

**Iowa Land Records
Johnston, Iowa**

FINANCIAL INFORMATION

December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Electronic Services System Coordinating Committee
Iowa Land Records
Johnston, Iowa

We have audited the accompanying schedules of net assets and activities of Iowa Land Records as of and for the years ended December 31, 2011 and 2010. These schedules are the responsibility of Iowa Land Records' management. Our responsibility is to express an opinion on these schedules based on our audits.

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

We have been informed that Iowa Land Records is governed by the County Electronic Services System, as executed within the meaning of Iowa Code Chapter 28E.

In our opinion, the schedules of net assets and activities referred to above present fairly, in all material respects, net assets and activities of Iowa Land Records as of and for the years ended December 31, 2011 and 2010, in accordance with the provisions of the agreement referred to above.

This report, a public record by law, is intended solely for the information and use of the Electronic Services System Coordinating Committee, management of Iowa Land Records, members of the Iowa County Recorders Association and other parties to whom they report. This report is not intended to be used and should not be used by anyone other than these specified parties.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2012 on our consideration of Iowa Land Records' internal control over financial reporting and on 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.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
June 24, 2012

**Iowa Land Records
SCHEDULES OF NET ASSETS**

	December 31	
ASSETS	2011	2010
CURRENT ASSETS		
Cash	\$ 259,540	\$ 183,540
Accounts receivable	<u>4,261</u>	<u>11,704</u>
Total current assets	<u>263,801</u>	<u>195,244</u>
CAPITAL ASSETS		
Computer equipment	280,541	228,458
Accumulated depreciation	<u>(167,687)</u>	<u>(109,813)</u>
Total capital assets	<u>112,854</u>	<u>118,645</u>
 Total assets	 <u>376,655</u>	 <u>313,889</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	9	498
Customer deposits	4,055	10,554
Current portion of capital lease payable	<u>—</u>	<u>27,167</u>
Total current liabilities	<u>4,064</u>	<u>38,219</u>
NET ASSETS		
Invested in capital assets, net of related debt	112,854	91,478
Unrestricted	<u>259,737</u>	<u>184,192</u>
 Net assets	 <u>\$ 372,591</u>	 <u>\$ 275,670</u>

See Notes to Schedules.

**Iowa Land Records
SCHEDULES OF ACTIVITIES**

	Year ended December 31	
	2011	2010
REVENUES		
Submitting fees	\$ 160,096	\$ 130,159
Recording fees	3,226,451	2,544,276
Local service maintenance fees	239,316	151,100
Credit card setup fees	1,234	3,300
Reimbursements from Fund 255	<u>414,776</u>	<u>317,858</u>
Total revenues	<u>4,041,873</u>	<u>3,146,693</u>
EXPENSES		
Payroll expense	293,916	264,459
Recording distributions	3,215,896	2,539,171
Local service maintenance distributions	273,222	117,092
Credit card setup distributions	798	12,387
Service charges	43,010	40,261
Depreciation	57,874	70,089
Project reimbursed expenses	<u>60,236</u>	<u>15,519</u>
Total expenses	<u>3,944,952</u>	<u>3,058,978</u>
INCREASE IN NET ASSETS	96,921	87,715
NET ASSETS , beginning of year	<u>275,670</u>	<u>187,955</u>
NET ASSETS , end of year	<u>\$ 372,591</u>	<u>\$ 275,670</u>

See Notes to Schedules.

**Iowa Land Records
NOTES TO SCHEDULES
December 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa Land Records (ILR) was formed as a result of legislation adopted by the Iowa General Assembly. ILR is managed under an agreement (County Electronic Services System 28E Agreement), as executed within the meaning of Iowa Code Chapter 28E, between Iowa's ninety-nine counties and Iowa County Records Association (ICRA). ILR was formed to facilitate the submitting of real estate and other legal documents electronically to Iowa County Recorders for official recording. The executed 28E agreement appoints ICRA with the authority to administer the operations of ILR.

Specified Unit

ILR is a specified unit of ICRA, as defined by AU Section 623 of the FASB Accounting Standards Codification.

Use of Estimates

The preparation of schedules requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Computer Equipment

Computer equipment is stated at cost. Depreciation is computed using accelerated methods over their estimated useful lives.

**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 Electronic Services System Coordinating Committee
Iowa Land Records
Johnston, Iowa

We have audited the schedules of net assets and activities of Iowa Land Records as of and for the year ended December 31, 2011, and have issued our report thereon dated June 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Iowa Land Records is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Iowa Land Records' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the schedules of net assets and activities, but not for the purpose of expressing an opinion on the effectiveness of Iowa Land Records' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Land Records' internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report, a public record by law, is intended solely for the information and use of the Electronic Services System Coordinating Committee, management of Iowa Land Records, members of the Iowa County Recorders Association and other parties to whom they report. This report is not intended to be and should not be used by anyone other than these specified parties.

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West Des Moines, Iowa
June 24, 2012