



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE June 29, 2004

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Auditor of State David A. Vaudt today released an audit report on Washington County, Iowa.

The County has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$21,991,244 for the year ended June 30, 2003, which included \$1,385,331 in tax credits from the state. The County forwarded \$16,139,370 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,851,874 of the local tax revenue to finance County operations, a 2 percent decrease from the prior year. Other revenues included charges for service of \$1,434,873, operating grants, contributions and restricted interest of \$4,483,100, capital grants, contributions and restricted interest of \$499,203, local option sales tax of \$351,225, unrestricted investment earnings of \$129,129 and other general revenues of \$495,095.

Expenses for County operations totaled \$11,737,277. Expenses included \$3,131,079 for roads and transportation, \$2,573,299 for public safety and legal services and \$1,794,909 for physical health and social services.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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WASHINGTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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Washington County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Jack Dillion (Appointed)	Board of Supervisors	Nov 2002
Larry DeLong	Board of Supervisors	Jan 2005
Robert L. Stout	Board of Supervisors	Jan 2005
Bill Fredrick (Appointed)	County Auditor	Nov 2002
Jeffrey A. Garrett	County Treasurer	Jan 2003
Connie Pence	County Recorder	Jan 2003
Yale H. Jarvis	County Sheriff	Jan 2005
Barbara A. Edmondson	County Attorney	Jan 2003
Lil Perry	County Assessor	Jan 2004
(After January 2003)		
Larry DeLong	Board of Supervisors	Jan 2005
Robert L. Stout	Board of Supervisors	Jan 2005
Jack Dillion	Board of Supervisors	Jan 2007
Bill Fredrick	County Auditor	Jan 2005
Jeffrey A. Garrett	County Treasurer	Jan 2007
Connie Pence	County Recorder	Jan 2007
Yale H. Jarvis	County Sheriff	Jan 2005
Barbara A. Edmondson	County Attorney	Jan 2007
Lil Perry	County Assessor	Jan 2004

Washington County



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Independent Auditor's Report

To the Officials of Washington County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of Washington County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 that our audit provides a reasonable basis for our opinions.

The County did not determine the amount of materials and supplies inventory pertaining to the Secondary Roads Fund, a major fund, at July 1, 2002, although required by U.S. generally accepted accounting principles. As a result, the net assets of the governmental activities and the fund balance of the Secondary Roads Fund are understated at the beginning of the year, the expenses of the governmental activities are understated and the increase in the reserve for inventories in the Secondary Roads Fund is overstated for the year ended June 30, 2003 by the same amount. These amounts are not reasonably determinable.

In our opinion, except for the effects of the omission of the materials and supplies inventory of the Secondary Roads Fund at July 1, 2002 on the governmental activities and the Secondary Roads Fund, as described above, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the government activities and the Secondary Roads Fund of Washington County for the year ended June 30, 2003 in conformity with U.S. generally accepted accounting principles.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Washington County as of June 30, 2003, and the respective changes in financial position of the General Fund, Mental Health Fund, Rural Services Fund, Debt Service Fund, Capital Projects Fund and aggregate remaining fund information thereof for the year ended June 30, 2003 in conformity with U.S. generally accepted accounting principles.

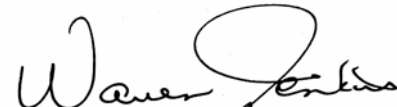
As described in Note 15 to the financial statements, during the year ended June 30, 2003, Washington County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated January 30, 2004 on our consideration of Washington County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed qualified opinions on those financial statements due to the omission of the general fixed assets account group and materials and supplies inventory, pertaining primarily to the Special Revenue Funds. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington 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, 2003. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Washington County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

2003 FINANCIAL HIGHLIGHTS

- ◆ Washington County governmental funds revenue increased \$723,292 from fiscal year 2002 (FY02). Property and other county tax increased approximately \$369,493 from FY02.
- ◆ Washington County governmental fund expenditures increased from \$11,851,178 in FY02 to \$13,898,797 in fiscal year 2003 (FY03).
- ◆ Washington County's net assets increased \$1,381,986 from FY02.
- ◆ Washington County began construction of a Conservation Education Center in FY03 that was substantially complete in June 2003.
- ◆ Washington County made the final principal payment of \$65,000 on the \$650,000 general obligation notes issued on June 1, 1993.

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 a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Washington County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Washington 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 Washington County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Internal Service and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information 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, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

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

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

2) Proprietary funds are used to report activities that provide supplies and services for its other programs and activities. The proprietary funds include Internal Service Funds that account for employee health insurance and flexible benefits.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include Agency Funds that account for the public safety commission, E911 services, emergency management services, and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Washington County's net assets at June 30, 2003 totaled \$34,241,165. This compares to \$32,859,179 at June 30, 2002, as restated. The analysis that follows focuses on the net assets of our governmental activities.

Net Assets of Governmental Activities	
	June 30, 2003
Current assets	\$ 11,150,513
Capital assets	29,815,466
Total assets	<u>40,965,979</u>
Long-term liabilities	298,384
Other liabilities	6,426,430
Total liabilities	<u>6,724,814</u>
Net assets:	
Invested in capital assets, net of related debt	29,517,082
Restricted	2,745,720
Unrestricted	<u>1,978,363</u>
Total net assets	<u><u>\$ 34,241,165</u></u>

Net assets of Washington County's governmental activities increased by \$1,381,986 from FY02. The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements—is \$1,978,363.

Changes in Net Assets of Governmental Activities

	Year ended June 30, 2003
Revenues:	
Program revenues:	
Charges for service	\$ 1,434,873
Operating grants, contributions and restricted interest	4,483,100
Capital grants, contributions and restricted interest	499,203
General revenues:	
Property tax	5,362,489
Penalty and interest on property tax	54,570
State tax credits	489,385
Local option sales tax	351,225
Unrestricted investment earnings	129,129
Other general revenues	315,289
Total revenues	13,119,263
 Program expenses:	
Public safety and legal services	2,573,299
Public health and social services	1,794,909
Mental health	1,526,795
County environment and education	540,623
Roads and transportation	3,131,079
Governmental services to residents	475,701
Administration	1,254,179
Non-program	422,449
Interest on long-term debt	18,243
Total expenses	11,737,277
 Increase in net assets	1,381,986
Net assets beginning of year, as restated	32,859,179
 Net assets end of year	\$ 34,241,165

Washington County decreased property tax rates by \$.60587 per \$1,000 of valuation in the rural levy and increased property tax rates by \$.43470 per \$1,000 of valuation in the countywide levy. These rates were multiplied by the decrease in rural taxable property valuation of \$2,378,570 and countywide taxable property valuation of \$6,119,262. Revenues from the State of Iowa in the form of Mental Health funding decreased by \$11,591 and local option sales tax increased by \$351,225 during the fiscal year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Washington County completed the year, its governmental funds reported a combined fund balance of \$4,738,772, which is less than the \$5,357,071 combined restated fund balance of FY02. The decrease is due mainly to budgeting to decrease fund balance rather than increasing taxes levied on property.

