



CERRO GORDO COUNTY

IOWA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2012**

CERRO GORDO COUNTY, IOWA

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

Prepared by: Cerro Gordo County Auditor's Office

INTRODUCTORY SECTION

CERRO GORDO COUNTY, IOWA

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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2012

Board of Supervisors

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

Officers

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

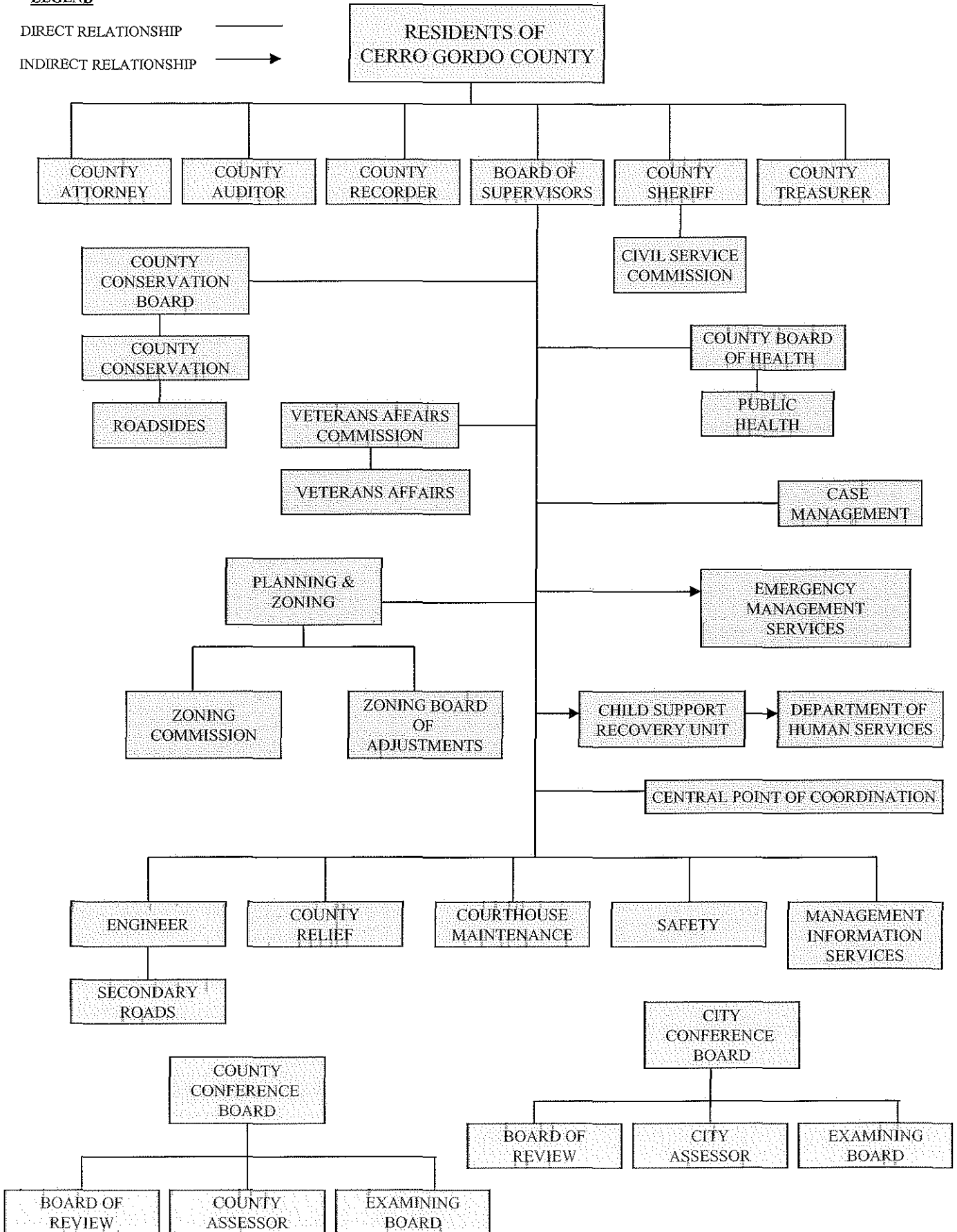
*Robert Zinnel retired effective August 31, 2012. Danielle Naumann was appointed effective November 19, 2012.

