



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 25, 2008

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$22,539,566 for the year ended June 30, 2007, which included \$913,245 in tax credits from the state. The County forwarded \$17,398,873 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,140,693 of the local tax revenue to finance County operations, a 5.5% increase over the prior year. Other revenues included charges for service of \$1,141,443, operating grants, contributions and restricted interest of \$4,207,943, capital grants, contributions and restricted interest of \$395,140, unrestricted investment earnings of \$361,208 and other general revenues of \$250,715.

Expenses for County operations totaled \$10,686,667, a 3 percent increase over the prior year. Expenses included \$4,224,670 for roads and transportation, \$1,866,362 for public safety and legal services and \$1,511,160 for mental health.

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

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POWESHIEK COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2007

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Poweshiek County

Officials

(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Law	Board of Supervisors	Jan 2007
Sandy Moffett	Board of Supervisors	Jan 2007
Doug Shutts	Board of Supervisors	Jan 2009
Jo Wray	County Auditor	(Resigned)
Lana Taylor	County Treasurer	Jan 2007
Beverly Malloy	County Recorder	Jan 2007
Thomas B. Sheets	County Sheriff	Jan 2009
Michael W. Mahaffey	County Attorney	Jan 2007
Margaret Hutchinson	County Assessor	Jan 2010

(After January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shutts	Board of Supervisors	Jan 2009
Ellie Snook	Board of Supervisors	Jan 2011
Lamoyne Gaard	Board of Supervisors	Jan 2011
Diana Dawley (Appointed)	County Auditor	Nov 2008
Lana Taylor	County Treasurer	Jan 2011
Beverly Malloy	County Recorder	Jan 2011
Thomas B. Sheets	County Sheriff	Jan 2009
Michael W. Mahaffey	County Attorney	Jan 2011
Margaret Hutchinson	County Assessor	Jan 2010

Poweshiek County



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Independent Auditor's Report

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Poweshiek County's management. Our responsibility is to express opinions on these financial statements based on our audit.

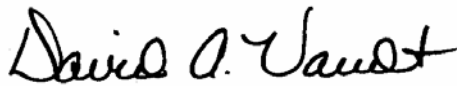
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2008 on our consideration of Poweshiek County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 44 through 46 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 required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poweshiek 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, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also 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, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 5 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

February 7, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Poweshiek 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, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

As discussed in Note 12 to the financial statements, the County restated the beginning balance to include certain capital assets, primarily bridges and culverts, previously excluded. To facilitate and enhance comparability in this discussion and analysis, fiscal year 2006 amounts have been revised to reflect the changes as if they had been made in the prior year.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 9.2%, or approximately \$965,000, from fiscal year 2006 to fiscal year 2007. Operating grants, contributions and restricted interest increased approximately \$430,000, charges for service increased approximately \$102,000 and property tax increased approximately \$251,000.
- Program expenses of the County's governmental activities increased 3%, or approximately \$314,000, from fiscal year 2006 to fiscal year 2007. Public safety and legal services expenses increased approximately \$65,000, physical health and social services expenses increased approximately \$65,000, mental health expenses decreased approximately \$55,000 and roads and transportation expenses decreased approximately \$230,000.
- The County's net assets, as restated, increased 5.3%, or approximately \$811,000, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Poweshiek 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 Poweshiek 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 Poweshiek County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, 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. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets of governmental activities.

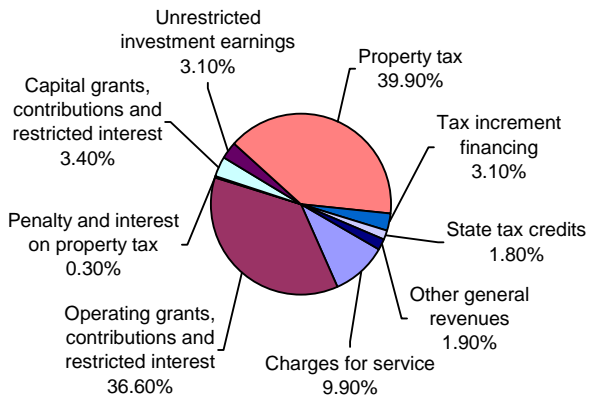
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2007	2006 (Restated)
Current and other assets	\$ 13,104	13,069
Capital assets	9,761	8,964
Total assets	<u>22,865</u>	<u>22,033</u>
Long-term liabilities	911	1,012
Other liabilities	5,872	5,750
Total liabilities	<u>6,783</u>	<u>6,762</u>
Net assets:		
Invested in capital assets, net of related debt	9,571	8,745
Restricted	3,872	4,236
Unrestricted	2,639	2,290
Total net assets	<u>\$ 16,082</u>	<u>15,271</u>

Net assets of Poweshiek County's governmental activities increased 5.3% (\$16 million compared to \$15.3 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from \$2,289,891 at June 30, 2006 to \$2,638,846 at the end of this year, an increase of 15.2%.

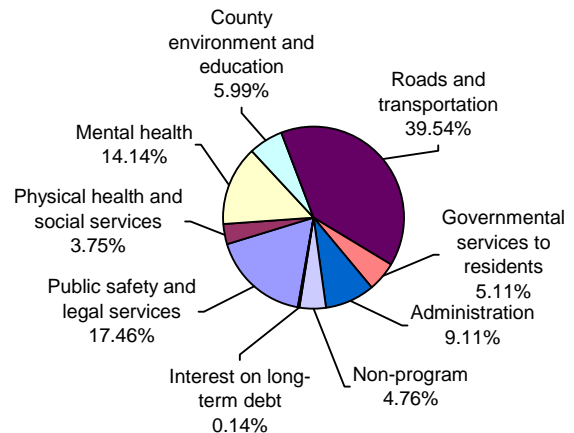
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006 (Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,141	1,039
Operating grants, contributions and restricted interest	4,208	3,778
Capital grants, contributions and restricted interest	395	364
General revenues:		
Property tax	4,577	4,326
Tax increment financing	352	325
Penalty and interest on property tax	31	50
State tax credits	212	221
Unrestricted investment earnings	361	295
Other general revenues	220	134
Total revenues	11,497	10,532
Program expenses:		
Public safety and legal services	1,866	1,801
Physical health and social services	401	336
Mental health	1,511	1,566
County environment and education	640	589
Roads and transportation	4,225	3,995
Governmental services to residents	546	770
Administration	973	1,007
Non-program	509	290
Interest on long-term debt	15	18
Total expenses	10,686	10,372
Increase (decrease) in net assets	811	160
Net assets beginning of year, as restated	15,271	15,111
Net assets end of year	\$ 16,082	15,271

Revenue by Source



Expenses by Program



The County increased property tax rates for 2007 by an average of 6.3%. This increase raised the County's property and other County tax revenue approximately \$251,000 in 2007. County wide taxable valuations in Poweshiek County have fluctuated as follows: from \$736,945,481 in FY05, to \$743,289,976 in FY06 and \$746,571,676 in FY07. Based on fluctuations in the total assessed valuation and an increase in FY08 property tax rates, property tax revenue is budgeted to increase an additional \$569,000 next year.