The General Fund, the operating fund for Washington County, ended FY03 with an ending balance of \$2,816,652, or 43% of FY03 expenditures. This was a decline from FY02's restated ending balance of \$3,141,210, or 54% of FY02 expenditures. Property valuation decreased from \$728,689,639 in FY02 to \$722,570,377 in FY03. The combined general basic and supplemental levy rates increased from \$5.07299 per \$1,000 of valuation in FY02 to \$5.40550 per \$1,000 of valuation in FY03.

The Mental Health Fund balance increased from \$394,463 at June 30, 2002 to \$518,258 at June 30, 2003. The mental health levy rate increased from \$.98622 per \$1,000 of valuation in FY02 to \$1.08106 per \$1,000 of valuation in FY03.

The Rural Services Fund balance increased from \$68,529 at June 30, 2002 to \$139,514 at June 30, 2003. The increase is due to the County receiving more local option sales tax than anticipated. The rural services levy rate decreased from \$3.33521 in FY02 to \$2.72934 in FY03.

The Secondary Roads Fund balance decreased from \$1,340,543, as restated, at June 30, 2002 to \$1,043,727 at June 30, 2003 due to additional roadway construction projects.

The Debt Service Fund ended FY03 with a \$16,456 balance compared to the prior year ending balance of \$19,584. A note issued in 1994 has been retired as of June 2003. The debt service levy rate increased from \$.07888 in FY02 to \$.08623 in FY03.

The Capital Projects Fund ended FY03 with a \$18,310 balance compared to the prior year ending balance of \$43,964. The boiler in the Public Health building was replaced and the warehouse roof was replaced.

BUDGETARY HIGHLIGHTS

Over the course of the year, Washington County amended its certified budget three times. The first amendment was made in October 2002 for the Secondary Roads Fund to budget for construction carried over from the prior year and for the General and Conservation Land Acquisition Funds for Conservation Education Center construction costs paid earlier than anticipated due to a grant requirement. The second amendment was made in December 2002 for the General, Law Enforcement County Sheriff and Capital Projects Funds for unanticipated expenses in the County Sheriff, County Recorder, Public Health and Environmental Health departments. The third amendment was made in May 2003 for the General, Law Enforcement County Attorney, Secondary Roads, FEMA Grant and Conservation Land Acquisition Funds for unanticipated expenses in the County Auditor, County Attorney, County Sheriff, Secondary Roads, Conservation, Public Health, Community Services and Non-departmental departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2003, Washington County had \$29,815,466 invested in a broad range of capital assets, including land, buildings, roads, bridges, computers and audio-visual equipment, transportation equipment and administrative offices. This is a net increase of \$1,710,271 from FY02. This year's major addition was the completion of the Conservation Education Center at a cost of approximately \$700,000. Washington County had depreciation expense of \$1,114,240 in FY03 and total accumulated depreciation of \$10,256,101 at June 30, 2003. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Debt

At June 30, 2003, Washington County had \$298,384 in general obligation notes outstanding compared to \$415,346 at June 30, 2002. Outstanding debt decreased as a result of the general obligation note payments on the general obligation and communication equipment notes. A note issued in 1994 has been retired as of June 2003. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Washington County's elected and appointed officials and citizens considered many factors when setting the 2004 budget, tax rates and fees that finance the various County services. One of those factors is the economy. Washington County's unemployment rate has increased by 0.2% this past year. Unemployment in Washington County now stands at 3.4% versus 3.2% a year ago, but still compares favorably with the State's unemployment rate of 4.5% and the national rate of 6.0% for the period ended June 30, 2003.

Inflation in the State continues to closely mirror the national Consumer Price Index increase. The State's CPI increase was 2.1% for fiscal year 2003 compared with the national rate of 2.1%. However, the State's modest financial condition and somewhat bleak revenue projections continue to be common knowledge.

In an ongoing effort to maintain County services without raising tax rates, the Washington County Board of Supervisors has been committed to limiting expenditure increases and to spend down fund balances in order to provide required services. Amounts available for appropriation from taxation for fiscal year 2004 are approximately \$5,623,164, a decrease of 0.9% from the \$5,672,213 for the fiscal year 2003 budget. Appropriations to satisfy budget needs for fiscal year 2004 are anticipated to be \$16,942,609, which in combination with necessary operating transfers out is projected to reduce the County's ending fund balances by approximately \$860,000. As a result of the settlement of the County Sheriff's union contract, increased wage adjustments for employees and an extra employee pay period occurring during the fiscal year will represent the largest portion of increased expenses. All of Washington County's elected officials and statutory deputies, as well as department heads and other salaried employees received modest pay increases. Washington County will also potentially realize a large increase in capital project expenditures in the Secondary Roads Department due to the transfer of jurisdiction of Old Highway 218 from the Iowa Department of Transportation to the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Washington County's finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington County Auditor's Office, 222 West Main Street, PO Box 889, Washington, Iowa 52353.

Basic Financial Statements

Washington County

Washington County
Statement of Net Assets
June 30, 2003

	Governmental Activities
Assets	
Cash and pooled investments	\$ 5,017,670
Receivables:	
Property tax:	
Delinquent	4,169
Succeeding year	5,538,000
Interest and penalty on property tax	118
Accounts	69,163
Accrued interest	864
Due from other governments	292,871
Inventories	184,460
Prepaid expense	43,198
Capital assets (net of accumulated depreciation)	29,815,466
	40,965,979
Liabilities:	
Accounts payable	307,061
Accrued interest payable	1,156
Salaries and benefits payable	215,597
Due to other governments	150,032
Deferred revenue:	
Succeeding year property tax	5,538,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	54,379
Compensated absences	171,558
Portion due or payable after one year:	
General obligation notes	244,005
Compensated absences	43,026
	6,724,814
Net Assets	
Invested in capital assets, net of related debt	29,517,082
Restricted for:	
Supplemental levy purposes	644,719
Mental health purposes	514,347
Secondary roads purposes	1,030,689
Debt service	15,300
Capital projects	18,310
Other purposes	522,355
Unrestricted	1,978,363
	\$ 34,241,165

See notes to financial statements.

Washington County
Statement of Activities
Year ended June 30, 2003

	Expenses	Charges for Service	Program Revenues Operating Grants, Contributions and Restricted Interest
Functions / Programs:			
Governmental activities:			
Public safety and legal services	\$ 2,573,299	134,715	333,477
Physical health and social services	1,794,909	391,986	746,807
Mental health	1,526,795	7,911	858,715
County environment and education	540,623	6,107	2,331
Roads and transportation	3,131,079	120,480	2,299,116
Governmental services to residents	475,701	334,832	8,365
Administration	1,254,179	178,126	48,611
Non-program	422,449	260,716	185,678
Interest on long-term debt	18,243	-	-
Total	\$ 11,737,277	1,434,873	4,483,100

General Revenues:

Property and other county tax levied for:

- General purposes
- Debt service

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Loss on disposal of capital assets

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year, as restated (note 15)

Net assets end of year

See notes to financial statements.

Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets
-	(2,105,107)
-	(656,116)
-	(660,169)
-	(532,185)
7,971	(703,512)
-	(132,504)
-	(1,027,442)
491,232	515,177
-	(18,243)
<u>499,203</u>	<u>(5,320,101)</u>

5,305,195
57,294
54,570
489,385
351,225
129,129
(125,236)
440,525
<u>6,702,087</u>
1,381,986
32,859,179
<u>\$ 34,241,165</u>

Washington County

Balance Sheet
Governmental Funds

June 30, 2003

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,889,318	650,334	109,314	873,019
Receivables:				
Property tax:				
Delinquent	3,169	606	394	-
Succeeding year	3,829,000	732,000	977,000	-
Interest and penalty on property tax	118	-	-	-
Accounts	56,198	350	-	11,822
Accrued interest	864	-	-	-
Due from other funds	326	-	-	2,249
Due from other governments	84,833	-	38,451	169,587
Inventories	-	-	-	184,460
Prepaid expense	43,198	-	-	-
Total assets	\$ 6,907,024	1,383,290	1,125,159	1,241,137
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 66,861	16,024	4,780	140,526
Salaries and benefits payable	151,847	3,689	3,475	56,586
Due to other funds	2,249	146	-	180
Due to other governments	37,331	112,583	-	118
Deferred revenue:				
Succeeding year property tax	3,829,000	732,000	977,000	-
Other	3,084	590	390	-
Total liabilities	4,090,372	865,032	985,645	197,410
Fund balances:				
Reserved for:				
Inventories	-	-	-	184,460
Prepaid expense	43,198	-	-	-
Supplemental levy purposes	644,719	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	2,128,735	-	-	-
Special revenue funds	-	518,258	139,514	859,267
Capital projects fund	-	-	-	-
Total fund balances	2,816,652	518,258	139,514	1,043,727
Total liabilities and fund balances	\$ 6,907,024	1,383,290	1,125,159	1,241,137

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
16,456	20,076	207,978	4,766,495
-	-	-	4,169
-	-	-	5,538,000
-	-	-	118
-	-	793	69,163
-	-	-	864
-	-	-	2,575
-	-	-	292,871
-	-	-	184,460
-	-	-	43,198
16,456	20,076	208,771	10,901,913
-	1,766	22,916	252,873
-	-	-	215,597
-	-	-	2,575
-	-	-	150,032
-	-	-	5,538,000
-	-	-	4,064
-	1,766	22,916	6,163,141
-	-	-	184,460
-	-	-	43,198
-	-	-	644,719
16,456	-	-	16,456
-	-	-	2,128,735
-	-	185,855	1,702,894
-	18,310	-	18,310
16,456	18,310	185,855	4,738,772
16,456	20,076	208,771	10,901,913

Washington County
Reconciliation of the Balance Sheet-
Governmental Funds to the Statement of Net Assets
June 30, 2003

Total governmental fund balances (page 9)	\$ 4,738,772
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$40,071,567 and the accumulated depreciation is \$10,256,101.	29,815,466
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,064
Internal Service Funds are used by management to charge the costs of 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.	196,987
Long-term liabilities, including bonds payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(514,124)</u>
Net assets of governmental activities (page 15)	<u><u>\$ 34,241,165</u></u>

See notes to financial statements.

Washington County

Washington County

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

Year ended June 30, 2003

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,687,304	737,433	1,500,194	-
Interest and penalty on property tax	54,570	-	-	-
Intergovernmental	1,841,182	903,264	66,132	2,307,086
Licenses and permits	51,197	-	-	635
Charges for service	588,065	5,411	-	3,499
Use of money and property	153,871	-	-	-
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	61,357	2,500	2,833	236,568
Total revenues	6,437,546	1,648,608	1,569,159	2,547,788
Expenditures:				
Operating:				
Public safety and legal services	2,643,483	-	5,580	-
Physical health and social services	1,821,474	-	81	-
Mental health	-	1,524,813	-	-
County environment and education	300,368	-	111,265	-
Roads and transportation	-	-	43,774	3,522,278
Governmental services to residents	477,571	-	2,436	-
Administration	1,133,910	-	-	-
Non-program	138,842	-	-	-
Debt service	3,000	-	-	-
Capital projects	-	-	-	963,758
Total expenditures	6,518,648	1,524,813	163,136	4,486,036
Excess (deficiency) of revenues over (under) expenditures	(81,102)	123,795	1,406,023	(1,938,248)
Other financing sources (uses):				
Sale of capital assets	7,970	-	-	-
Operating transfers in	-	-	2,013	1,458,985
Operating transfers out	(131,934)	-	(1,337,051)	(2,013)
Interfund loan for Marr Park Conservation Education Center	(129,782)	-	-	-
Total other financing sources (uses)	(253,746)	-	(1,335,038)	1,456,972
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(334,848)	123,795	70,985	(481,276)
Fund balances beginning of year, as restated	3,141,210	394,463	68,529	1,340,543
Increase in reserve for:				
Inventories	-	-	-	184,460
Prepaid expense	10,290	-	-	-
Fund balances end of year	\$ 2,816,652	518,258	139,514	1,043,727

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
60,061	-	-	5,984,992
-	-	-	54,570
3,613	-	328,959	5,450,236
-	-	1,962	53,794
-	-	20,101	617,076
619	12,180	16,758	183,428
-	-	8,106	8,106
68,254	-	354,064	725,576
132,547	12,180	729,950	13,077,778
-	-	9,058	2,658,121
-	-	3,717	1,825,272
-	-	-	1,524,813
-	-	-	411,633
-	-	-	3,566,052
-	-	-	480,007
-	-	-	1,133,910
-	-	188,438	327,280
135,675	-	-	138,675
-	37,834	831,442	1,833,034
135,675	37,834	1,032,655	13,898,797
(3,128)	(25,654)	(302,705)	(821,019)
-	-	-	7,970
-	-	10,000	1,470,998
-	-	-	(1,470,998)
-	-	129,782	-
-	-	139,782	7,970
(3,128)	(25,654)	(162,923)	(813,049)
19,584	43,964	348,778	5,357,071
-	-	-	184,460
-	-	-	10,290
16,456	18,310	185,855	4,738,772

Washington County

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

Year ended June 30, 2003

Net change in fund balances - Total governmental funds (page 23) \$ (813,049)

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

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

Expenditures for capital assets	\$ 2,957,717	
Depreciation expense	<u>(1,114,240)</u>	1,843,477

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (133,206)

Because some property tax 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. (94)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 116,962

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	(14,972)	
Interest on long-term debt	<u>469</u>	(14,503)

Prepaid expense and inventory in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenses in the period the corresponding net asset is exhausted. 194,750

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities. 187,649

Change in net assets of governmental funds (page 17) \$ 1,381,986

See notes to financial statements.

