



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

June 26, 2008

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$24,692,829 for the year ended June 30, 2007, which included \$1,146,430 in tax credits from the state. The County forwarded \$17,447,465 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,245,364 of the local tax revenue to finance County operations, a 14 percent increase over the prior year. Other revenues included charges for service of \$1,561,895, operating grants, contributions and restricted interest of \$4,716,403, capital grants, contributions and restricted interest of \$633,426, local option sales and services tax of \$1,061,073, unrestricted investment earnings of \$325,632, gain on disposition of capital assets of \$67,750 and other general revenues of \$143,546.

Expenses for County operations totaled \$19,055,831, a 1.6 percent decrease from the prior year. Expenses included \$4,804,921 for roads and transportation, \$4,124,551 for non-program and \$2,774,548 for public safety and legal services.

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

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**WASHINGTON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2007**

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**Washington County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2007)</b>		
Jack Dillion	Board of Supervisors	Jan 2007
Larry DeLong	Board of Supervisors	Jan 2009
Randy Payne	Board of Supervisors	Jan 2009
Bill Fredrick	County Auditor	Jan 2009
Jeffrey A. Garrett	County Treasurer	Jan 2007
Connie Pence	County Recorder	Jan 2007
Jerry A. Dunbar	County Sheriff	Jan 2009
Barbara A. Edmondson	County Attorney	Jan 2007
Lil Perry	County Assessor	Jan 2010
<b>(After January 2007)</b>		
Randy Payne	Board of Supervisors	Jan 2009
Larry DeLong	Board of Supervisors	Jan 2009
Jim Miksch	Board of Supervisors	Jan 2011
Bill Fredrick	County Auditor	Jan 2009
Jeffrey A. Garrett	County Treasurer	Jan 2011
Connie Pence	County Recorder	Jan 2011
Jerry A. Dunbar	County Sheriff	Jan 2009
Barbara A. Edmondson	County Attorney	Jan 2011
Lil Perry	County Assessor	Jan 2010

**Washington County**



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Independent Auditor's Report

To the Officials of Washington County:

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

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Washington 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 June 17, 2008 on our consideration of Washington County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 14 and 46 through 49 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 performed for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 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

June 17, 2008

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Washington County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 29%, or approximately \$6,499,000, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$886,000, operating grants, contributions and restricted interest increased approximately \$551,000 and capital grants, contributions and restricted interest decreased approximately \$8,624,000.
- Program expenses were 1.6%, or approximately \$314,000, less in fiscal 2007 than in fiscal 2006.
- The County's net assets decreased 7.8%, or approximately \$3,301,000 from June 30, 2006 to June 30, 2007.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements as well as 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 Washington County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Washington County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Washington County acts solely as an agent or custodian for the benefit of those outside of 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 and the individual Internal Service and 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. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the Public Safety Commission, E911 Services, 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. Washington County's combined net assets decreased \$3,300,742 from a year ago, from \$42,274,405 to \$38,973,663. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2007	2006
Current and other assets	\$ 15,598,494	13,277,602
Capital assets	45,128,079	41,781,222
Total assets	60,726,573	55,058,824
Long-term liabilities	13,823,795	4,956,838
Other liabilities	7,929,115	7,827,581
Total liabilities	21,752,910	12,784,419
Net assets:		
Invested in capital assets, net of related debt	42,696,150	41,727,827
Restricted	2,315,998	2,846,396
Unrestricted	(6,038,485)	(2,299,518)
Total net assets	\$ 38,973,663	42,274,705

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with resources other than capital assets.

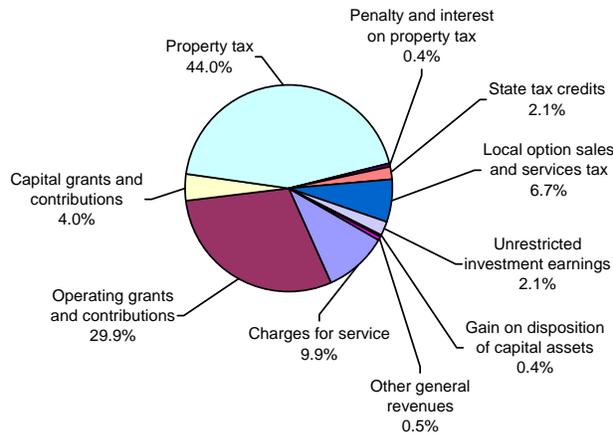
Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets decreased from approximately \$2,847,000 at June 30, 2006 to approximately \$2,316,000 at the end of this year, a decrease of 18.6%. This decrease is primarily the result of an increase in the amount restricted for supplemental levy purposes of \$275,717 offset by a decrease in the amounts restricted for mental health and secondary roads purposes of \$436,137 and \$283,131, respectively.

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—decreased from approximately (\$2,300,000) at June 30, 2006 to approximately (\$6,038,000) at the end of this year, a decrease of 163%. This decrease of approximately \$3,738,000 in unrestricted net assets was a result of issuing an additional \$4.5 million in TIF revenue bonds for the City of Riverside for which the offsetting assets are not the County's. The County also increased its investment in roadway equipment and jail construction by approximately \$3,350,000 over the prior year. The County has adopted a five year plan to replace aging equipment.