The increase in operating grants, contributions and restricted interest is related to additional funding of \$233,000 received for the mental health allowable growth factor and community service allocations.

INDIVIDUAL MAJOR FUND ANALYSIS

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of \$6.8 million, a decrease of approximately \$112,000 from last year's total of \$6.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance decreased approximately \$18,000 from the prior year to approximately \$2,199,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Mental Health Fund revenues totaled approximately \$1,848,000, an increase of 20.8% over the prior year. During FY07, the County received an additional \$233,000 in mental health funding for the allowable growth factor and community service allocations. For the year ended June 30, 2007, expenditures totaled approximately \$1,504,000, which remained consistent when compared to the prior year. The Mental Health Fund balance at year end increased over the prior year to approximately \$432,000.
- Rural Services Fund revenues increased approximately \$293,000 due to an increase in property and other county taxes. Rural Services Fund expenditures increased approximately \$66,000 due to providing contract law enforcement services to cities and expanding law enforcement coverage in the rural areas. The Rural Services Fund ending fund balance increased approximately \$63,000 from the prior year to approximately \$286,000.
- Secondary Roads Fund revenues decreased approximately \$175,000 from the prior year, due principally to a decrease in BROS grant funding. In FY07, Poweshiek County had no BROS funded projects. Expenditures increased approximately \$470,000, an increase of 12% when compared to the prior year. This increase is primarily related to expenditures for a reinforced box culvert project completed by the County during FY07 for approximately \$238,000. The County also purchased two new motorgraders for \$316,000 during FY07. The Secondary Roads Fund ending fund balance decreased approximately \$745,000 from the prior year to approximately \$2,162,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Poweshiek County amended its budget two times. The first amendment was made in January 2007 and resulted in an increase in budgeted disbursements related to public safety and legal services, physical health and social services and county environment and education. This amendment was made to provide for additional disbursements in the above referenced functions. The second amendment was made in May 2007. This amendment was made to public safety and legal services, physical health and social services, county environment and education and administration. This amendment was made to provide for additional juvenile disbursements and for FEMA clean up at Diamond Lake.

The County's receipts were \$422,170 more than budgeted, a variance of 4.1%. The most significant variance resulted from the County receiving more interest than anticipated.

Total disbursements were \$2,120,230 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and public safety and legal services functions were \$1,203,011, \$264,847 and \$219,506, respectively, less than budgeted. This was primarily due to the County starting only one new capital project during FY07. For public safety and legal services, the County budgeted in Criminal Prosecution for a DSART Grant to cover wages, benefits and expenses. The grant was not renewed so that position was eliminated in July. Other areas with fund balances in public safety and legal services are medical examiner, court services, salary and group insurance in adult correctional services and uniform patrol.

The County did not exceed the budgeted amounts by function for the year ended June 30, 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Poweshiek County had approximately \$9.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2007	2006 (Restated)
Land	\$ 1,286	1,286
Construction in progress	156	288
Buildings and improvements	864	684
Equipment and vehicles	2,257	1,878
Infrastructure	5,198	4,828
Total	\$ 9,761	8,964
This year's major additions included (in thousands):		
Capital assets contributed by the Iowa Department of Transportation	\$ 378	
Motorgraders	401	
Attic renovation	113	
Total	\$ 892	

The County had depreciation expense of \$592,333 in FY07 and total accumulated depreciation of \$4,770,266 at June 30, 2007. Capital assets, net of accumulated depreciation, increased approximately \$800,000 as a result of the additions identified above. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2007, Poweshiek County had approximately \$325,000 in debt outstanding, compared to approximately \$435,000 at June 30, 2006. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

Debt decreased when the County retired \$160,000 of general obligation notes.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County. The County's outstanding general obligation debt of approximately \$325,000 is well below its constitutional debt limit of \$59 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Poweshiek County's elected and appointed officials considered many factors when setting the FY08 budget, tax rates and fees charged for various county activities. The Poweshiek County Board of Supervisors is committed to limiting expenditure increases and reducing funding to non-mandated programs to provide services for the citizens of Poweshiek County. The FY08 County wide property tax rate is \$8.49324 per \$1,000 of taxable valuation, an increase of \$.70553 from FY07. Poweshiek County will fund capital projects for road improvements, a new playground and campground at Diamond Lake Park, pay down debt service due to expenditures last year for voting equipment required by the Help America Vote Act and purchase new patrol cars. These factors, along with increased wage adjustments for union and pay-plan employees, represent the largest portion of the increased expenditures. The FY08 ending fund balance will decrease to approximately \$1,204,500 in the General Fund.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0314.

Poweshiek County

Basic Financial Statements

Exhibit A

Poweshiek County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,727,649
Receivables:	
Property tax:	
Delinquent	10,001
Succeeding year	5,387,000
Interest and penalty on property tax	15,519
Accounts	25,051
Accrued interest	62,159
Due from other governments	288,972
Inventories	504,961
Prepaid insurance	83,180
Capital assets (net of accumulated depreciation)	<u>9,760,664</u>
Total assets	<u>22,865,156</u>
Liabilities	
Accounts payable	326,400
Salaries and benefits payable	50,746
Due to other governments	108,251
Deferred revenue:	
Succeeding year property tax	5,387,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes payable	25,000
General obligation notes payable	140,000
Compensated absences	143,327
Portion due or payable after one year:	
General obligation capital loan notes payable	25,000
General obligation notes payable	135,085
Compensated absences	67,676
Landfill postclosure care	<u>375,000</u>
Total liabilities	<u>6,783,485</u>
Net Assets	
Invested in capital assets, net of related debt	9,571,728
Restricted for:	
Supplemental levy purposes	64,365
Mental health purposes	427,215
Secondary roads purposes	2,058,402
Other purposes	1,321,115
Unrestricted	<u>2,638,846</u>
Total net assets	<u>\$ 16,081,671</u>

See notes to financial statements.