Washington County
Statement of Net Assets
Proprietary Funds
June 30, 2003

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 251,175
Liabilities	
Accounts payable	<u>54,188</u>
Net assets	
Unrestricted	<u><u>\$ 196,987</u></u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2003

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 847,353
Reimbursements from employees		121,790
Contributions for flexible benefits		<u>20,188</u>
Total operating revenues		989,331
Operating expenses:		
Medical claims	\$ 449,020	
Administrative fees	339,356	
Flexible benefits claims	<u>16,178</u>	<u>804,554</u>
Operating income		184,777
Non-operating revenues:		
Interest income		<u>2,872</u>
Net income		187,649
Net assets beginning of year		<u>9,338</u>
Net assets end of year		<u>\$ 196,987</u>

See notes to financial statements.

Washington County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2003

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 847,353
Cash received from employees and others	141,978
Cash paid to suppliers for services	(850,186)
Net cash provided by operating activities	139,145
Cash flows from investing activities:	
Interest on investments	2,872
Net increase in cash and cash equivalents	142,017
Cash and cash equivalents beginning of year	109,158
Cash and cash equivalents end of year	\$ 251,175
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 184,777
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(45,632)
Net cash provided by operating activities	\$ 139,145

See notes to financial statements

Washington County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,212,904
Other County officials	36,897
Receivables:	
Property tax:	
Delinquent	13,949
Succeeding year	15,264,000
Accounts	61,498
Special assessments	20,277
Due from other governments	20,910
Total assets	<u>16,630,435</u>

Liabilities

Accounts payable	\$ 46,876
Salaries and benefits payable	21,920
Due to other governments	16,507,785
Trusts payable	43,196
Compensated absences	10,658
Total liabilities	<u>16,630,435</u>

Net assets \$ -

See notes to financial statements.

Washington County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Washington 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 Washington County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Washington County Conservation Foundation (Foundation) has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Washington County Conservation Board. These donations are to be used to purchase items that are not included in the County's budget and to pay for the construction of the Conservation Education Center at Marr Park. The financial transactions of the Foundation have been displayed as a Nonmajor Special Revenue Fund.

Jointly Governed Organizations – The County also 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: County Assessor’s Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: East Central Iowa Council of Governments, Washington County Recycling Center, Heartland Group, South Iowa Case Management, Washington County Mini Bus and Southeast Multi-County Solid Waste Agency.

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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions 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 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 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 receipts 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 expenses, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

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

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 60 days after year end.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds is 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.

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

D. Assets, Liabilities and Fund Equity

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

Cash, 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. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1/2% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Buildings and improvements	20 - 50
Infrastructure	30 - 50
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 represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

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

Deferred 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.

Compensated Absences—County employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads 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, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$265,871 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 146
	Secondary Roads	180
Special Revenue:	General	2,249
Secondary Roads		<u>2,249</u>
Total		<u>\$ 2,575</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	General	\$ 121,934
Secondary Roads	Special Revenue:	
	Rural Services	1,337,051
Rural Services	Special Revenue:	
	Secondary Roads	2,013
Conservation Land Acquisition	General	10,000
Total		<u>\$ 1,470,998</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 545,172	35,000	-	580,172
Construction in progress	-	-	-	-
Total capital assets not being depreciated	545,172	35,000	-	580,172
Capital assets being depreciated:				
Buildings	4,947,680	708,443	-	5,656,123
Improvements other than buildings	-	-	-	-
Equipment and vehicles	5,429,851	801,517	(446,817)	5,784,551
Infrastructure, road network	26,637,964	1,412,757	-	28,050,721
Total capital assets being depreciated	37,015,495	2,922,717	(446,817)	39,491,395
Less accumulated depreciation for:				
Buildings	1,998,618	200,830	-	2,199,448
Improvements other than buildings	-	-	-	-
Equipment and vehicles	3,471,074	467,905	(313,611)	3,625,368
Infrastructure, road network	3,985,780	445,505	-	4,431,285
Total accumulated depreciation	9,455,472	1,114,240	(313,611)	10,256,101
Total capital assets being depreciated, net	27,560,023	1,808,477	(133,206)	29,235,294
Governmental activities capital assets, net	\$ 28,105,195	1,843,477	(133,206)	29,815,466

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 126,009
Physical health and social services	12,733
Mental health	-
County environment and education	4,278
Roads and transportation	712,443
Governmental services to residents	11,995
Administration	53,174
Non-program	193,608
Total depreciation expense - governmental activities	\$ 1,114,240

(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	\$ 37,331
Special Revenue:		
Mental Health	Services	112,583
Secondary Roads	Services	118
		<u>112,701</u>
Total for governmental funds		<u>\$ 150,032</u>
Agency:		
County Assessor	Collections	\$ 397,279
Schools		9,692,235
Community Colleges		516,877
Corporations		3,901,730
Auto License and Use Tax		344,453
Hospital Maintenance		704,624
Maternal Child Health		95,110
E911		330,812
Public Safety		85,789
All other		<u>438,876</u>
Total for agency funds		<u>\$ 16,507,785</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2003 is as follows:

	General Obligation Notes	Compen- sated Absences	Total
Balance beginning of year, as restated	\$ 415,346	199,612	614,958
Increases	-	245,198	245,198
Decreases	116,962	230,226	347,188
Balance end of year	<u>\$ 298,384</u>	<u>214,584</u>	<u>512,968</u>
Due within one year	<u>\$ 54,379</u>	<u>171,558</u>	<u>225,937</u>

Notes Payable

A summary of the County's June 30, 2003 general obligation note indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2004	4.65%	\$ 54,379	13,875	68,254
2005	4.65	56,907	11,347	68,254
2006	4.65	59,554	8,700	68,254
2007	4.65	62,323	5,931	68,254
2008	4.65	65,221	3,033	68,254
Total		\$ 298,384	42,886	341,270

On January 9, 2001, the County issued \$400,000 in general obligation communications equipment notes to pay a portion of the cost of acquiring communications equipment for the Washington County Public Safety Center. The notes bear interest at 4.65% per annum and mature on June 1, 2008. The Joint E-911 Service Board has agreed to repay Washington County from the E-911 telephone surcharge funds.

During the year ended June 30, 2003, the County retired \$116,962 of notes.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2003, 2002 and 2001 were \$252,273, \$236,806 and \$218,456, respectively, equal to the required contributions for each year.

(9) Risk Management

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

(10) Employee Health Insurance Plan

The Internal Service, Employee Group Health 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 is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Health Group Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$847,353.