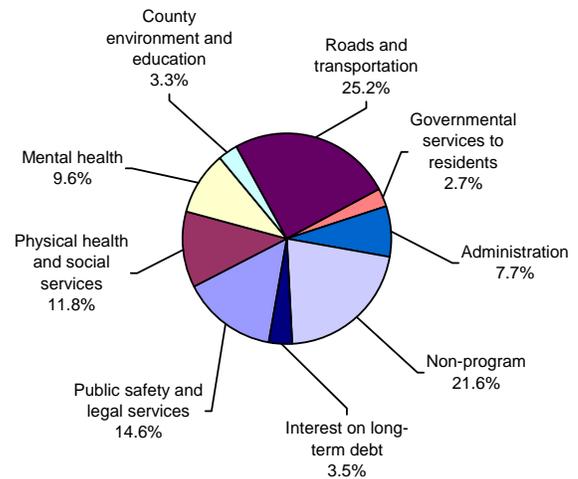
**Changes in Net Assets of Governmental Activities**

	Year ended June 30,	
	2007	2006
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,561,895	1,381,723
Operating grants and contributions	4,716,403	4,165,531
Capital grants and contributions	633,426	9,257,239
<b>General revenues:</b>		
Property tax	6,911,637	6,025,973
Penalty and interest on property tax	64,707	63,726
State tax credits	333,727	325,400
Local option sales and services tax	1,061,073	668,312
Unrestricted investment earnings	325,632	243,570
Gain on disposition of capital assets	67,750	-
Other general revenues	78,839	122,981
<b>Total revenues</b>	<b>15,755,089</b>	<b>22,254,455</b>
<b>Program expenses:</b>		
Public safety and legal services	2,774,548	2,647,183
Physical health and social services	2,249,946	1,978,775
Mental health	1,829,529	1,338,955
County environment and education	625,375	579,465
Roads and transportation	4,804,921	5,667,216
Governmental services to residents	515,128	529,668
Administration	1,469,838	1,891,609
Non-program	4,124,551	4,656,045
Interest on long-term debt	661,995	80,828
<b>Total expenses</b>	<b>19,055,831</b>	<b>19,369,744</b>
<b>Increase in net assets</b>	<b>(3,300,742)</b>	<b>2,884,711</b>
<b>Net assets beginning of year</b>	<b>42,274,405</b>	<b>39,389,694</b>
<b>Net assets end of year</b>	<b>\$ 38,973,663</b>	<b>42,274,405</b>

**Revenue by Source**



**Expenses by Program**



Washington County's net assets of governmental activities decreased approximately \$3,301,000 during the year. Revenues for governmental activities (a major portion from property tax and operating grants) decreased approximately \$6,499,000 from the prior year, with property tax revenue up from the prior year approximately \$886,000, or 14.7%. Capital grants and contributions decreased approximately \$8,624,000 from the prior year due to transfer of jurisdiction funds received from the Iowa Department of Transportation (IDOT) in fiscal 2006.

The County increased property tax rates \$.35225 per \$1,000 of taxable valuation in the rural levy and increased property tax rates \$.15610 per \$1,000 of taxable valuation in the countywide levy. The rural property valuation increased \$19,406,687 and the countywide property valuation increased \$26,302,065.

The cost of all governmental activities this year was \$19,055,831 compared to \$19,369,744 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities this year was \$12,144,107, as \$1,561,895 of the cost was paid by those directly benefiting from the programs and \$5,349,829 of the cost was paid by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental activities revenues, including intergovernmental aid and fees for services, decreased in 2007 from \$14,804,493 to \$6,911,724, principally due to transfer of jurisdiction funds received from the IDOT in fiscal 2006. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$8,843,000 in taxes (some of which could only be used for certain programs) and other revenues, such as local option sales tax, interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Washington County completed the year, its governmental funds reported a combined fund balance of \$7,384,294, an increase of \$2,185,312 from last year's total of \$5,198,982. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance increased \$741,540, or 29.8%, over the prior year, from \$2,492,218 to \$3,233,758. Revenues increased approximately \$607,000, primarily due to an increase in property tax, while expenditures increased only \$121,466 from 2006.
- The Mental Health Fund balance decreased approximately \$434,000, or 56.5%, from the prior year. The County has continued to look for ways to effectively manage the cost of mental health services. Revenues for the year increased only \$121,523 while expenditures increased \$492,289, or 36.8%, from \$1,338,335 to \$1,830,624. A major contributing factor for the increase in expenditures was the County's partial payment of a legal settlement judgment to the Iowa Department of Human Services of \$209,000. The County anticipates final payment of \$97,495 on the judgment at the end of next fiscal year.
- The Rural Services Fund balance increased from \$264,535 at the end of fiscal 2006 to \$521,016 at the end of fiscal 2007, due in part to increased local option sales and services tax revenues. The rural services levy rate increased from \$1.96505 per \$1,000 of taxable valuation in fiscal 2006 to \$2.31730 per \$1,000 of taxable valuation in fiscal 2007.
- Secondary Roads Fund expenditures decreased approximately \$2,003,000 and revenues decreased approximately \$3,132,000 from the prior year. These decreases resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$269,000, or 19.3%. Revenues decreased primarily due to transfer of jurisdiction funds collected in the prior year for old Highway 218. Expenditures decreased due to a fewer number of road projects in 2007.

- The City of Riverside Tax Increment Financing (TIF) Fund reports the TIF revenue bond proceeds and the amounts paid to the City of Riverside for infrastructure improvements and interest payments on the debt. This fund does not carry an ending balance.
- Debt Service Fund expenditures increased approximately \$345,000 with revenues increasing approximately \$354,000 over the prior year. Major expenditures include the final payment on the County's Communications Equipment note and new general obligation bonds issued for the jail project.
- The Capital Projects Fund ended fiscal 2007 with a \$1,968,071 balance compared to the prior year balance of \$69,159. This increase is primarily due to proceeds from a \$4.6 million general obligation bond issue offset by expenditures of \$3,083,540 for the new jail.