Poweshiek County
 Statement of Activities
 Year ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,866,362	291,561	156,921	-	(1,417,880)
Physical health and social services	400,659	51,716	161,654	-	(187,289)
Mental health	1,511,160	-	1,349,217	-	(161,943)
County environment and education	639,708	49,484	79,049	17,228	(493,947)
Roads and transportation	4,224,670	54,285	2,446,991	377,912	(1,345,482)
Governmental services to residents	546,438	337,071	9,817	-	(199,550)
Administration	973,141	8,960	-	-	(964,181)
Non-program	509,385	348,366	-	-	(161,019)
Interest on long-term debt	15,144	-	4,294	-	(10,850)
Total	\$ 10,686,667	1,141,443	4,207,943	395,140	(4,942,141)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,499,339
Debt service					76,933
Tax increment financing					352,127
Penalty and interest on property tax					30,914
State tax credits					212,294
Unrestricted investment earnings					361,208
Gain on sale of capital assets					89,050
Miscellaneous					130,751
Total general revenues					5,752,616
Change in net assets					810,475
Net assets beginning of year, as restated					15,271,196
Net assets end of year					\$ 16,081,671

See notes to financial statements.

Poweshiek County
Balance Sheet
Governmental Funds

June 30, 2007

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,039,690	576,787	294,796	1,482,801
Receivables:				
Property tax:				
Delinquent	4,784	747	4,153	-
Succeeding year	2,728,000	426,000	1,763,000	-
Interest and penalty on property tax	15,519	-	-	-
Accounts	3,707	16,299	1,750	3,295
Accrued interest	61,246	-	-	-
Due from other governments	45,359	2,521	16,192	221,654
Inventories	-	-	-	504,961
Prepaid insurance	49,145	-	-	34,035
Advance to Internal Service Fund	100,000	-	-	-
Total assets	\$ 5,047,450	1,022,354	2,079,891	2,246,746
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 78,135	60,541	14,972	62,452
Salaries and benefits payable	13,263	3,585	11,878	22,020
Due to other governments	8,768	99,290	75	118
Deferred revenue:				
Succeeding year property tax	2,728,000	426,000	1,763,000	-
Other	20,303	747	4,153	-
Total liabilities	2,848,469	590,163	1,794,078	84,590
Fund balances:				
Reserved for:				
Supplemental levy purposes	64,365	-	-	-
Debt service	-	-	-	-
Advance to Internal Service Fund	100,000	-	-	-
Unreserved, reported in:				
General fund	2,034,616	-	-	-
Special revenue funds:				
Designated for postclosure care	-	-	-	-
Undesignated	-	432,191	285,813	2,162,156
Total fund balances	2,198,981	432,191	285,813	2,162,156
Total liabilities and fund balances	\$ 5,047,450	1,022,354	2,079,891	2,246,746

See notes to financial statements.

Nonmajor	Total
1,716,694	6,110,768
317	10,001
470,000	5,387,000
-	15,519
-	25,051
913	62,159
3,246	288,972
-	504,961
-	83,180
-	100,000
<u>2,191,170</u>	<u>12,587,611</u>
300	216,400
-	50,746
-	108,251
470,000	5,387,000
317	25,520
<u>470,617</u>	<u>5,787,917</u>
-	64,365
24,438	24,438
-	100,000
-	2,034,616
375,000	375,000
1,321,115	4,201,275
<u>1,720,553</u>	<u>6,799,694</u>
<u>2,191,170</u>	<u>12,587,611</u>

Poweshiek County

Poweshiek County

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

June 30, 2007

Total governmental fund balances (page 19) \$ 6,799,694

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$14,530,930 and the accumulated depreciation is \$4,770,266 9,760,664

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 25,520

The Internal Service Fund is 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. 406,881

Long-term liabilities, including general obligation notes payable, general obligation capital loan notes payable, compensated absences payable and landfill postclosure care, are not due and payable in the current period and, therefore, are not reported in the funds. (911,088)

Net assets of governmental activities (page 16) \$ 16,081,671

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 2,432,953	425,903	1,646,175	-
Interest and penalty on property tax	40,051	-	-	-
Intergovernmental	480,865	1,368,748	301,705	2,454,149
Licenses and permits	850	-	19,015	32,765
Charges for service	343,308	-	97,501	-
Use of money and property	428,884	-	-	184
Miscellaneous	8,675	53,543	6,557	20,495
Total revenues	<u>3,735,586</u>	<u>1,848,194</u>	<u>2,070,953</u>	<u>2,507,593</u>
Expenditures:				
Operating:				
Public safety and legal services	1,074,169	-	851,802	-
Physical health and social services	355,268	-	43,240	-
Mental health	-	1,504,319	-	-
County environment and education	317,820	-	47,729	-
Roads and transportation	-	-	-	4,203,984
Governmental services to residents	547,541	-	4,968	-
Administration	1,068,255	-	8,717	-
Non-program	190,702	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	238,004
Total expenditures	<u>3,553,755</u>	<u>1,504,319</u>	<u>956,456</u>	<u>4,441,988</u>
Excess (deficiency) of revenues over (under) expenditures	<u>181,831</u>	<u>343,875</u>	<u>1,114,497</u>	<u>(1,934,395)</u>
Other financing sources (uses):				
Operating transfers in	30,614	-	30,000	1,181,313
Operating transfers out	(230,787)	-	(1,131,645)	-
Sale of capital assets	-	-	-	8,399
General obligation capital loan notes issued	-	-	50,000	-
Total other financing sources (uses)	<u>(200,173)</u>	<u>-</u>	<u>(1,051,645)</u>	<u>1,189,712</u>
Net change in fund balances	(18,342)	343,875	62,852	(744,683)
Fund balances beginning of year	<u>2,217,323</u>	<u>88,316</u>	<u>222,961</u>	<u>2,906,839</u>
Fund balances end of year	<u>\$ 2,198,981</u>	<u>432,191</u>	<u>285,813</u>	<u>2,162,156</u>

See notes to financial statements.