Amounts payable from the Employee Group Health Fund at June 30, 2003 total \$54,188, 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 \$196,987 at June 30, 2003 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 99,820
Incurred claims (including reported claims not paid at June 30, 2003)	449,020
Payments on claims during the year	<u>(494,652)</u>
Unpaid claims end of year	<u><u>\$ 54,188</u></u>

(11) Pending Litigation

The County is a defendant in a lawsuit seeking unspecified damages. The probability and amount of loss, if any, is indeterminable.

(12) Contingent Liability

The Heartland Group is a public authority established under a 28E agreement between Jefferson, Keokuk, Lucas, Wapello and Washington counties. In March 1994, the Heartland Group issued \$800,000 in general obligation capital loan notes. Each of the five counties approved the issuance of \$160,000 in general obligation capital loan notes as a guarantee of the Heartland Group's issuance.

To date, Washington County has not issued any debt as a guarantor for the Heartland Group. However, the County remains contingently liable in the event the Heartland Group cannot satisfy its debt payments.

(13) County Hospital Revenue Bonds

On July 1, 1997, the County entered into a loan agreement and issued \$5,200,000 of Hospital Revenue Bonds for constructing, remodeling and expanding the Washington County Hospital. The bonds and related interest are payable solely out of the net earnings of the Washington County Hospital and do not constitute liabilities of the County.

(14) Jointly Governed Organization

Washington County participates in the Washington County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2003:

Additions:			
Contributions from governmental units:			
Washington County	\$	233,859	
City of Washington		155,296	
Reimbursement from Joint E-911 Service Board		68,254	
Miscellaneous		167	\$ 457,576
		<hr/>	
Deductions:			
Salaries		282,493	
Benefits		48,675	
Office supplies		1,655	
Uniforms		2,049	
Postage and mailing		354	
Travel		1,024	
Telephone and fax services		8,219	
Training		2,737	
Professional services		202	
Equipment maintenance		38,039	
Machinery and equipment		1,012	
Office equipment and furniture		1,312	
Distribution to Debt Service Fund		68,254	
Miscellaneous		475	456,500
		<hr/>	
Net			1,076
Balance beginning of year			<hr/> 115,642
Balance end of year			<hr/> <hr/> \$ 116,718

(15) Accounting Change and Restatement

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule–Perspective Differences, were implemented for the year ended June 30, 2003. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor special revenue funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting.

	<u>Total</u>
Net assets June 30, 2002, as previously reported	\$ 5,306,642
GASB Interpretation 6 adjustments	50,429
Net assets July 1, 2002, as restated for governmental funds	<u>5,357,071</u>
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$9,455,472	28,105,195
Internal Service Fund	9,338
Long-term liabilities	(616,583)
Deferral of long-term assets	4,158
	<u>4,986,108</u>
Net assets July 1, 2002, as restated	<u>\$ 32,859,179</u>

Required Supplementary Information

Washington County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances–
 Budget and Actual (Cash Basis)–All Governmental Funds
 Required Supplementary Information
 Year ended June 30, 2003

	Governmental Funds Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 5,947,248	-
Interest and penalty on property tax	55,183	-
Intergovernmental	5,486,525	-
Licenses and permits	55,222	-
Charges for service	664,332	-
Use of money and property	182,670	1,571
Miscellaneous	735,296	-
Total receipts	13,126,476	1,571
Disbursements:		
Public safety and legal services	2,657,156	-
Physical health and social services	1,812,620	-
Mental health	1,531,603	-
County environment and education	408,129	-
Roads and transportation	3,525,968	-
Governmental services to residents	478,988	-
Administration	1,135,758	-
Non-program	306,451	90,009
Debt service	138,675	-
Capital projects	2,039,691	-
Total disbursements	14,035,039	90,009
Excess (deficiency) of receipts over (under) disbursements	(908,563)	(88,438)
Other financing sources, net	7,970	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(900,593)	(88,438)
Balance beginning of year	5,673,941	95,291
Balance end of year	\$ 4,773,348	6,853

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
5,947,248	5,851,142	5,851,142	96,106
55,183	45,000	45,000	10,183
5,486,525	4,896,538	5,465,098	21,427
55,222	38,840	38,840	16,382
664,332	896,575	418,565	245,767
181,099	312,300	312,300	(131,201)
735,296	252,815	718,313	16,983
13,124,905	12,293,210	12,849,258	275,647
2,657,156	2,601,556	2,758,216	101,060
1,812,620	1,962,815	2,022,581	209,961
1,531,603	1,650,000	1,650,000	118,397
408,129	441,550	441,550	33,421
3,525,968	3,761,500	4,093,202	567,234
478,988	518,098	526,398	47,410
1,135,758	1,224,317	1,239,317	103,559
216,442	67,400	222,353	5,911
138,675	136,425	139,425	750
2,039,691	913,000	2,182,500	142,809
13,945,030	13,276,661	15,275,542	1,330,512
(820,125)	(983,451)	(2,426,284)	1,606,159
7,970	84,485	40,025	(32,055)
(812,155)	(898,966)	(2,386,259)	1,574,104
5,578,650	3,895,605	5,567,782	10,868
4,766,495	2,996,639	3,181,523	1,584,972

Washington County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2003

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,126,476	(48,698)	13,077,778
Expenditures	14,035,039	(136,242)	13,898,797
Net	(908,563)	87,544	(821,019)
Other financing sources (uses)	7,970	-	7,970
Beginning fund balances	5,673,941	(316,870)	5,357,071
Increase in reserve for:			
Inventories	-	184,460	184,460
Prepaid expense	-	10,290	10,290
Ending fund balances	\$ 4,773,348	(34,576)	4,738,772

See accompanying independent auditor's report.

Washington County

Notes to Required Supplementary Information–Budgetary Reporting

June 30, 2003

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,998,881. These budget amendments are 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, 2003, disbursements did not exceed the amounts budgeted and disbursements in departments did not exceed the amounts appropriated.

Washington County

Other Supplementary Information

Washington County
 Combining Balance Sheet
 Nonmajor Special Revenue Funds

June 30, 2003

	County Recorder's Records Management	Resource Enhance- ment and Protection	Law Enforcement County Attorney
Assets			
Cash and pooled investments	\$ 20,822	44,935	21,387
Accounts receivable	-	-	-
Total assets	\$ 20,822	44,935	21,387
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	-
Fund equity:			
Unreserved fund balance	20,822	44,935	21,387
Total liabilities and fund equity	\$ 20,822	44,935	21,387

See accompanying independent auditor's report.