### **Budgetary Highlights**

Over the course of the year, Washington County amended its certified budget two times. The first amendment was made in November 2006 for unanticipated expenses related to the Riverside TIF project. The second amendment was made in April 2007 for conservation projects, public health grants and buildings and grounds projects.

Actual net receipts for fiscal year 2007 were \$14,997,191, which was \$1,791,023 less than budgeted, due primarily to collection of fewer than anticipated intergovernmental receipts for secondary roads projects. Total disbursements for the year were \$22,295,634, which was \$4,834,214 under budgeted disbursements. Capital project disbursements budgeted for the county jail project were less than anticipated during fiscal year 2007.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

On June 30, 2007, Washington County had approximately \$45 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges, computers and audio-visual equipment, transportation equipment and administrative offices. This is a net increase of \$3,346,857 from fiscal 2006.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2007	2006
Land	\$ 3,485,613	3,279,919
Construction in progress	3,091,157	1,381,864
Buildings and improvements	2,771,689	2,854,185
Equipment and vehicles	2,699,272	2,627,576
Infrastructure	33,080,348	31,637,678
Total	<u>\$ 45,128,079</u>	<u>41,781,222</u>
This year's major additions included:		
Paving projects, including right-of-way		\$ 1,522,076
Construction of new jail		<u>3,070,003</u>
Total		<u>\$ 4,592,079</u>

Washington County had depreciation expense of \$1,313,672 in fiscal 2007 and total accumulated depreciation of \$14,020,438 on June 30, 2007.

The County's fiscal year 2007 capital budget included \$7,353,829 for capital projects, principally for roadway and jail construction. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### **Long-Term Debt**

At the end of fiscal 2007, Washington County had \$4,400,000 in general obligation bonds outstanding compared to \$53,395 at the end of fiscal 2006. The County also has a \$9,150,440 urban renewal tax increment revenue bond outstanding at June 30, 2007.

General obligation debt increased as a result of the sale of general obligation bonds for the County's new jail. The County has not had a current general obligation bond rating assigned by national rating agencies to the County's debt since 1995. 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's corporate limits. Washington County's outstanding general obligation debt is significantly below its constitutional debt limit of \$59,809,659. The County sold \$4.6 million of general obligation correctional facility bonds for its new jail project in August 2006. In addition, the County continues to draw down the proceeds of the \$9.4 million TIF revenue bonds committed to in fiscal 2006 for the Riverside infrastructure projects. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Washington County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Washington County's unemployment rate has increased 0.1% this past year, and the prospects for it remaining low are favorable with the construction of a multimillion dollar land based casino/golf resort in the County and the construction of two new biodiesel plants. Unemployment in the County now stands at 3.0% versus 2.9% a year ago, compared with the State's unemployment rate of 3.8% and the national rate of 4.5% for the same period ending June 30, 2007.

Inflation in the State decreased from June 2006 to June 2007 and currently mirrors the national Consumer Price Index (CPI). The State's CPI increase was 2.7% for fiscal year 2007 compared to the national rate of 2.7%. Inflation has been modest here despite a continuing increase in the County's residential housing market and significant increases in energy prices in 2006-2007. The population of the County has increased 3.3% since the last decennial census. Washington County is one of only eleven of the ninety-nine Iowa counties showing a population increase greater than 3.0% since the 2000 census.

In an ongoing effort to maintain County services without a major increase in tax askings, the Washington County Board of Supervisors continues to limit departmental expenditure increases and reduce fund balances in order to provide required services. Amounts appropriated in the 2008 cash operating budget are \$18,186,638, a decrease in the amount budgeted for 2007, and a decrease of 18.30% from actual final 2007 cash expenditures (due in a large part to the anticipated completion of the new \$5.1 million County jail facility and the Riverside infrastructure projects). A property tax revenue increase, due to slight increases in the County's taxable valuations, and a decision by the Board of Supervisors to impose a general basic levy rate of \$3.85 per \$1,000 of taxable valuation (exceeding the statutory maximum of \$3.50 per \$1,000 of taxable valuation) will be supplemented by an anticipated increase in intergovernmental revenues. The decision to increase the general basic levy was made by the Board to slow shrinking fund balances. Washington County will attempt to use these receipts to finance eligible programs we are currently involved in and offset the effect we expect inflation to have on some of these program costs. Budgeted 2008 disbursements, over what was actually spent in 2007, are expected to decline approximately \$4,109,000. Increased wage and cost of living adjustments, increased insurance costs and the opening of the new County correctional project represent the largest expenditure increases. The County has added no other major new programs or initiatives to the 2008 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease at a slower rate than what has been budgeted for the last three years.

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

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

## **Basic Financial Statements**

**Exhibit A**

Washington County  
Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 7,788,650
Receivables:	
Property tax:	
Delinquent	12,615
Succeeding year	6,838,000
Interest and penalty on property tax	176
Accounts	112,029
Accrued interest	4,102
Due from other governments	532,664
Inventories	227,081
Prepaid insurance	83,177
Capital assets (net of accumulated depreciation)	45,128,079
<b>Total assets</b>	<u>60,726,573</u>
<b>Liabilities</b>	
Accounts payable	633,335
Accrued interest payable	61,763
Salaries and benefits payable	148,913
Due to other governments	247,104
Deferred revenue:	
Succeeding year property tax	6,838,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	160,000
Compensated absences	201,703
Portion due or payable after one year:	
General obligation bonds	4,240,000
Urban renewal tax increment revenue bond	9,150,440
Compensation absences	71,652
<b>Total liabilities</b>	<u>21,752,910</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	42,696,150
Restricted for:	
Supplemental levy purposes	758,583
Mental health purposes	328,411
Secondary roads purposes	1,051,747
Other purposes	177,257
Unrestricted	(6,038,485)
<b>Total net assets</b>	<u>\$ 38,973,663</u>

See notes to financial statements.