Nonmajor	Total
428,960	4,933,991
-	40,051
59,823	4,665,290
-	52,630
47,414	488,223
12,058	441,126
26,326	115,596
<u>574,581</u>	<u>10,736,907</u>

9,198	1,935,169
-	398,508
-	1,504,319
218,460	584,009
-	4,203,984
6,091	558,600
-	1,076,972
-	190,702
175,144	175,144
42,317	280,321
<u>451,210</u>	<u>10,907,728</u>

<u>123,371</u>	<u>(170,821)</u>
----------------	------------------

128,500	1,370,427
(7,995)	(1,370,427)
-	8,399
-	50,000
<u>120,505</u>	<u>58,399</u>

243,876	(112,422)
<u>1,476,677</u>	<u>6,912,116</u>
<u>1,720,553</u>	<u>6,799,694</u>

Poweshiek County

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

Year ended June 30, 2007

Net change in fund balances - Total governmental funds (page 23) \$ (112,422)

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 and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 930,548	
Capital assets contributed by the Iowa Department of Transportation	377,912	
Depreciation expense	<u>(592,333)</u>	716,127

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from sales as an increase in financial resources. 81,150

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

Property tax	(14,729)	
Other	<u>(41,040)</u>	(55,769)

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

Issued	(50,000)	
Repaid	<u>160,000</u>	110,000

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (8,745)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 80,134

Change in net assets of governmental activities (page 17) \$ 810,475

See notes to financial statements.

Poweshiek County
 Statement of Net Assets
 Proprietary Fund
 June 30, 2007

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	\$ 616,881
Liabilities	
Accounts payable	110,000
Advance from General Fund	100,000
Total liabilities	210,000
Net Assets	
Unrestricted	\$ 406,881

See notes to financial statements.

Exhibit H

Poweshiek County

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

Year ended June 30, 2007

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 761,282
Reimbursements from employees		217,095
Insurance reimbursements		<u>37,686</u>
Total operating revenues		1,016,063
Operating expenses:		
Medical claims	\$ 781,899	
Insurance premiums	111,553	
Administrative fees	44,347	
Miscellaneous	<u>1,925</u>	<u>939,724</u>
Operating income		76,339
Non-operating revenues:		
Interest income		<u>3,795</u>
Net income		80,134
Net assets beginning of year		<u>326,747</u>
Net assets end of year		<u><u>\$ 406,881</u></u>

See notes to financial statements.

Poweshiek County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2007

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 761,282
Cash received from employees and others	254,781
Cash paid to suppliers for services	(929,724)
Net cash provided by operating activities	86,339
Cash flows from investing activities:	
Interest on investments	3,795
Net increase in cash and cash equivalents	90,134
Cash and cash equivalents beginning of year	526,747
Cash and cash equivalents end of year	\$ 616,881
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 76,339
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	10,000
Net cash provided by operating activities	\$ 86,339

See notes to financial statements.

Poweshiek County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,005,073
Other County officials	46,236
Receivables:	
Property tax:	
Delinquent	25,423
Succeeding year	17,356,000
Accounts	40,592
Accrued interest	1,560
Succeeding year special assessments	3,604
Due from other governments	3,041
Total assets	<u>18,481,529</u>

Liabilities

Accounts payable	8,357
Salaries and benefits payable	1,706
Due to other governments	18,414,224
Trusts payable	46,781
Compensated absences	10,461
Total liabilities	<u>18,481,529</u>

Net assets \$ -

See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Poweshiek 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, Poweshiek 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek 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: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 Fund 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 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Infrastructure	\$ 50,000
Land and buildings	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Equipment	3 - 20
Vehicles	5 - 15

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 in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Secondary Roads and Sanitary Disposal Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

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

Fund Equity – In the governmental fund financial statements, 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.

Net Assets – The net assets of the Internal Service Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function. However, disbursements exceeded the amount appropriated in one department.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2007 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.

At June 30, 2007 the County had the following investments:

Type	Fair Value	Maturity
Government National Mortgage Association (GNMA)	<u>\$ 2,298</u>	December 2017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$3,998,991 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 30,614
Special Revenue: Secondary Roads	General Special Revenue: Rural Services Urban Renewal Revenue	100,787 1,072,531 7,995
Sanitary Disposal	Special Revenue: Rural Services	28,500
Rural Services	General	30,000
Debt Service	General	100,000
Total		<u>\$ 1,370,427</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning of</u>			<u>End</u>
	<u>Year, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,285,552	-	-	1,285,552
Construction in progress	287,753	545,393	(677,009)	156,137
Total capital assets not being depreciated	<u>1,573,305</u>	<u>545,393</u>	<u>(677,009)</u>	<u>1,441,689</u>
Capital assets being depreciated:				
Buildings	1,455,366	216,399	-	1,671,765
Equipment and vehicles	5,405,336	749,463	(354,320)	5,800,479
Infrastructure	5,043,813	573,184	-	5,616,997
Total capital assets being depreciated	<u>11,904,515</u>	<u>1,539,046</u>	<u>(354,320)</u>	<u>13,089,241</u>
Less accumulated depreciation for:				
Buildings	771,489	36,500	-	807,989
Equipment and vehicles	3,526,859	353,401	(336,500)	3,543,760
Infrastructure	216,085	202,432	-	418,517
Total accumulated depreciation	<u>4,514,433</u>	<u>592,333</u>	<u>(336,500)</u>	<u>4,770,266</u>
Total capital assets being depreciated, net	<u>7,390,082</u>	<u>946,713</u>	<u>(17,820)</u>	<u>8,318,975</u>
Governmental activities capital assets, net	<u>\$ 8,963,387</u>	<u>1,492,106</u>	<u>(694,829)</u>	<u>9,760,664</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 36,449
Physical health and social services	1,971
Mental health	12,702
County environment and education	27,499
Roads and transportation	452,017
Administration	<u>61,695</u>
Total depreciation expense - governmental activities	<u>\$ 592,333</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 8,768
Special Revenue:		
Mental Health	Services	99,290
Rural Services	Services	75
Secondary Roads	Services	118
Total for governmental funds		<u>\$ 108,251</u>
Agency:		
County Assessor	Collections	\$ 590,592
Schools		10,338,644
Community Colleges		1,245,389
Corporations		5,346,414
Auto License and Use Tax		300,852
All other		592,333
Total for agency funds		<u>\$ 18,414,224</u>

(6) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	General Obligation Capital Loan Notes	General Obligation Notes	Compensated Absences	Estimated Liability for Landfill Postclosure Care	Total
Balance beginning of year	\$ -	435,085	202,258	375,000	1,012,343
Increases	50,000	-	240,577	-	290,577
Decreases	-	160,000	231,832	-	391,832
Balance end of year	<u>\$ 50,000</u>	<u>275,085</u>	<u>211,003</u>	<u>375,000</u>	<u>911,088</u>
Due within one year	<u>\$ 25,000</u>	<u>140,000</u>	<u>143,327</u>	<u>-</u>	<u>308,327</u>

General Obligation Notes Payable

On July 15, 2005, the County issued \$595,085 of general obligation notes to pay the costs of acquiring voting equipment, computer equipment and patrol cars for the Sheriff's Office.