CERRO GORDO COUNTY ORGANIZATIONAL CHART

LEGEND

DIRECT RELATIONSHIP ———

INDIRECT RELATIONSHIP ———>



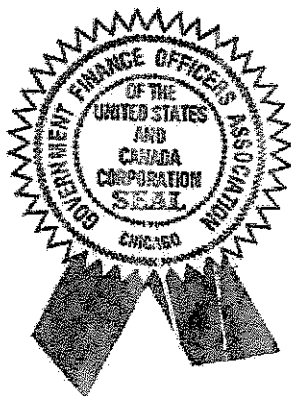
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cerro Gordo County
Iowa

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

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



Linda C. Danson

President

Jeffrey R. Egan

Executive Director



County Auditor Cerro Gordo County Courthouse

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

Mason City, IA 50401-3254

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

December 17, 2012

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

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

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

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

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

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

Profile of Cerro Gordo County

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

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

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

Local Economy

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

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

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

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

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

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

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

Major Initiatives

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

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

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

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

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

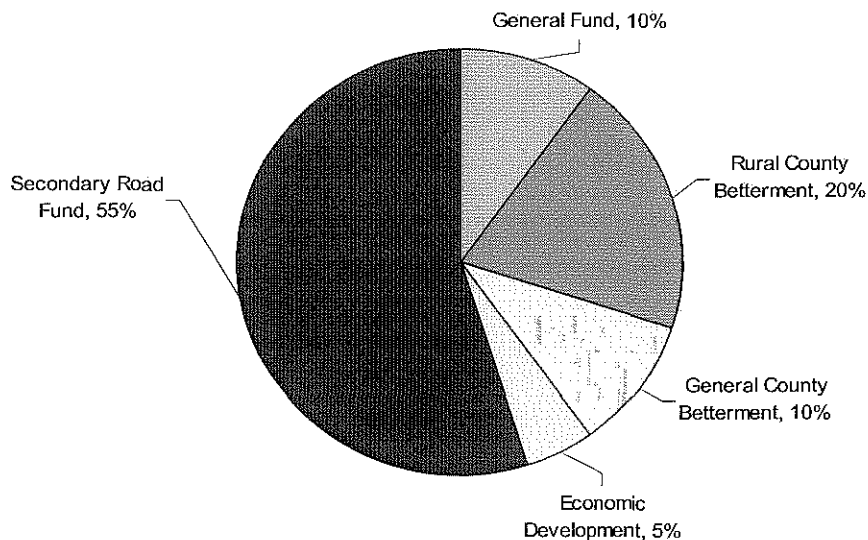
Finally, the County refinanced the \$9 million remaining jail bonds during the fiscal year, for an estimated interest savings of \$550,000.

Long-Term Financial Planning

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

Relevant Financial Policies

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



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

Awards and Acknowledgements

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

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

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

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

Respectfully submitted,



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

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FINANCIAL SECTION



Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

December 17, 2012

Gardiner Thomsen, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

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

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

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

Cerro Gordo County has three kinds of funds:

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

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

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

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

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

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

Notes to the Financial Statements

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

Supplemental Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Cerro Gordo County's Net Assets June 30, 2012

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

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

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

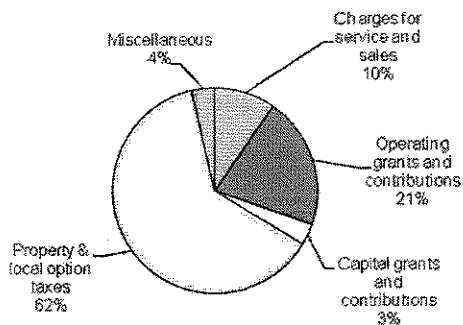
The County's net assets decreased by \$2,125,202 during the current fiscal year. The governmental-type activities decreased by \$2,055,275 and the business-type activities decreased \$69,927.

