Also, the bank reconciliations are not reviewed by a person who is not responsible for receipts and disbursements.	Treasurer, Sheriff, Recorder, Conservation and County Extension
(2) An independent reconciliation of recorded receipts to the initial receipts listing is not performed.	Treasurer
(3) The person responsible for the detailed record keeping of investments is not independent of the custodian.	Treasurer
(4) Inventory and supplies receiving, accounting and custody responsibilities are not properly segregated.	Secondary Roads
(5) Tickets for camp facilities are not pre-numbered and reconciled with cash receipts	Conservation

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, officials should review the internal control activities of their offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by an independent person should be evidenced by the signature or initials of the reviewer and the date of the review.

Responses:

Treasurer - (1) Departments will rotate daily deposit procedures. (2) A random selection of recorded receipts will be selected daily to reconcile the recorded receipts to the initial listing. (3) Employees separate from those cash receipting will help with the reconciliation of investments.

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

Sheriff - The Sheriff's Office will make an effort to have those processing the mail be different from those who make deposits and pay claims. The Sheriff or his designees will initial deposits as to make sure amounts of monies received match those receipted into the account.

Recorder - We all three check the bank deposits and bank account.

Secondary Roads - The Secondary Roads Department does its best to segregate these responsibilities. However, limited staff prevents this from being adequately done.

County Extension - Staff separate duties of opening and approving bills. Two Council members sign checks and initial financial reports. For 2013, we will ensure our Chairperson signs financial statements and keeps on file. We will also have the Supervisor review all deposits and bank statements every month and sign off on them. We already have in place separate duties when it comes to opening and approving bills and have two Council members sign checks.

Conservation - (1) Currently, the Director and Ranger collect receipts and the Secretary prepares the deposit. The office will review procedures but with limited staff, it is difficult to properly segregate these duties. (2) This is almost impossible as tickets are constantly being destroyed by people burning them, writing on them or stealing them. This would be very difficult to track while these issues are still occurring at all parks across the County.

Conclusions:

Treasurer, Sheriff, County Extension and Conservation – Responses accepted.

Recorder and Secondary Roads – Responses acknowledged. The offices should utilize current personnel, including other officials and employees, to provide additional control over their accounts.

- II-B-12 Financial Reporting – During the audit, we identified material amounts of accounts payable not recorded in the County's financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables are identified and included in the County's financial reports.

Response – All accruals will be reviewed on a monthly basis by department heads to ensure we have assistance from each department in determining which claims need to be accrued. This will be done when expenditure reports are sent out in August and September to help catch any that were overlooked. We also are reviewing with Secondary Roads in more detail since they enter their own claims and can be easily overlooked.

Conclusion - Response accepted.

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

II-C-12 Inventory Reporting – During the audit, we identified gasohol not recorded in the County’s financial statements as inventory. Adjustments were subsequently made by the County to include these amounts in the financial statements. However, there were no controls in place to identify inventory was complete and accurate.

Recommendation – The County should implement procedures to ensure all inventory is identified, accurately counted and included in the County’s financial reports.

Response – Secondary Roads will implement procedures to ensure all inventory, including gasohol, is tracked more effectively and accurately.

Conclusion – Response accepted.

II-D-12 Computer Systems – The County has not developed a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT Administrator has been working with departments on creating an IT steering committee to work on things such as the Disaster Recovery Plan. Each department will be responsible to submit their office needs and the IT Administrator will then be able to put all the requirements together as a County wide policy.

Conclusion – Response accepted.

II-E-12 Credit Card Review – The County Attorney did not review the credit card statements monthly as required by the credit card policy. Also, staff are required to obtain prior departmental approval for purchases over \$250. This prior approval was not consistently documented.

Recommendation – The County should ensure credit card procedures are followed.

Response – The Credit Card Policy is in the process of being amended to include the procedures currently followed by Monona County Offices. Also, department heads will be reminded of the Procurement and Credit Card Policies annually to ensure they are reminded of the procedures required.

Conclusion – Response accepted.

II-F-12 Capital Assets – Detailed capital asset records are maintained. However, Board authorization is not consistently obtained prior to the purchase or disposal of equipment.

Recommendation – A system to obtain authorization prior to the purchase or disposal of equipment items should be developed. Procedures should ensure assets properly approved are added and deleted from the capital assets records.

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

Response – The County is in the process of adopting an Inventory Policy in regards to authorization required for asset additions and deletions. Currently, the Procurement Policy requires pre-approval for purchases over \$5,000, except for the Secondary Roads Department which has a higher pre-approval limit. This should cover the asset additions if all offices follow the Policy. However, if it is also included in a separate Inventory Policy, department heads will hopefully have a second reminder about large purchases which affect capital assets.

Conclusion – Response accepted.

- II-G-12 Infrastructure Useful Lives – The County’s capitalization policy states infrastructure should be depreciated over 30-50 years. Twenty of the 34 line items tested for infrastructure used estimated useful lives outside of this range, which resulted in incorrect depreciation expense.

Recommendation – The County should ensure depreciation expense calculations use correct estimated useful lives.

Response – The County is going to amend the current policy to expand the range of useful lives for certain items. Also, the County will remind departments to review and ensure the items are classified in accordance with the policy. The policy will also be updated periodically.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

**Pass-through Agency Number: FEMA 1998-DR-IA, 133-0667D-00, 133-06680-00, DR-1763-0146-01**

**Federal Award Year: 2012**

**U.S. Department of Homeland Security**

**Passed through the Iowa Department of Public Defense, Iowa Homeland Security and Emergency Management Division**

III-A-12 Segregation of Duties over Federal Revenues – The County Treasurer did not properly segregate collection, deposit preparation and reconciliation functions for cash receipts, including those relating to federal programs. See item II-A-12.

Monona County  
 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 did not exceed the amounts budgeted.

IV-B-12 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 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 – Business transactions between the County and County officials or employees are as follows:

Name, Title and Business Connection	Transaction Description	Amount
Doug Kuhlman, Conservation Director, Owner of Kuhlman Home Improvements	Repair and improvements, per bid	\$ 3,612

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the above transaction does not represent a conflict of interest since the amount per hour was competitively bid.

IV-E-12 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure 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 Chapters 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 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.

IV-J-12 Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$269,700 at June 30, 2012.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Monona County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

Response – The County Mental Health fund will be receiving transition funding to help eliminate the deficit fund balance in the Mental Health Fund. This will help pay outstanding bills and at least make a significant impact on the Mental Health Fund GAAP deficit.

Conclusion – Response accepted.

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Monona County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Ronald D. Swanson, CPA, Manager  
Patricia J. King, CPA, Senior Auditor II  
Daniel J. Mikels, Staff Auditor  
Laura E. Grinnell, Assistant Auditor  
Hannah K. Haas, Assistant Auditor  
Ryan J. Pithan, Auditor Intern

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State