Year Ending June 30,	Issued July, 2005			
	Interest Rates	Principal	Interest	Total
2008	3.44%	\$ 140,000	9,621	149,621
2009	3.44	135,085	4,711	139,796
Total		<u>\$ 275,085</u>	<u>14,332</u>	<u>289,417</u>

During the year ended June 30, 2007, the County retired \$160,000 of notes.

General Obligation Capital Loan Notes Payable

During the year ended June 30, 2007, the County issued \$50,000 of general obligation capital loan notes to pay the costs of acquiring patrol cars for the Sheriff's Office. No payments were made during fiscal year 2007.

Year Ending June 30,	Issued December, 2006			
	Interest Rates	Principal	Interest	Total
2008	4.50%	\$ 25,000	1,594	26,594
2009	4.50	25,000	1,125	26,125
Total		\$ 50,000	2,719	52,719

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$196,348, \$183,223 and \$167,209, respectively, equal to the required contributions for each year.

(8) Risk Management

Poweshiek County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 556 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$166,358.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) 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 Employee Group Services, LTD., (EGS). The agreement was effective July 1, 1991 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$25,000. 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 EGS from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2007 was \$761,282.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$110,000, 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. The reserve was \$406,881 at June 30, 2007 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. 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	\$ 100,000
Incurred claims (including claims incurred but not reported at June 30, 2007)	791,899
Payment on claims during the fiscal year	<u>(781,899)</u>
Unpaid claims end of year	<u>\$ 110,000</u>

(10) Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2007 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2007, deposits of \$375,000 held for these purposes are reported in the Special Revenue, Sanitary Disposal Fund.

(11) Development Agreement

The County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the construction of a corn processing facility. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$2,509,260. During the year ended June 30, 2007, \$207,859 was rebated to the developer, bringing the cumulative total to \$813,013.

(12) Restatement of Beginning Net Assets

During fiscal year 2006, certain bridge and culvert projects in progress were not capitalized. This error correction resulted in an adjustment to beginning net assets and the beginning construction in progress portion of capital assets, as follows:

	Statement of Net Assets	Construction in Progress
Balances at June 30, 2006	\$ 15,042,624	59,181
Adjustment to capitalize bridges and culverts previously expensed	228,572	228,572
Balances at July 1, 2006, as restated	<u>\$ 15,271,196</u>	<u>287,753</u>

Poweshiek County

Required Supplementary Information

Poweshiek 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, 2007

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
Receipts:				
Property and other county tax	\$ 4,926,291	4,909,306	4,909,306	16,985
Interest and penalty on property tax	40,051	35,000	35,000	5,051
Intergovernmental	4,630,469	4,510,294	4,513,474	116,995
Licenses and permits	52,360	70,000	70,000	(17,640)
Charges for service	487,310	459,990	459,990	27,320
Use of money and property	433,750	255,100	255,100	178,650
Miscellaneous	120,809	26,000	26,000	94,809
Total receipts	<u>10,691,040</u>	<u>10,265,690</u>	<u>10,268,870</u>	<u>422,170</u>
Disbursements:				
Public safety and legal services	1,941,547	2,148,640	2,161,053	219,506
Physical health and social services	402,101	421,381	452,240	50,139
Mental health	1,498,808	1,560,780	1,560,780	61,972
County environment and education	594,096	613,441	642,741	48,645
Roads and transportation	4,294,238	4,559,085	4,559,085	264,847
Governmental services to residents	562,311	624,088	624,088	61,777
Administration	1,137,066	1,269,044	1,278,494	141,428
Non-program	168,502	232,551	232,551	64,049
Debt service	175,144	180,000	180,000	4,856
Capital projects	345,989	1,549,000	1,549,000	1,203,011
Total disbursements	<u>11,119,802</u>	<u>13,158,010</u>	<u>13,240,032</u>	<u>2,120,230</u>
Excess (deficiency) of receipts over (under) disbursements	(428,762)	(2,892,320)	(2,971,162)	2,542,400
Other financing sources, net	58,399	-	-	58,399
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(370,363)	(2,892,320)	(2,971,162)	2,600,799
Balance beginning of year	6,481,131	5,516,383	5,516,383	964,748
Balance end of year	<u>\$ 6,110,768</u>	<u>2,624,063</u>	<u>2,545,221</u>	<u>3,565,547</u>

See accompanying independent auditor's report.

Poweshiek County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 10,691,040	45,867	10,736,907
Expenditures	11,119,802	(212,074)	10,907,728
Net	(428,762)	257,941	(170,821)
Other financing sources, net	58,399	-	58,399
Beginning fund balances	6,481,131	430,985	6,912,116
Ending fund balances	\$ 6,110,768	688,926	6,799,694

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except 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, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$82,022. The 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, 2007, disbursements did not exceed the amounts budgeted by function. However, disbursements exceeded the amount appropriated in one department.

Other Supplementary Information

Poweshiek County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2007

	Urban Renewal Revenue	Resource Enhancement and Protection	County Recorder's Records Management	Conservation Land Acquisition	Special Revenue County Recorder's Electronic Transaction Fee
Assets					
Cash and pooled investments	\$ 364,390	32,474	22,801	108,274	633
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	289,000	-	-	-	-
Accrued interest	-	131	106	-	3
Due from other governments	-	3,246	-	-	-
Total assets	\$ 653,390	35,851	22,907	108,274	636
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Deferred revenue:					
Succeeding year property tax	289,000	-	-	-	-
Other	-	-	-	-	-
Total liabilities	289,000	-	-	-	-
Fund balances:					
Reserved for debt service	-	-	-	-	-
Unreserved:					
Designated for postclosure care	-	-	-	-	-
Undesignated	364,390	35,851	22,907	108,274	636
Total fund equity	364,390	35,851	22,907	108,274	636
Total liabilities and fund equity	\$ 653,390	35,851	22,907	108,274	636

See accompanying independent auditor's report.