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

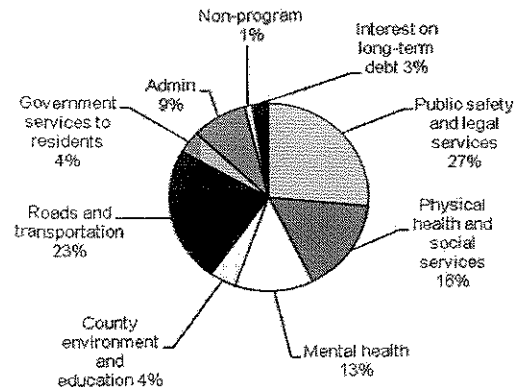
Cerro Gordo County's Changes in Net Assets June 30, 2012

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

Revenues by Type



Expenses by Program



Governmental Activities

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

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

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

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

Business-Type Activities

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

The County's Individual Major Funds

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

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

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

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

Budgetary Highlights

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

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

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

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

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

**Cerro Gordo County's Capital Assets
FYE 2012**

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

For governmental activities, Cerro Gordo County had depreciation expense of \$2,699,352 and total accumulated depreciation of \$32,185,949 for the year ended June 30, 2012. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$956,973 for the year end.

Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

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

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

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS

June 30, 2012

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

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES Year Ended June 30, 2012

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

GENERAL REVENUES:

Property and Other County Tax Levied For:

General Purposes

Debt Service

Penalty and Interest on Property Tax

State Tax Credits, Unrestricted

Local Option Sales and Service Tax

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year, as restated

Net Assets End of Year

See Notes to Financial Statements.

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

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2012

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

See Notes To Financial Statements.

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

CERRO GORDO COUNTY, IOWA

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

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

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$74,478,180 and the accumulated depreciation/amortization is \$32,185,949. 42,292,231

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

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

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

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

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

See Notes to Financial Statements

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CERRO GORDO COUNTY, IOWA

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

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

See Notes To Financial Statements

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

CERRO GORDO COUNTY, IOWA

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

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

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

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

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

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

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

| | | |
|--------------|-----------------|----------|
| Property tax | (194) | |
| Other | <u>(58,481)</u> | (58,675) |

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt repayments exceeded issuances as follows:

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

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

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

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

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

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

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

June 30, 2012

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

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

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

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

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2012

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

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

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

ASSETS

Cash and Pooled Investments:

| | |
|------------------------|-------------|
| County Treasurer | \$3,260,258 |
| Other County Officials | 290,860 |

Receivables:

Property Tax:

| | |
|-----------------|------------|
| Delinquent | 1,423 |
| Succeeding Year | 52,713,231 |

| | |
|----------|-------|
| Accounts | 7,445 |
|----------|-------|

| | |
|-------------|-----------|
| Assessments | 1,083,719 |
|-------------|-----------|

| | |
|----------------------------|---------|
| Due From Other Governments | 382,628 |
|----------------------------|---------|

| | |
|---------------------|---------------------|
| Total Assets | <u>\$57,739,564</u> |
|---------------------|---------------------|

LIABILITIES

| | |
|------------------|-----------|
| Accounts Payable | \$571,405 |
|------------------|-----------|

| | |
|-------------------------------|--------|
| Salaries and Benefits Payable | 19,639 |
|-------------------------------|--------|

| | |
|--------------------------|------------|
| Due To Other Governments | 56,707,645 |
|--------------------------|------------|

| | |
|----------------|---------|
| Trusts Payable | 426,176 |
|----------------|---------|

| | |
|----------------------|--------|
| Compensated Absences | 14,699 |
|----------------------|--------|

| | |
|--------------------------|---------------------|
| Total Liabilities | <u>\$57,739,564</u> |
|--------------------------|---------------------|

NET ASSETS

| |
|------------|
| <u>\$0</u> |
|------------|

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

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

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

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

One hundred and fifty-six drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cerro Gordo County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's Office.

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

B. BASIS OF PRESENTATION

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

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

Additionally, the County reports the following proprietary funds:

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

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

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

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

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

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

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

D. ASSETS, LIABILITIES AND FUND EQUITY

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law.