Law Enforcement County Sheriff	Conservation Land Acquisition	Washington County Conservation Foundation	Total
211	113,770	6,853	207,978
-	793	-	793
211	114,563	6,853	208,771
-	22,916	-	22,916
211	91,647	6,853	185,855
211	114,563	6,853	208,771

Washington County

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

Year ended June 30, 2003

	County Recorder's Records Management	Resource Enhance- ment and Protection
Revenues:		
Intergovernmental	\$ -	242
Licenses and permits	-	-
Charges for service	7,010	-
Use of money and property	192	605
Fines, forfeitures and defaults	-	-
Miscellaneous	-	-
Total revenues	<u>7,202</u>	<u>847</u>
Expenditures:		
Operating:		
Public safety and legal services	-	-
Physical health and social services	-	-
Non-program	-	8,429
Capital projects	-	-
Total expenditures	<u>-</u>	<u>8,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,202</u>	<u>(7,582)</u>
Other financing sources (uses):		
Operating transfers in	-	-
Interfund loan proceeds	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,202	(7,582)
Fund balances beginning of year	<u>13,620</u>	<u>52,517</u>
Fund balances end of year	<u>\$ 20,822</u>	<u>44,935</u>

See accompanying independent auditor's report.

Law Enforcement County Attorney	Law Enforcement County Sheriff	Conservation Land Acquisition	Federal Emergency Management Assistance	Washington County Conservation Foundation	Total
-	-	325,000	3,717	-	328,959
-	-	1,962	-	-	1,962
-	-	13,091	-	-	20,101
-	-	14,390	-	1,571	16,758
-	8,106	-	-	-	8,106
-	-	354,064	-	-	354,064
-	8,106	708,507	3,717	1,571	729,950
978	8,080	-	-	-	9,058
-	-	-	3,717	-	3,717
-	-	90,000	-	90,009	188,438
-	-	831,442	-	-	831,442
978	8,080	921,442	3,717	90,009	1,032,655
(978)	26	(212,935)	-	(88,438)	(302,705)
-	-	10,000	-	-	10,000
-	-	129,782	-	-	129,782
-	-	139,782	-	-	139,782
(978)	26	(73,153)	-	(88,438)	(162,923)
22,365	185	164,800	-	95,291	348,778
21,387	211	91,647	-	6,853	185,855

Washington County

Washington County
Combining Schedule of Net Assets
Internal Service Funds

June 30, 2003

	Group Health	Flexible Benefits	Total
Assets			
Cash and pooled investments	\$ 247,165	4,010	251,175
Liabilities			
Accounts payable	54,188	-	54,188
Net assets			
Unrestricted	\$ 192,977	4,010	196,987

See accompanying independent auditor's report.

Schedule 4

Washington County

Combining Schedule of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds

Year ended June 30, 2003

	Group Health	Flexible Benefits	Total
Operating revenues:			
Reimbursements from operating funds	\$ 847,353	-	847,353
Reimbursements from employees	121,790	-	121,790
Contributions for flexible benefits	-	20,188	20,188
Total operating revenues	969,143	20,188	989,331
Operating expenses:			
Medical claims	449,020	-	449,020
Administrative fees	339,356	-	339,356
Flexible benefits claims	-	16,178	16,178
Total operating expenses	788,376	16,178	804,554
Operating income	180,767	4,010	184,777
Non-operating revenues:			
Interest income	2,872	-	2,872
Net income	183,639	4,010	187,649
Net assets beginning of year	9,338	-	9,338
Net assets end of year	\$ 192,977	4,010	196,987

See accompanying independent auditor's report.

Washington County
Combining Statement of Cash Flows
Internal Service Fund

Year ended June 30, 2003

	Group Health	Flexible Benefits	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 847,353	-	847,353
Cash received from employees and others	121,790	20,188	141,978
Cash paid to suppliers for services	(834,008)	(16,178)	(850,186)
Net cash provided by operating activities	135,135	4,010	139,145
Cash flows from investing activities:			
Interest on investments	2,872	-	2,872
Net increase in cash and cash equivalents	138,007	4,010	142,017
Cash and cash equivalents beginning of year	109,158	-	109,158
Cash and cash equivalents end of year	\$ 247,165	4,010	251,175
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 180,767	4,010	184,777
Adjustment to reconcile operating income to net cash provided by operating activities:			
(Decrease) in accounts payable	(45,632)	-	(45,632)
Net cash provided by operating activities	\$ 135,135	4,010	139,145

See accompanying independent auditor's report.

Washington County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	County Offices					Agricultural
	Board of Supervisors	County Auditor	County Recorder	County Sheriff	Public Health	Extension Education
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	-	-	-	-	2,044
Other County officials	14,347	467	9,491	8,473	4,119	-
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	97
Succeeding year	-	-	-	-	-	117,000
Accounts	-	-	2,431	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 14,347	467	11,922	8,473	4,119	119,141
Liabilities						
Liabilities:						
Accounts payable	\$ -	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-
Due to other governments	-	-	11,922	177	-	119,141
Trusts payable	14,347	467	-	8,296	4,119	-
Compensated absences	-	-	-	-	-	-
Total liabilities	\$ 14,347	467	11,922	8,473	4,119	119,141

County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
99,759	166,063	8,460	54,469	4,412	3,189	344,453	48
-	-	-	-	-	-	-	-
281	8,172	417	4,261	101	-	-	3
340,000	9,518,000	508,000	3,843,000	224,000	-	-	3,000
39	-	-	-	-	-	-	-
-	-	-	-	-	20,277	-	-
-	-	-	-	-	-	-	-
440,079	9,692,235	516,877	3,901,730	228,513	23,466	344,453	3,051
31,001	-	-	-	-	-	-	-
6,697	-	-	-	-	-	-	-
397,279	9,692,235	516,877	3,901,730	228,513	23,466	344,453	3,051
-	-	-	-	-	-	-	-
5,102	-	-	-	-	-	-	-
440,079	9,692,235	516,877	3,901,730	228,513	23,466	344,453	3,051

Washington County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	Hospital Maintenance	Fire Districts	Maternal Child Health	Emergency Management Services	Advance Tax
Assets					
Cash and pooled investments:					
County Treasurer	10,050	279	68,999	13,918	15,967
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	574	43	-	-	-
Succeeding year	694,000	17,000	-	-	-
Accounts	-	-	10,493	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	19,660	-	-
Total assets	704,624	17,322	99,152	13,918	15,967
Liabilities					
Liabilities:					
Accounts payable	-	-	1,414	352	-
Salaries and benefits payable	-	-	2,628	-	-
Due to other governments	704,624	17,322	95,110	13,566	-
Trusts payable	-	-	-	-	15,967
Compensated absences	-	-	-	-	-
Total liabilities	704,624	17,322	99,152	13,918	15,967

See accompanying independent auditor's report.