Sheriff/ Jail	Special Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Debt Service	Total
4,705	7,178	3,099	1,149,375	23,765	1,716,694
-	-	-	-	317	317
-	-	-	-	181,000	470,000
-	-	-	-	673	913
-	-	-	-	-	3,246
4,705	7,178	3,099	1,149,375	205,755	2,191,170
-	-	-	300	-	300
-	-	-	-	181,000	470,000
-	-	-	-	317	317
-	-	-	300	181,317	470,617
-	-	-	-	24,438	24,438
-	-	-	375,000	-	375,000
4,705	7,178	3,099	774,075	-	1,321,115
4,705	7,178	3,099	1,149,075	24,438	1,720,553
4,705	7,178	3,099	1,149,375	205,755	2,191,170

Poweshiek County

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

Year ended June 30, 2007

	Urban Renewal Revenue	Resource Enhancement and Protection	County Recorder's Records Management	Conservation Land Acquisition	Special Revenue County Recorder's Electronic Transaction Fee
Revenues:					
Property and other county tax	\$ 352,127	-	-	-	-
Intergovernmental	1,748	11,366	-	17,228	-
Charges for service	-	-	4,616	42,798	-
Use of money and property	-	1,294	1,108	1,000	32
Miscellaneous	-	-	-	26,321	-
Total revenues	353,875	12,660	5,724	87,347	32
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	207,859	-	-	-	-
Governmental services to residents	-	-	6,091	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	42,317	-
Total expenditures	207,859	-	6,091	42,317	-
Excess (deficiency) of revenues over (under) expenditures	146,016	12,660	(367)	45,030	32
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,995)	-	-	-	-
Total other financing sources (uses)	(7,995)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	138,021	12,660	(367)	45,030	32
Fund balances beginning of year	226,369	23,191	23,274	63,244	604
Fund balances end of year	\$ 364,390	35,851	22,907	108,274	636

See accompanying independent auditor's report.

Sheriff/ Jail	Special Law Enforcement	Contract Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Debt Service	Total
-	-	-	-	-	76,833	428,960
-	-	-	-	26,106	3,375	59,823
-	-	-	-	-	-	47,414
4,330	-	-	-	-	4,294	12,058
-	-	-	-	5	-	26,326
4,330	-	-	-	26,111	84,502	574,581
2,691	5,383	-	1,124	-	-	9,198
-	-	-	-	10,601	-	218,460
-	-	-	-	-	-	6,091
-	-	-	-	-	175,144	175,144
-	-	-	-	-	-	42,317
2,691	5,383	-	1,124	10,601	175,144	451,210
1,639	(5,383)	-	(1,124)	15,510	(90,642)	123,371
-	-	-	-	28,500	100,000	128,500
-	-	-	-	-	-	(7,995)
-	-	-	-	28,500	100,000	120,505
1,639	(5,383)	-	(1,124)	44,010	9,358	243,876
3,066	12,561	-	4,223	1,105,065	15,080	1,476,677
4,705	7,178	-	3,099	1,149,075	24,438	1,720,553

Poweshiek County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	869	256,346	117,887	8,195
Other County officials	46,236	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	175	603	18,757	2,194
Succeeding year	-	100,000	344,000	10,202,000	1,235,000
Accounts	1,370	-	180	-	-
Accrued interest	-	-	550	-	-
Succeeding year special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 47,606	101,044	601,679	10,338,644	1,245,389
Liabilities					
Accounts payable	\$ -	-	29	-	-
Salaries and benefits payable	-	-	1,706	-	-
Due to other governments	10,123	101,044	590,592	10,338,644	1,245,389
Trusts payable	37,483	-	-	-	-
Compensated absences	-	-	9,352	-	-
Total liabilities	\$ 47,606	101,044	601,679	10,338,644	1,245,389

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	E911	Other	Total
52,241	666	300,852	231,294	36,723	1,005,073
-	-	-	-	-	46,236
3,173	64	-	-	457	25,423
5,291,000	47,000	-	-	137,000	17,356,000
-	-	-	39,042	-	40,592
-	-	-	1,010	-	1,560
-	-	-	-	3,604	3,604
-	-	-	-	3,041	3,041
5,346,414	47,730	300,852	271,346	180,825	18,481,529
-	-	-	1,825	6,503	8,357
-	-	-	-	-	1,706
5,346,414	47,730	300,852	269,521	163,915	18,414,224
-	-	-	-	9,298	46,781
-	-	-	-	1,109	10,461
5,346,414	47,730	300,852	271,346	180,825	18,481,529

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 24,295	76,203	549,651	10,387,127	718,765
Additions:					
Property and other county tax	-	97,150	332,394	9,860,428	1,213,031
E911 surcharge	-	-	-	-	-
State tax credits	-	3,311	14,673	449,336	31,328
Drivers license fees	-	-	-	-	-
Office fees and collections	911,174	-	30	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	44,501	-	-
Total additions	911,174	100,461	391,598	10,309,764	1,244,359
Deductions:					
Agency remittances:					
To other funds	279,809	-	-	-	-
To other governments	531,194	75,620	339,570	10,358,247	717,735
Trusts paid out	76,860	-	-	-	-
Total deductions	887,863	75,620	339,570	10,358,247	717,735
Balances end of year	\$ 47,606	101,044	601,679	10,338,644	1,245,389

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	E911	Other	Total
5,246,522	47,871	355,012	190,405	205,780	17,801,631
5,016,634	45,518	-	-	132,767	16,697,922
-	-	-	187,704	-	187,704
193,777	2,330	-	-	6,196	700,951
-	-	26,038	-	-	26,038
-	-	-	-	-	911,204
-	-	4,610,157	-	-	4,610,157
-	-	-	-	5,536	5,536
-	-	-	-	194,456	194,456
-	-	-	10,785	116,128	171,414
5,210,411	47,848	4,636,195	198,489	455,083	23,505,382
-	-	187,073	-	-	466,882
5,110,519	47,989	4,503,282	117,548	282,139	22,083,843
-	-	-	-	197,899	274,759
5,110,519	47,989	4,690,355	117,548	480,038	22,825,484
5,346,414	47,730	300,852	271,346	180,825	18,481,529