Washington 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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,774,548	148,043	431,708	67,500	(2,127,297)
Physical health and social services	2,249,946	433,834	918,558	-	(897,554)
Mental health	1,829,529	7,423	810,335	-	(1,011,771)
County environment and education	625,375	40,211	-	74,185	(510,979)
Roads and transportation	4,804,921	200,123	2,401,683	491,100	(1,712,015)
Governmental services to residents	515,128	373,507	5,011	641	(135,969)
Administration	1,469,838	114,108	29,177	-	(1,326,553)
Non-program	4,124,551	244,646	112,803	-	(3,767,102)
Interest on long-term debt	661,995	-	7,128	-	(654,867)
<b>Total</b>	<b>\$ 19,055,831</b>	<b>1,561,895</b>	<b>4,716,403</b>	<b>633,426</b>	<b>(12,144,107)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					6,581,142
Debt service					330,495
Penalty and interest on property tax					64,707
State tax credits					333,727
Local option sales tax					1,061,073
Unrestricted investment earnings					325,632
Gain on disposition of capital assets					67,750
Miscellaneous					78,839
<b>Total general revenues</b>					<b>8,843,365</b>
Change in net assets					(3,300,742)
Net assets beginning of year					42,274,405
Net assets end of year					<b>\$ 38,973,663</b>

See notes to financial statements.

Washington County

Balance Sheet  
Governmental Funds

June 30, 2007

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 3,218,523	665,506	327,248	856,180
Receivables:				
Property tax:				
Delinquent	9,904	1,109	958	-
Succeeding year	4,976,000	557,000	970,000	-
Interest and penalty on property tax	176	-	-	-
Accounts	65,182	30	120	17,894
Accrued interest	4,102	-	-	-
Due from other funds	63	-	-	6,328
Due from other governments	117,745	2,380	204,262	207,834
Inventories	-	-	-	227,081
Prepaid insurance	83,177	-	-	-
<b>Total assets</b>	<b>\$ 8,474,872</b>	<b>1,226,025</b>	<b>1,502,588</b>	<b>1,315,317</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 101,787	123,200	7,887	157,770
Salaries and benefits payable	109,574	3,095	2,780	33,464
Due to other funds	6,255	82	4	50
Due to other governments	37,815	208,425	-	864
Deferred revenue:				
Succeeding year property tax	4,976,000	557,000	970,000	-
Other	9,683	1,084	901	-
Total liabilities	5,241,114	892,886	981,572	192,148
Fund balances:				
Reserved for:				
Supplemental levy purposes	798,164	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved, reported in:				
General fund	2,435,594	-	-	-
Special revenue funds	-	333,139	521,016	1,123,169
Total fund balances	3,233,758	333,139	521,016	1,123,169
<b>Total liabilities and fund balances</b>	<b>\$ 8,474,872</b>	<b>1,226,025</b>	<b>1,502,588</b>	<b>1,315,317</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
27,870	2,126,246	190,838	7,412,411
644	-	-	12,615
335,000	-	-	6,838,000
-	-	-	176
-	-	1,704	84,930
-	-	-	4,102
-	-	-	6,391
-	-	443	532,664
-	-	-	227,081
-	-	-	83,177
<b>363,514</b>	<b>2,126,246</b>	<b>192,985</b>	<b>15,201,547</b>
-	158,175	15,728	564,547
-	-	-	148,913
-	-	-	6,391
-	-	-	247,104
335,000	-	-	6,838,000
630	-	-	12,298
<b>335,630</b>	<b>158,175</b>	<b>15,728</b>	<b>7,817,253</b>
-	-	-	798,164
27,884	-	-	27,884
-	1,968,071	-	1,968,071
-	-	-	2,435,594
-	-	177,257	2,154,581
<b>27,884</b>	<b>1,968,071</b>	<b>177,257</b>	<b>7,384,294</b>
<b>363,514</b>	<b>2,126,246</b>	<b>192,985</b>	<b>15,201,547</b>

**Washington County**

Washington County

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

June 30, 2007

**Total governmental fund balances (page 19)**

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

\$ 7,384,294

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$59,148,517 and the accumulated depreciation is \$14,020,438.

45,128,079

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

12,298

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

334,550

Long-term liabilities, including general obligation bonds payable, urban renewal tax increment revenue bond payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(13,885,558)

**Net assets of governmental activities (page 16)**

\$ 38,973,663

See notes to financial statements.

Washington 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
<b>Revenues:</b>				
Property and other county tax	\$ 5,020,714	551,106	2,053,217	-
Interest and penalty on property tax	64,707	-	-	-
Intergovernmental	1,723,471	838,529	49,193	2,637,927
Licenses and permits	42,836	-	-	1,695
Charges for service	669,503	5,923	2,013	912
Use of money and property	348,175	-	-	-
Miscellaneous	162,530	1,500	-	202,459
Total revenues	<u>8,031,936</u>	<u>1,397,058</u>	<u>2,104,423</u>	<u>2,842,993</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,480,820	-	199,240	-
Physical health and social services	2,233,947	-	70	-
Mental health	-	1,830,624	-	-
County environment and education	381,425	-	202,824	-
Roads and transportation	-	-	94,839	3,832,202
Governmental services to residents	506,269	-	2,460	-
Administration	1,221,558	-	-	-
Non-program	69,030	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	753,876
Total expenditures	<u>6,893,049</u>	<u>1,830,624</u>	<u>499,433</u>	<u>4,586,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,138,887</u>	<u>(433,566)</u>	<u>1,604,990</u>	<u>(1,743,085)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	1,473,856
Operating transfers out	(397,347)	-	(1,348,509)	-
Urban renewal tax increment revenue bond issued	-	-	-	-
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-
General obligation bond anticipation note issued	-	-	-	-
General obligation bond anticipation note redeemed	-	-	-	-
Total other financing sources (uses)	<u>(397,347)</u>	<u>-</u>	<u>(1,348,509)</u>	<u>1,473,856</u>
Net change in fund balances	741,540	(433,566)	256,481	(269,229)
Fund balances beginning of year	<u>2,492,218</u>	<u>766,705</u>	<u>264,535</u>	<u>1,392,398</u>
Fund balances end of year	<u>\$ 3,233,758</u>	<u>333,139</u>	<u>521,016</u>	<u>1,123,169</u>

See notes to financial statements.