E-911	Regional Services	Public Safety	Drainage District	County			Empowerment Local/Board	Total
				Assessments	Drivers License			
282,395	6,646	116,718	2,986	609	100	11,340	1,212,904	
-	-	-	-	-	-	-	36,897	
-	-	-	-	-	-	-	13,949	
-	-	-	-	-	-	-	15,264,000	
48,417	118	-	-	-	-	-	61,498	
-	-	-	-	-	-	-	20,277	
-	1,250	-	-	-	-	-	20,910	
330,812	8,014	116,718	2,986	609	100	11,340	16,630,435	
-	1,331	12,778	-	-	-	-	46,876	
-	-	12,595	-	-	-	-	21,920	
330,812	6,683	85,789	2,986	609	100	11,340	16,507,785	
-	-	-	-	-	-	-	43,196	
-	-	5,556	-	-	-	-	10,658	
330,812	8,014	116,718	2,986	609	100	11,340	16,630,435	

Washington County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

	County Offices					Agricultural Extension Education
	Board of Supervisors	County Auditor	County Recorder	County Sheriff	Public Health	
Assets and Liabilities						
Balances beginning of year	\$ 13,816	462	18,254	15,395	3,550	116,792
Additions:						
Property and other county tax	-	-	-	-	-	117,268
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	6,958
State allocation	-	-	-	-	-	-
Drivers license fees	-	-	-	-	-	-
Office fees and collections	-	2,698	319,174	66,987	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Trusts	671	5	-	107,249	5,347	-
Miscellaneous	-	-	-	-	-	-
Total additions	671	2,703	319,174	174,236	5,347	124,226
Deductions:						
Agency remittances:						
To other funds	-	2,698	189,019	78,523	-	-
To other governments	-	-	136,487	748	-	121,877
Trusts paid out	140	-	-	101,887	4,778	-
Total deductions	140	2,698	325,506	181,158	4,778	121,877
Balances end of year	\$ 14,347	467	11,922	8,473	4,119	119,141

County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
447,723	9,476,594	486,658	3,706,930	228,624	2,686	331,791	3,053
341,220	9,537,842	510,136	3,794,877	227,558	-	-	2,731
-	-	-	-	-	-	-	-
19,993	567,566	28,798	223,955	13,104	-	-	165
4,539	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,393,550	-
-	-	-	-	-	47,713	-	-
-	-	-	-	-	-	-	-
1,108	-	-	-	-	-	-	-
366,860	10,105,408	538,934	4,018,832	240,662	47,713	4,393,550	2,896
8,479	-	-	-	-	-	168,295	-
366,025	9,889,767	508,715	3,824,032	240,773	26,933	4,212,593	2,898
-	-	-	-	-	-	-	-
374,504	9,889,767	508,715	3,824,032	240,773	26,933	4,380,888	2,898
440,079	9,692,235	516,877	3,901,730	228,513	23,466	344,453	3,051

Washington County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

Assets and Liabilities	Hospital Maintenance	Fire Districts	Maternal Child Health	Emergency Management Services	Advance Tax	E-911
Balances beginning of year	574,744	16,392	54,131	10,608	8,179	437,070
Additions:						
Property and other county tax	694,983	16,809	-	-	-	-
E911 surcharge	-	-	-	-	-	196,698
State tax credits	34,218	1,189	-	-	-	-
State allocation	-	-	-	-	-	-
Drivers license fees	-	-	-	-	-	-
Office fees and collections	-	-	165,796	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Trusts	-	-	-	-	7,788	-
Miscellaneous	-	-	-	13,593	-	5,510
Total additions	729,201	17,998	165,796	13,593	7,788	202,208
Deductions:						
Agency remittances:						
To other funds	-	-	-	-	-	-
To other governments	599,321	17,068	120,775	10,283	-	308,466
Trusts paid out	-	-	-	-	-	-
Total deductions	599,321	17,068	120,775	10,283	-	308,466
Balances end of year	704,624	17,322	99,152	13,918	15,967	330,812

See accompanying independent auditor's report.

Regional Services	Public Safety	Drainage Districts	County Assessments	Tax Sale Redemptions	Drivers Licenses	Empowerment Local/Board	Total
5,775	115,642	2,935	-	-	100	16,447	16,094,351
-	-	-	-	-	-	-	15,243,424
-	-	-	-	-	-	-	196,698
-	-	-	-	-	-	-	895,946
-	-	-	-	-	-	125,494	130,033
-	-	-	-	-	81,019	-	81,019
-	-	-	-	-	-	-	554,655
-	-	-	-	-	-	-	4,393,550
-	-	-	1,244	-	-	-	48,957
-	-	-	-	159,776	-	-	280,836
63,558	457,576	51	-	-	-	916	542,312
63,558	457,576	51	1,244	159,776	81,019	126,410	22,367,430
-	-	-	-	-	21,349	-	468,363
61,319	456,500	-	635	-	59,670	131,517	21,096,402
-	-	-	-	159,776	-	-	266,581
61,319	456,500	-	635	159,776	81,019	131,517	21,831,346
8,014	116,718	2,986	609	-	100	11,340	16,630,435

Schedule 8

Washington County

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

For the Last Four Years

	Modified Accrual Basis			
	2003	2002	2001	2000
Revenues:				
Property and other county tax	\$ 5,984,992	5,615,499	5,542,139	4,397,020
Interest and penalty on property tax	54,570	61,136	48,799	47,863
Intergovernmental	5,450,236	5,474,357	5,189,339	5,045,627
Licenses and permits	53,794	46,699	40,097	37,370
Charges for service	617,076	533,446	444,212	433,562
Use of money and property	183,428	309,182	549,223	284,635
Fines, forfeitures and defaults	8,106	2,465	11,339	2,793
Miscellaneous	725,576	311,702	180,510	135,947
Total revenues	\$ 13,077,778	12,354,486	12,005,658	10,384,817
	Modified Accrual Basis			
	2003	2002	2001	2000
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,658,121	2,340,040	2,311,759	2,006,692
Physical health and social services	1,825,272	1,716,620	1,596,445	1,361,236
Mental health	1,524,813	1,573,706	1,745,113	1,604,335
County environment and education	411,633	372,007	328,888	278,301
Roads and transportation	3,566,052	3,321,231	3,076,050	3,192,729
Governmental services to residents	480,007	441,334	458,178	402,906
Administration	1,133,910	1,041,540	997,963	955,311
Non-program	327,280	67,589	481,519	106,112
Debt service	138,675	138,835	73,645	76,611
Capital projects	1,833,034	838,276	710,471	1,106,836
Total expenditures	\$ 13,898,797	11,851,178	11,780,031	11,091,069

See accompanying independent auditor's report.