Poweshiek County

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

For the Last Seven Years

	2007	2006	2005	Modified 2004
Revenues:				
Property and other county tax	\$ 4,933,991	4,650,738	4,651,096	4,578,672
Interest and penalty on property tax	40,051	40,140	39,701	48,489
Intergovernmental	4,665,290	4,791,515	3,808,111	4,299,715
Licenses and permits	52,630	62,216	49,213	62,408
Charges for service	488,223	500,260	494,394	1,340,996
Use of money and property	441,126	369,980	191,375	81,265
Fines, forfeitures and defaults	-	8,693	5,058	48,279
Miscellaneous	115,596	116,206	82,234	60,738
Total	\$ 10,736,907	10,539,748	9,321,182	10,520,562
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,935,169	1,791,672	1,542,220	1,313,854
Physical health and social services	398,508	334,567	357,886	339,050
Mental health	1,504,319	1,528,126	1,521,306	1,388,723
County environment and education	584,009	601,071	716,213	1,337,631
Roads and transportation	4,203,984	3,971,113	3,627,542	2,424,210
Governmental services to residents	558,600	769,704	436,872	390,692
Administration	1,076,972	1,004,043	1,125,483	837,374
Non-program	190,702	134,434	104,066	114,127
Debt service	175,144	178,253	43,234	95,482
Capital projects	280,321	209,126	270,058	715,414
Total	\$ 10,907,728	10,522,109	9,744,880	8,956,557

See accompanying independent auditor's report.

Accrual Basis		
2003	2002	2001
3,908,321	3,689,156	3,502,756
44,116	46,858	39,931
3,872,610	4,062,443	4,070,871
48,469	45,997	40,464
1,063,772	996,763	921,388
117,772	172,538	345,233
-	-	-
76,899	195,345	213,550
<u>9,131,959</u>	<u>9,209,100</u>	<u>9,134,193</u>

1,386,366	1,331,694	1,211,084
316,497	473,582	566,829
1,469,530	1,346,804	1,269,632
979,027	962,059	1,388,742
3,053,470	3,665,304	4,021,593
345,860	452,403	410,997
752,288	797,830	816,767
118,863	19,440	24,346
97,733	99,982	68,023
30,517	492,267	42,346
<u>8,550,151</u>	<u>9,641,365</u>	<u>9,820,359</u>

Poweshiek County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 7, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Poweshiek County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Poweshiek County's financial statements that is more than inconsequential will not be prevented or detected by Poweshiek County's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Poweshiek County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (E) are material weaknesses.

Compliance and Other Matters

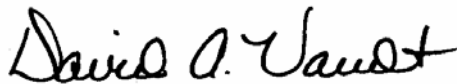
As part of obtaining reasonable assurance about whether Poweshiek County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 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.

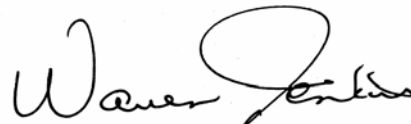
Poweshiek County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Poweshiek County's responses and, accordingly, we express no opinion on them.

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

February 7, 2008

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing activities 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 Sheriff's Office, the Recorder's Office, the Engineer's Office, the Central Point Coordinator's Office, the Conservation Office and the Sanitarian's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. In addition, bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements in the Sheriff's Office and the Recorder's Office.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The County official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. The bank reconciliations should then be reviewed by an independent person with no responsibility for receipts and disbursements.

Responses –

Sheriff's Office – Due to the minimal staffing and workload of the Sheriff's Office, we are taking every measure possible to follow your recommendation without jeopardizing the prompt service the public has become accustomed to. We currently have one other employee on the day shift who has been assisting in some of the duties over the past couple of years. Because of their multiple duties as dispatcher/jailer, E-911 dispatcher and handling the window as people come to the Sheriff's office, it has been hard for the employee to properly and accurately help in the performance of segregating these duties without constantly being interrupted. Our error rates in the civil side seems to increase when doing this. We will continue to try this, but it is hard not having the extra personnel who can dedicate their workload just to this particular segregation issue.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

Recorder's Office – In fiscal year 2008, there will be a better distribution of employees responsibilities due to increase in staff.

Engineer's Office – We will try some random checking of receipts to verify staff's accuracy of receipts.

Central Point Coordinator's (CPC) Office – Our operating procedures are reviewed regularly to insure maximum internal control. One person is responsible for opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts. The department head reviews and compares all receipt records and signs each reconciliation.

Conservation's Office – The Conservation Department has a very small staff consisting of three full time employees. The Director is the only staff member normally in the office. The other two full time employees (Park Rangers) are usually in the field working and have very little contact with the Director during the course of the day.

Sanitarian's Office – I will work with the County Engineer's Office to try and develop an agreement to improve controls over receipts.

Conclusions –

Sheriff's Office - Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.

Recorder's Office - Response accepted.

Engineer's Office - Response accepted.

Central Point Coordinator's (CPC) Office - Response acknowledged. The responsibility for listing mail receipts, collecting, depositing, posting and daily reconciliations should be segregated.

Conservation's Office - Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.

Sanitarian's Office - Response accepted.

(B) Information Systems – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County will develop a plan.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

- (C) Capital Assets – The County does not maintain current capital asset records. This was resolved for audit purposes. Periodic comparisons are not made between amounts recorded in the accounting system and the physical assets. Depreciation calculations are not reviewed to ensure accuracy. Records for equipment are not promptly adjusted when equipment is disposed of. The County Auditor’s Office does not receive a copy of each authorization for equipment transactions.

Recommendation – The County should maintain current capital asset records. Also, the Board of Supervisors should develop a policy for capital assets including, but not limited to, responsibilities for custody and safekeeping of assets. Depreciation calculations should be reviewed to ensure accuracy and equipment records should be promptly adjusted when equipment is disposed of. Copies of authorization for equipment transactions should be sent to the County Auditor’s Office.

Response – The Board will consider options to resolve this issue.

Conclusion – Response accepted.