City of Riverside				
Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
-	342,924	-	-	7,967,961
-	-	-	-	64,707
-	17,373	-	19,806	5,286,299
-	-	-	1,672	46,203
-	-	-	36,113	714,464
-	7,128	229,452	20,300	605,055
-	55,877	-	77,113	499,479
-	423,302	229,452	155,004	15,184,168
-	-	-	-	2,680,060
-	-	-	5,147	2,239,164
-	-	-	-	1,830,624
37,290	-	-	2,906	624,445
-	-	-	-	3,927,041
-	-	-	4,678	513,407
-	-	-	-	1,221,558
4,013,741	-	-	-	4,082,771
440,633	413,201	-	-	853,834
-	-	3,083,540	161,200	3,998,616
4,491,664	413,201	3,083,540	173,931	21,971,520
(4,491,664)	10,101	(2,854,088)	(18,927)	(6,787,352)
-	-	272,000	-	1,745,856
-	-	-	-	(1,745,856)
4,491,664	-	-	-	4,491,664
-	-	4,600,000	-	4,600,000
-	-	(69,000)	-	(69,000)
-	-	4,550,000	-	4,550,000
-	-	(4,600,000)	-	(4,600,000)
4,491,664	-	4,753,000	-	8,972,664
-	10,101	1,898,912	(18,927)	2,185,312
-	17,783	69,159	196,184	5,198,982
-	27,884	1,968,071	177,257	7,384,294

Washington County

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

Year ended June 30, 2007

**Net change in fund balances - Total governmental funds (page 23)**

**Amounts reported for governmental activities in the Statement of Activities are different because:** \$ 2,185,312

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	\$ 4,348,397	
Capital assets contributed by the Iowa Department of Transportation	244,382	
Depreciation expense	<u>(1,313,672)</u>	3,279,107

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the proceeds from the disposition increase financial resources in the governmental funds. 67,750

Because some property tax revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds. 4,748

Proceeds from issuing long term liabilities provide current financial resources to the 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 issues exceeded repayments, as follows:

Issued	(9,091,664)	
Repaid	<u>253,395</u>	(8,838,269)

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

Compensated absences	(28,688)	
Interest on long-term debt	<u>(61,555)</u>	(90,243)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's employee health insurance benefit plan and flexible benefits plan to individual funds. The change in net assets of the Internal Service Funds is reported with governmental activities. 90,853

**Change in net assets of governmental activities (page 17)** \$ (3,300,742)

See notes to financial statements.

Washington County  
 Statement of Net Assets  
 Proprietary Funds  
 June 30, 2007

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 376,239
Accounts receivable	27,099
<b>Total assets</b>	<u>403,338</u>
<b>Liabilities</b>	
Accounts payable	<u>68,788</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 334,550</u>

See notes to financial statements.

**Exhibit H**

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

Year ended June 30, 2007

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,048,300
Reimbursements from employees		33,635
Reimbursements from agency funds		114,903
Contributions for flexible benefits		67,256
Stop loss reimbursements		91,713
Total operating revenues		<u>1,355,807</u>
Operating expenses:		
Medical claims	\$ 900,220	
Administrative fees	302,117	
Flexible benefits claims	<u>72,044</u>	<u>1,274,381</u>
Operating income		81,426
Non-operating revenues:		
Interest income		<u>9,427</u>
Net income		90,853
Net assets beginning of year		<u>243,697</u>
Net assets end of year		<u><u>\$ 334,550</u></u>

See notes to financial statements.

Washington County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2007

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,048,300
Cash received from employees and others	192,604
Cash received from agency funds	114,903
Cash paid to suppliers for services	(1,319,947)
Net cash provided by operating activities	35,860
Cash flows from investing activities:	
Interest on investments	9,427
Net increase in cash and cash equivalents	45,287
Cash and cash equivalents beginning of year	330,952
Cash and cash equivalents end of year	\$ 376,239
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 81,426
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) in accounts receivable	(27,099)
(Decrease) in accounts payable	(18,467)
Net cash provided by operating activities	\$ 35,860

See notes to financial statements.

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

**Assets**

Cash and pooled investments:		
County Treasurer	\$	1,319,150
Other County officials		61,359
Receivables:		
Property tax:		
Delinquent		37,058
Succeeding year		16,632,000
Accounts		79,930
Special assessments		16,902
Due from other governments		37,927
<b>Total assets</b>		<u>18,184,326</u>

**Liabilities**

Accounts payable		16,974
Salaries and benefits payable		17,196
Due to other governments		18,092,829
Trusts payable		38,153
Compensated absences		19,174
<b>Total liabilities</b>		<u>18,184,326</u>

<b>Net assets</b>	\$	<u>-</u>
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See notes to financial statements.

Washington County

Notes to Financial Statements

June 30, 2007

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

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

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

A. Reporting Entity

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

These financial statements present Washington County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, the same as the County.

The Washington County Conservation Foundation (Foundation) has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Washington County Conservation Board. These donations are to be used to purchase items not included in the County's budget and to pay for special projects. The financial transactions of the Foundation have been displayed as a nonmajor governmental fund.