Washington County

Schedule 9

Washington County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice: Drug-Free Communities Support Program	16.729	2002-JN-FX-0041	\$ 56,880
Indirect:			
U.S. Department of Agriculture: Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		11,313
Federal Emergency Management Agency: United Way of America: Emergency Food and Shelter National Board Program	83.523	20-3042-00	3,417
U.S. Department of Education: Higher Plain Incorporated: Parental Assistance Centers	84.310		6,205
U.S. Department of Health and Human Services: Iowa Department of Human Services: Community-Based Family Resource and Support Temporary Assistance for Needy Families	93.590 93.558		4,000 11,365
Human Services Administrative Reimbursements: Temporary Assistance for Needy Families	93.558		16,699
Refugee and Entrant Assistance - State Administered Programs	93.566		49
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,217
Foster Care - Title IV-E	93.658		5,705
Adoption Assistance	93.659		1,882
Medical Assistance Program	93.778		16,300
Social Services Block Grant	93.667		10,996
Social Services Block Grant	93.667		80,316
			91,312
Iowa Department of Health: Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	5882NB21	12,920
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	5883NB23	37,680
			50,600

Washington County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Health:			
Johnson County Department of Public Health:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5882TB04	12,049
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5883TB04	900
			<u>12,949</u>
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5883LP23	4,538
Immunization Grants	93.268	5882I451	2,191
Immunization Grants	93.268	5883I451	3,529
			<u>5,720</u>
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	5883BT94	3,409
Maternal and Child Health Services Block Grant to the States	93.994	5883DH05	18,561
Maternal and Child Health Services Block Grant to the States(\$4,200 provided to subrecipients)	93.994	5882MC11	11,210
Maternal and Child Health Services Block Grant to the States(\$12,600 provided to subrecipients)	93.994	5883MC11	34,788
			<u>64,559</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 03-157, Task 167	3,500
Total indirect			<u>316,739</u>
Total			<u>\$ 373,619</u>

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

See accompanying independent auditor's report.

Washington County



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Washington County

We have audited the financial statements of Washington County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 30, 2004. A qualified opinion was issued on the financial statements due to the omission of material and supplies inventory pertaining to the Secondary Roads Fund at July 1, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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, 2003 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. Prior year statutory comments have been resolved except for item IV-G-03.

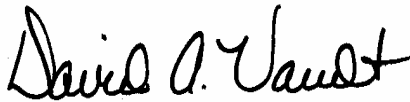
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Washington County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

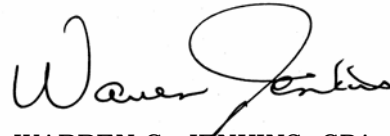
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. Prior year reportable conditions have not been resolved and are repeated as items II-A-03 and II-B-03.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 30, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Washington County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Washington County:

Compliance

We have audited the compliance of Washington County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Washington 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 grants applicable to each of its major federal programs is the responsibility of Washington County's management. Our responsibility is to express an opinion on Washington County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 provisions 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 Washington County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Washington County's compliance with those requirements.

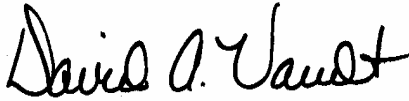
In our opinion, Washington County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

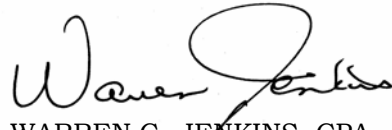
The management of Washington County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Washington County's internal 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 30, 2004

Washington County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements due to the omission of material and supplies inventory pertaining to the Secondary Roads Fund at July 1, 2002.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) 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).
- (g) Major programs were as follows:
 - CFDA Number 93.667–Social Services Block Grant
 - CFDA Number 93.919–Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs
 - CFDA Number 93.994–Maternal and Child Health Services Block Grant to the States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Washington County did not qualify as a low-risk auditee.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part II: Findings Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-03 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one individual in the County Sheriff's office records collections, accounts for cash receipts, prepares deposits and also reconciles.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the collection, deposit preparation, and reconciliation functions should be performed by an individual who does not record and account for cash receipts.

Response – Due to military call out, our civil office department head was gone from February 2003 to January 2004. During this time, we had only one full-time employee in the civil office (who has since left employment). The department head has returned and we'll be hiring another full time employee in the near future. Once this has happened, the two civil office employees will share records collection, accounting for cash receipts, deposit preparation and reconciliation functions, so that there is a double check system.

Conclusion – Response accepted.

II-B-03 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- ensuring only software licensed to the County is installed on computers.

Also, the County does not have a written disaster recovery plan and does not utilize a lock out function to prevent unauthorized access.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A written disaster recovery plan should be developed and a lock out function should be utilized to protect against unauthorized access.

Response – Passwords are changed periodically, users are not authorized to install unlicensed software on computers and disaster recovery is addressed in our maintenance agreement. A written policy will be developed to include these concerns. Also, the installation of a lockout function will be researched and possibly implemented.

Conclusion–Response accepted.

Washington County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were noted.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-03 Official Depositories—A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- IV-B-03 Certified Budget— Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted. Disbursements in the departments did not exceed the amounts appropriated.
- IV-C-03 Questionable Expenditures— No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-03 Travel Expense—No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-03 Business Transactions—No business transactions between the County and County officials or employees were noted.
- IV-F-03 Bond Coverage— Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-G-03 Board Minutes— No transactions were found that we believe should have been approved in the Board minutes but were not. However, minutes are required to be submitted for publication within seven days of a board meeting by Chapter 349.18 of the Code of Iowa. Certain minutes were not submitted for publication in a timely manner.

Recommendation— Minutes should be typed, signed and submitted for publication in a timely manner to ensure compliance with the Code of Iowa.

Response— Due to a substantial increase in Federal and State mandates directly impacting the County, the County Auditor's office has found itself involved with processes relating to implementation and compliance, creating the need to prioritize workloads to meet new deadlines. This involvement has been a factor in precluding the completion of Board minutes in a timely manner.

During the previous year, the County Auditor had appointed a member of his staff to assist with the completion of Board minutes, but this individual has since terminated their employment. It is the intention of the County Auditor to seek necessary funding for the hiring of a replacement staff person and to attempt to reprioritize his schedule.

Conclusion—Response accepted.

Washington County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-03 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-J-03 Code of Ordinances – The County has not compiled a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Recommendation – The County should compile a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Response – The County is presently in the process of assembling documents from the various departments in order to make necessary changes to existing ordinances. The County has also contracted with Iowa Codification, Inc. to do a comprehensive update of all existing code books to bring them up to compliance with legislative changes that have occurred since the County code was last adopted. Additionally, Iowa Codification will integrate into the County Code of Ordinances the six ordinances adopted since 1999.

Conclusion – Response accepted.

IV-K-03 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

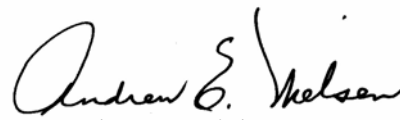
Disbursements during the year ended June 30, 2003 for the County Extension Office did not exceed the amount budgeted.

Washington County

Staff

This audit was performed by:

Joe Marturello, CIA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Richard C. Brown, Senior Auditor
Scott Boisen, Assistant Auditor
Jennifer R. Edgar, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State