- (D) Protective Payee Operations – Poweshiek County has been designated “protective payee” by the Social Security Administration, the Iowa Department of Human Services and/or the courts for approximately 13 clients who need assistance in managing their day to day finances. Generally, one individual may have control over collecting and depositing receipts. Checks written from payee accounts are prepared, approved, signed and mailed by the same person. Bank reconciliations for each payee account are prepared by a person with access to client records and review by an independent person is not documented.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, County officials should review the operating procedures of this office to obtain the maximum internal control possible under the circumstances. Independent review of reconciliations should be documented.

Response – Operating procedures are reviewed regularly to ensure maximum internal control as possible. There are two individuals managing the operations of the payee accounts. Once assigned a payee, arrangements are made to have the checks automatically deposited into the individual accounts by Social Security Administration. One individual in the office writes and distributes the monthly checks and the other individual reconciles each person’s bank account. The person not doing the reconciling will review each account upon completion and sign off when completed.

Conclusion – Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

- (E) Financial Reporting – During the audit, we identified material amounts of receivables recorded to the incorrect revenue code in the County’s financial statements. We also identified material amounts of expenditures and payables recorded to incorrect expenditure codes. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, expenditures and payables are identified and coded properly in the County’s financial statements.

Responses –

County Treasurer – The County Treasurer currently requires each county officer to ensure all receivables for their respective office are identified and in addition each office must provide to the treasurer the revenue code relevant to receipting the funds into the county by the treasurer. It is the County Treasurer’s opinion that the singular incident identified by the audit would not have been prevented by further documentation of revenue code by the county officer to the treasurer.

The County Treasurer will continue to require all county officers to identify receivables by amount and revenue code for receipting purposes into the County.

County Auditor – The County will implement procedures to ensure all expenditures and payables are coded properly.

Conclusions –

County Treasurer – Response accepted.

County Auditor – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function. However, disbursements exceeded the amount appropriated in one department.

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

Response – We will do amendments as soon as needed.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Eleanor Snook, Board Member, Mother is owner of Ellie's Soda Fountain	Jail meals	\$ 12,204
Brad Cranmer, Deputy Sheriff, owner of B3 Computers	Computer and supplies	6,917
Jeff Morrison, Deputy Sheriff, Father is owner of Morrison Enterprise, Inc	Car repair and maintenance	5,737

The transaction with Ellie's Soda Fountain does not appear to represent a conflict of interest since the contract was entered into prior to Ms. Snook taking office.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with B3 Computers and Morrison Enterprise, Inc. may represent conflicts of interest since the total transactions exceeded \$1,500 per individual during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The County will discuss with legal counsel.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) 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).
- (9) 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, 2007 for the County Extension Office did not exceed the amount budgeted.

- (10) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, “Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager.” Further, Chapter 34A.2(7)(e)(2) states, in part, “Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing.”

The E-911 coordinator submits a claim for \$1,900 to the Board of Supervisors monthly. However, this claim does not include any supporting documentation, such as hours worked or specific services provided. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it can not be determined whether the services provided are allowable under the statutory language cited above.

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether for property sold or furnished for services rendered or for another purpose. The County received legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed to allow the E-911 Board and the County Board of Supervisors to determine whether the disbursement meets the statutory criteria necessary for allowing payment from the E-911 Services Fund.

In addition, any future agreements should have established benchmarks or hours to be worked and documentation of the services to be provided.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

Response – The Board of Supervisors states that E-911 does not need supporting documentation.

Conclusion – Response acknowledged. The Board should comply with the Code of Iowa.

- (11) Records of Account – Chapter 80D.11 of the Code of Iowa defines County Sheriff reserve peace officers as employees of the County. The funds for the Poweshiek County Reserves and Poweshiek County Sheriff Officer's Association are maintained in separate checking and savings accounts and are not accounted for in a Special Revenue Fund of the County.

Recommendation – The County should establish Special Revenue Funds to account for the funds and activity of the Poweshiek County Reserves and Poweshiek County Sheriff Officer's Association. The current checking and savings accounts maintained separately should be closed and the funds should be deposited into a Special Revenue Fund with the County Treasurer. Disbursements from the accounts should be made through County claims approved by the County Board of Supervisors and charged against the budget.

Response – The Poweshiek County Reserve Account was closed out in October 2007. This is an account that was administered by the reserves only. All future revenues received by the Poweshiek County Reserves will be deposited with County Treasurer and all claims disbursements for the reserves will be made through county claims approved by the County Board of Supervisors and charged against the budget.

The Association is not officially incorporated at the present time. We are currently pursuing incorporation and employees responsible for establishing the Association have met with an attorney two times this calendar year 2008, finalizing the articles of incorporation and bylaws.

I anticipate the Poweshiek County Sheriff's Office Association, having all pertinent official records to the State of Iowa within the next couple months.

Conclusion – Response accepted.

- (12) General Obligation Note Proceeds – During fiscal year 2006, the County issued \$595,085 of general obligation notes to pay the cost of acquiring voting equipment, computer equipment for county buildings and patrol cars for the Sheriff's Office. The amount budgeted for voting equipment totaled \$204,256. During fiscal year 2006, the County also received \$150,908 in grant funds from the Iowa Secretary of State for the purchase of voting equipment. As a result of receiving duplicate funding, the County transferred \$100,000 from the General Fund to the Debt Service Fund in fiscal year 2007 for the redemption of general obligation notes.

Recommendation – The County should transfer the remaining amount of \$50,908 to the Debt Service Fund to redeem additional general obligation notes used to purchase voting equipment. In addition, the County should consult bond counsel to resolve the situation.

Response – Poweshiek County will consult bond counsel to discuss the issue.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2007

- (13) Tax Increment Financing – (TIF) Debt Certificates – The TIF debt certificate due in December 2006 was not properly supported. The TIF debt certificate due in December 2007 was not completed until January 2008.

Recommendation – The County should prepare TIF debt certificates timely. Using the sample forms would help ensure all elements required by the Code of Iowa are included. In addition, supporting documentation should be maintained.

Response – The County will prepare TIF debt certificates using the new sample forms when due. Supporting documentation will be maintained.

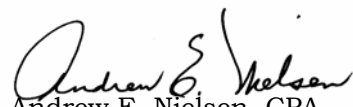
Conclusion – Response accepted.

Poweshiek County

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
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