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|----------------------------------|---------------|
| Infrastructure | \$ 50,000 |
| Land, buildings and improvements | 25,000 |
| Intangibles | 75,000 |
| Equipment and vehicles | 5,000 |

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

| <u>Asset Class</u> | <u>Estimated Useful lives (In Years)</u> |
|-----------------------|--|
| Buildings | 40-50 |
| Building improvements | 20-50 |
| Infrastructure | 30-50 |
| Intangibles | 2-20 |
| Equipment | 2-20 |
| Vehicles | 3-10 |

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

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

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

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

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

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

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

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

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Unassigned – All amounts not included in other classifications.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

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

Note 2: Cash and Pooled Investments

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

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

Note 3: Due from and Due to Other Funds

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 4: Inter-fund Transfers

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 5: Capital Assets

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

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

Depreciation/amortization expense was charged to the following functions:

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 6: Due to Other Governments

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

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

Note 7: Changes in Long-Term Liabilities

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

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 8: Capital Lease Purchase Agreements / Installment Purchase Agreements

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

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

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

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

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

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

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

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

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

Note 10: Retirement Benefits

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

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

Note 11: Drainage Warrants/Drainage Improvement Certificates Payable

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 12: Sewer Revenue Capital Loan Notes

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

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

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

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

Note 13: Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of annual covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The County contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$958,435, \$834,867 and \$771,687 respectively, equal to the required contributions for each year.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 14: Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 255 active and 4 retired members in the plan. Employees must be age 55 or older at retirement. The medical/prescription drug benefit, which is a partially self-funded medical plan, is administered by Group Services. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. The plan does not issue a stand-alone report.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution of the County (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The table shows the components of the County's annual OPEB cost for June 30, 2012, the amount actually contributed to the plan and the changes in the County's net OPEB obligation:

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

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

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

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

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

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

As of the July 1, 2010 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

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

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

Note 15: Risk Management

Cerro Gordo County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

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

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 15: Risk Management (Continued)

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, (except for the Treasurer which is \$500,000) respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 16: Employee Health Insurance Plan

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

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

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

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

Note 17: Closure and Postclosure Care Costs

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 18: Related Party Transactions

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

Note 19: Commitments and Contingencies

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

Note 20: Early Childhood Iowa Area Board

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

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

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2012

Note 21: Accounting Change/Restatement

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

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

Note 22: Subsequent Events

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

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

Note 23: Construction Commitment

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

Required Supplementary Information

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

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

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2012

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted revenues and expenditures by \$1,104,232 and \$12,617,919 respectively. This budget amendment is reflected in the final budgeted amounts.

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

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

CERRO GORDO COUNTY, IOWA

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

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

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

See Accompanying Independent Auditors' Report.

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Other Supplementary Information

CERRO GORDO COUNTY, IOWA

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

REVENUES:

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

(Continued)

CERRO GORDO COUNTY, IOWA

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

EXPENDITURES:

Operating:

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

Excess of Revenues Over Expenditures 1,288,242

Other Financing Sources (Uses):

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

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

Fund Balance Beginning of Year 6,437,812

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

Public Safety and Legal Services:

Law Enforcement:

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

Legal Services:

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

Emergency Services:

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

Assistance to District Court System:

| | |
|-------------------------------|-------|
| Physical Operations | 1,872 |
| Research and Other Assistance | 250 |
| | <hr/> |
| | 2,122 |

Court Proceeding Program:

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

Juvenile Justice Administration:

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

Total Public Safety and Legal Services

\$7,312,564

(Continued)

CERRO GORDO COUNTY, IOWA

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

Physical Health and Social Services:

Services to the Poor:

Administration

\$295,769

General Welfare Services

8,257

304,026

Services to Military Veterans:

Administration

118,996

General Services to Veterans

22,327

141,323

Children's and Family Services:

Youth Guidance

155,187

Services to Other Adults:

Other Social Services

585,627

Chemical Dependency:

Treatment Services

30,258

Preventive Services

14,345

44,603

Total Physical Health and Social Services

\$1,230,766

County Environment and Education:

Conservation and Recreation Services:

Administration

\$423,803

Maintenance and Operations

164,395

588,198

Animal Control :

Animal Shelter

20,701

County Development:

Land Use and Building Controls

74,491

Economic Development

12,024

86,515

Total County Environment and Education

\$695,414

(Continued)

CERRO GORDO COUNTY, IOWA

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

Governmental Services to Residents:

Representation Services:

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

State Administrative Services:

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

Total Governmental Services to Residents

\$1,035,979

Administration:

Policy and Administration:

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

Central Services:

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

Risk Management Services:

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

Total Administration

\$2,443,867

Debt Service:

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

Total Expenditures

\$12,723,677

(Concluded)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

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

See Accompanying Independent Auditors' Report.