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

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

Related Organization – Although the County periodically provides significant financial assistance, primarily through the purchase of ambulances, the County does not appoint a voting majority of Washington County Ambulance, Inc. board members. Therefore, the financial activity of Washington County Ambulance, Inc. has been excluded from the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. 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.

The City of Riverside Tax Increment Financing Fund (TIF) is used to account for activity within an established TIF district.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 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.

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of 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 comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

Unrestricted Net Assets – The unrestricted net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted.

**(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.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$564,585 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

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) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 9
	Rural Services	4
	Secondary Roads	50
Special Revenue:		
Secondary Roads	General	6,255
	Special Revenue:	
	Mental Health	73
Total		<u>\$ 6,391</u>

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

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Capital Projects	General	\$ 272,000
Special Revenue:		
Secondary Roads	General	125,347
	Special Revenue:	
	Rural Services	1,348,509
Total		<u>\$ 1,745,856</u>

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

**(5) Capital Assets**

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

	Balance Beginning of Year *	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,279,919	205,694	-	3,485,613
Construction in progress	1,381,864	4,066,329	(2,357,036)	3,091,157
Total capital assets not being depreciated	<u>4,661,783</u>	<u>4,272,023</u>	<u>(2,357,036)</u>	<u>6,576,770</u>
Capital assets being depreciated:				
Buildings	5,656,123	-	-	5,656,123
Equipment and vehicles	6,650,759	594,200	(218,207)	7,026,752
Infrastructure, road network	37,737,530	2,151,342	-	39,888,872
Total capital assets being depreciated	<u>50,044,412</u>	<u>2,745,542</u>	<u>(218,207)</u>	<u>52,571,747</u>
Less accumulated depreciation for:				
Buildings	2,801,938	82,496	-	2,884,434
Equipment and vehicles	4,023,183	522,504	(218,207)	4,327,480
Infrastructure, road network	6,099,852	708,672	-	6,808,524
Total accumulated depreciation	<u>12,924,973</u>	<u>1,313,672</u>	<u>(218,207)</u>	<u>14,020,438</u>
Total capital assets being depreciated, net	<u>37,119,439</u>	<u>1,431,870</u>	<u>-</u>	<u>38,551,309</u>
Governmental activities capital assets, net	<u>\$ 41,781,222</u>	<u>5,703,893</u>	<u>(2,357,036)</u>	<u>45,128,079</u>

\* Balance beginning of year for Land and Infrastructure, road network were increased and decreased, respectively, by \$2,699,747 to properly classify right-of-way as land rather than infrastructure.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 118,676
Physical health and social services	17,118
County environment and education	4,955
Roads and transportation	1,057,172
Governmental services to residents	37,712
Administration	<u>78,039</u>
Total depreciation expense - governmental activities	<u>\$ 1,313,672</u>

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 37,815
Special Revenue:		
Mental Health	Services	208,425
Secondary Roads	Services	864
		<u>209,289</u>
Total for governmental funds		<u>\$ 247,104</u>
Agency:		
County Offices		\$ 23,206
Agriculture Extension Education		153,928
County Assessor	Collections	460,076
Schools		10,546,788
Community Colleges		677,258
Corporations		4,174,904
Townships		247,321
Public Safety Commission		25,437
Auto License and Use Tax		366,556
All other		1,417,355
Total for agency funds		<u>\$ 18,092,829</u>

**(7) 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 Notes	General Obligation Bonds	Urban Renewal Tax Increment Revenue Bond	Compen- sated Absences	Total
Balance beginning of year	\$ 53,395	-	4,658,776	244,667	4,956,838
Increases	-	4,600,000	4,491,664	306,188	9,397,852
Decreases	53,395	200,000	-	277,500	530,895
Balance end of year	<u>\$ -</u>	<u>4,400,000</u>	<u>9,150,440</u>	<u>273,355</u>	<u>13,823,795</u>
Due within one year	\$ -	160,000	-	201,703	361,703

## General Obligation Bonds Payable

A summary of the County's June 30, 2007 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2008	3.80%	\$ 160,000	187,635	347,635
2009	3.85	165,000	181,555	346,555
2010	3.85	170,000	175,203	345,203
2011	3.90	175,000	168,658	343,658
2012	3.95	185,000	161,833	346,833
2013- 2017	4.00 - 4.20	1,035,000	692,191	1,727,191
2018- 2022	4.20 - 4.45	1,275,000	454,839	1,729,839
2023- 2026	4.50 - 4.65	1,235,000	145,200	1,380,200
Total		\$ 4,400,000	2,167,113	6,567,113

During the year ended June 30, 2007, the County issued \$4,600,000 in general obligation bonds, and retired \$200,000 of bonds. The bonds were issued to fund the construction of a new county jail.

## Urban Renewal Tax Increment Revenue Bond

On April 3, 2006, the County issued a \$9,400,000 urban renewal tax increment revenue bond on behalf of the City of Riverside. The bond bears interest at 5.95% per annum with final maturity on June 1, 2017. The first payment on the bond is due December 1, 2008. The bond was purchased by Dubuque Bank and Trust, which also retained the bond proceeds. As needed, the County draws down proceeds from Dubuque Bank and Trust and forwards them to the City of Riverside to pay for expenditures incurred in conjunction with the City's Water and Sewer Infrastructure Project. As of June 30, 2007, the County has drawn down \$9,150,440 in bond proceeds.

Since repayment of the bond is dependent upon the amount of tax increment financing (TIF) revenues collected each year, a formal repayment schedule has not been established for the revenue bond. Interest is due and payable from tax increment financing revenues on June 1, 2006 and semi-annually thereafter until final maturity on June 1, 2017. On January 20, 2006, the County entered into a Tax Revenue Shortfall Agreement with Dubuque Bank and Trust, the City of Riverside, Washington County Casino Resort, L.L.C. (WCCR), and Riverside Casino and Golf Resort, L.L.C. (RCGR). Pursuant to the agreement, if for any reason the TIF revenues are insufficient to pay the principal and/or interest on the bond, WCCR and RCGR shall, jointly and severably, make up the shortfall.

The bond is not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

### **(8) Project Anticipation Note**

On December 12, 2005, the County authorized the issuance of a \$4,600,000 general obligation correctional facility bond anticipation project note, with interest at 5.125% per annum and final maturity on December 1, 2006.

In December 2005, the County drew a \$50,000 advance on the note. In August 2006, the balance of \$4,550,000 was drawn on the note. Also, in August 2006, the entire note of \$4,600,000, including interest, was repaid.

### **(9) 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 annual covered payroll. 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 year ended June 30, 2007, 2006 and 2005 were \$314,654, \$291,249 and \$276,062, respectively, equal to the required contributions for each year.

#### **(10) Risk Management**

Washington 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 with over 556 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 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 \$156,839.

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 and employee blanket bond in the amount of \$1,000,000 and \$200,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2007 was \$1,048,300.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$68,788, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$333,010 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	\$ 87,255
Incurred claims (including claims incurred but not reported at June 30, 2007)	900,220
Payments	<u>(918,687)</u>
Unpaid claims end of year	<u>\$ 68,788</u>

**(12) County Hospital Revenue Bonds**

On July 1, 1997, the County entered into a loan agreement pursuant to Chapter 331.402(3) of the Code of Iowa and issued \$5,200,000 of Hospital Revenue Bonds for constructing, remodeling and expanding the Washington County Hospital. The bonds and related interest are payable solely out of the net earnings of the Washington County Hospital and do not constitute liabilities of the County. The outstanding balance on the bonds at June 30, 2007 was \$2,550,000.

**(13) Jointly Governed Organization**

Washington County participates in the Washington County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2007:

Additions:		
Contributions from governmental units:		
Washington County	\$ 194,341	
City of Washington	178,429	
Other cities	108,065	
Reimbursement from Joint E-911 Service Board	<u>75,787</u>	\$ 556,622
Deductions:		
Salaries	372,766	
Benefits	72,749	
Office supplies	2,070	
Uniforms	1,971	
Postage and mailing	224	
Travel	8,300	
Telephone and fax services	11,646	
Training	860	
Professional services	16,705	
Equipment maintenance	11,226	
Radio equipment maintenance	40,298	
Office equipment and furniture	322	
Other machinery and equipment	472	
Distribution to Debt Service Fund	55,877	
Miscellaneous	<u>4,896</u>	<u>600,382</u>
Net		(43,760)
Balance beginning of year		<u>94,770</u>
Balance end of year		<u>\$ 51,010</u>

**(14) Litigation**

The County is a defendant in a lawsuit for which the probability and amount of loss, if any, is undeterminable.

**Required Supplementary Information**

**Washington County**

**Required Supplementary Information**

Washington County

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

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,847,032	-	7,847,032
Interest and penalty on property tax	64,631	-	64,631
Intergovernmental	5,224,403	-	5,224,403
Licenses and permits	46,030	-	46,030
Charges for service	710,685	-	710,685
Use of money and property	592,651	-	592,651
Miscellaneous	512,660	901	511,759
Total receipts	<u>14,998,092</u>	<u>901</u>	<u>14,997,191</u>
<b>Disbursements:</b>			
Public safety and legal services	2,655,234	-	2,655,234
Physical health and social services	2,234,396	-	2,234,396
Mental health	1,699,499	-	1,699,499
County environment and education	630,755	2,906	627,849
Roads and transportation	3,888,182	-	3,888,182
Governmental services to residents	513,121	-	513,121
Administration	1,232,449	-	1,232,449
Non-program	4,477,477	-	4,477,477
Debt service	853,833	-	853,833
Capital projects	4,113,594	-	4,113,594
Total disbursements	<u>22,298,540</u>	<u>2,906</u>	<u>22,295,634</u>
Deficiency of receipts under disbursements	(7,300,448)	(2,005)	(7,298,443)
Other financing sources, net	9,418,794	-	9,418,794
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,118,346	(2,005)	2,120,351
Balance beginning of year	5,294,065	19,501	5,274,564
Balance end of year	<u>\$ 7,412,411</u>	<u>17,496</u>	<u>7,394,915</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
7,576,980	7,576,980	270,052
56,000	56,000	8,631
7,439,344	7,770,644	(2,546,241)
41,540	41,540	4,490
755,295	755,295	(44,610)
281,025	289,160	303,491
221,370	298,595	213,164
<u>16,371,554</u>	<u>16,788,214</u>	<u>(1,791,023)</u>
2,886,047	2,887,717	232,483
2,325,364	2,486,874	252,478
1,699,500	1,699,500	1
566,595	638,797	10,948
4,317,000	4,317,000	428,818
594,358	594,358	81,237
1,502,018	1,502,018	269,569
1,867,300	4,491,820	14,343
975,459	1,157,935	304,102
6,927,200	7,353,829	3,240,235
<u>23,660,841</u>	<u>27,129,848</u>	<u>4,834,214</u>
(7,289,287)	(10,341,634)	3,043,191
<u>2,412,950</u>	<u>9,801,804</u>	<u>(383,010)</u>
(4,876,337)	(539,830)	2,660,181
<u>7,832,886</u>	<u>5,266,860</u>	<u>7,704</u>
<u>2,956,549</u>	<u>4,727,030</u>	<u>2,667,885</u>

Washington 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	\$ 14,998,092	186,076	15,184,168
Expenditures	22,298,540	(327,020)	21,971,520
Net	(7,300,448)	513,096	(6,787,352)
Other financing sources, net	9,418,794	(446,130)	8,972,664
Beginning fund balances	5,294,065	(95,083)	5,198,982
Ending fund balances	\$ 7,412,411	(28,117)	7,384,294

See accompanying independent auditor's report.