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

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

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

CERRO GORDO COUNTY, IOWA

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

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

(Concluded)

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – INTERNAL SERVICE FUNDS June 30, 2012

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS June 30, 2012

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

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

(Continued)

CERRO GORDO COUNTY, IOWA

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

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

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

(Concluded)

CERRO GORDO COUNTY, IOWA

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

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

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

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

(Continued)

CERRO GORDO COUNTY, IOWA

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

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

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

(Concluded)

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2012

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

CERRO GORDO COUNTY, IOWA

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

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

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

CERRO GORDO COUNTY, IOWA

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

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

STATISTICAL SECTION

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION

June 30, 2012

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

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

CERRO GORDO COUNTY, IOWA

NET ASSETS BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

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

Source: County Records

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

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

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

Source: County Records

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

(Continued)

CERRO GORDO COUNTY, IOWA

CHANGES IN NET ASSETS (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

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

Source: County Records

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

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

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

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

(Concluded)

CERRO GORDO COUNTY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

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

Source: County Records

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

CERRO GORDO COUNTY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

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

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

CERRO GORDO COUNTY, IOWA

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

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

Source: County Records

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

CERRO GORDO COUNTY, IOWA

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

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

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

Source: Cerro Gordo County Auditor's Office

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

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

(3) Per \$1,000 of value

Assessed Value and Actual Value of Taxable Property

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

Taxable Value of Property

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

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

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

(Unaudited)

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

Source: Cerro Gordo County Auditors Office

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

(Continued)

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)

Last Ten Fiscal Years

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

(Unaudited)

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

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

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

Source: Cerro Gordo County Auditors Office

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

(Concluded)

CERRO GORDO COUNTY, IOWA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

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

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

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

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

Total tax collections solely for Cerro Gordo County were:

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

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

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

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

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

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

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

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2012

(Unaudited)

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

Source: Cities and school districts within Cerro Gordo County

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

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

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

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2012

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

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

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

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

(1) U.S. Census Bureau.

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

(3) School districts in Cerro Gordo County.

(4) Iowa Workforce Development

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

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

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

(1) Information not available.

CERRO GORDO COUNTY, IOWA

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

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

Source: County Records

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

CERRO GORDO COUNTY, IOWA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

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

Source: County Records

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

CERRO GORDO COUNTY, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

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

Source: Various County Departments.

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

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

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

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FINANCIAL INFORMATION REQUIRED

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CERRO GORDO COUNTY, IOWA

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

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

See Accompanying Independent Auditors' Report.

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

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SINGLE AUDIT SECTION

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

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

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

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

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

See Accompanying Independent Auditors' Report.

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Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with U.S generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-12 to be a material weakness.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since

our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

December 17, 2012

Gardner Thompson, P.C.



Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies as defined below.

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

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

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

December 17, 2012

Garland Thompson, P.C.

CERRO GORDO COUNTY, IOWA

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

Part I: Summary of the Independent Auditors' Results:

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

CERRO GORDO COUNTY, IOWA

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-12 **Segregation of Duties**—During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

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

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

Conclusion—Response accepted.

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

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

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

Conclusion—Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

CERRO GORDO COUNTY, IOWA

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

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

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

Conclusion – Response accepted.

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

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

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

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

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

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

CERRO GORDO COUNTY, IOWA

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

- IV-E-12 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.
- IV-F-12 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-12 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's Investment Policy were noted.
- IV-H-12 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-12 **Economic Development** – During the year ended June 30, 2012, the County paid \$170,100 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.
- IV-J-12 **Grant Activity** – The County complied with grant regulations; no violations were noted.
- IV-K-12 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations. Disbursements for the County Extension Office during the year ended June 30, 2012, did not exceed the amount budgeted.