Washington 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 the blended component unit, Internal Service Funds 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, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$3,469,007. 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.

**Washington County**

**Other Supplementary Information**

Washington County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2007

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhance- ment and Protection	Law Enforcement County Attorney
<b>Assets</b>				
Cash and pooled investments	\$ 27,210	321	98,440	15,688
Accounts receivable				
Due from other governments	443	-	-	-
<b>Total assets</b>	<b>\$ 27,653</b>	<b>321</b>	<b>98,440</b>	<b>15,688</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	13,420	-
Fund equity:				
Unreserved fund balance	27,653	321	85,020	15,688
<b>Total liabilities and fund equity</b>	<b>\$ 27,653</b>	<b>321</b>	<b>98,440</b>	<b>15,688</b>

See accompanying independent auditor's report.

Law Enforcement County Sheriff	Federal Emergency Management Assistance	Supplemental Environmental Projects	Conservation Land Acquisition	Washington County Conservation Foundation	Total
5,576	300	527	25,280	17,496	190,838
			1,704		1,704
-	-	-	-	-	443
5,576	300	527	26,984	17,496	192,985
-	174	-	2,134	-	15,728
5,576	126	527	24,850	17,496	177,257
5,576	300	527	26,984	17,496	192,985

Washington County

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

Year ended June 30, 2007

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhance- ment and Protection	Law Enforcement County Attorney
Revenues:				
Intergovernmental	\$ -	-	15,183	-
Licenses and permits	-	-	-	-
Charges for service	5,079	-	-	-
Use of money and property	1,381	-	3,479	-
Miscellaneous	-	-	59,000	-
Total revenues	6,460	-	77,662	-
Expenditures:				
Operating:				
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	4,678	-	-	-
Capital projects	-	-	39,428	-
Total expenditures	4,678	-	39,428	-
Excess (deficiency) of revenues over (under) expenditures	1,782	-	38,234	-
Fund balances beginning of year	25,871	321	46,786	15,688
Fund balances end of year	\$ 27,653	321	85,020	15,688

See accompanying independent auditor's report.

Law Enforcement County Sheriff	Federal Emergency Management Assistance	Supplemental Environmental Projects	Conservation Land Acquisition	Washington County Conservation Foundation	Total
-	4,623	-	-	-	19,806
-	-	-	1,672	-	1,672
-	-	-	31,034	-	36,113
-	-	25	15,415	-	20,300
620	-	-	16,592	901	77,113
620	4,623	25	64,713	901	155,004
-	5,147	-	-	-	5,147
-	-	-	-	2,906	2,906
-	-	-	-	-	4,678
-	-	-	121,772	-	161,200
-	5,147	-	121,772	2,906	173,931
620	(524)	25	(57,059)	(2,005)	(18,927)
4,956	650	502	81,909	19,501	196,184
5,576	126	527	24,850	17,496	177,257

**Schedule 3**

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Washington County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2007

	Employee Group Health	Flexible Benefits	Total
<b>Assets</b>			
Cash and pooled investments	\$ 374,699	1,540	376,239
Accounts receivable	27,099	-	27,099
<b>Total assets</b>	<b>401,798</b>	<b>1,540</b>	<b>403,338</b>
<b>Liabilities</b>			
Accounts payable	68,788	-	68,788
<b>Net Assets</b>			
Unrestricted	\$ 333,010	1,540	334,550

See accompanying independent auditor's report.

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

Year ended June 30, 2007

	Employee Group Health	Flexible Benefits	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,048,300	-	1,048,300
Reimbursements from employees	33,635	-	33,635
Reimbursements from agency funds	114,903	-	114,903
Withholdings from employees	-	67,256	67,256
Stop loss reimbursements	91,713	-	91,713
Total operating revenues	1,288,551	67,256	1,355,807
Operating expenses:			
Medical claims	900,220	-	900,220
Administrative fees	302,117	-	302,117
Flexible benefits claims	-	72,044	72,044
Total operating expenses	1,202,337	72,044	1,274,381
Operating income (loss)	86,214	(4,788)	81,426
Non-operating revenues:			
Interest on investments	9,427	-	9,427
Net income (loss)	95,641	(4,788)	90,853
Net assets beginning of year	237,369	6,328	243,697
Net assets end of year	\$ 333,010	1,540	334,550

See accompanying independent auditor's report.

**Washington County**

Washington County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2007

	Employee Group Health	Flexible Benefits	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 1,048,300	-	1,048,300
Cash received from others	125,348	67,256	192,604
Cash received from agency funds	114,903	-	114,903
Cash paid to suppliers for services	(1,247,903)	(72,044)	(1,319,947)
Net cash provided by (used for) operating activities	40,648	(4,788)	35,860
Cash flows from investing activities:			
Interest on investments	9,427	-	9,427
Net increase (decrease) in cash and cash equivalents	50,075	(4,788)	45,287
Cash and cash equivalents at beginning of year	324,624	6,328	330,952
Cash and cash equivalents at end of year	\$ 374,699	1,540	376,239
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 86,214	(4,788)	81,426
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable	(27,099)	-	(27,099)
(Decrease) in accounts payable	(18,467)	-	(18,467)
Net cash provided by (used for) operating activities	\$ 40,648	(4,788)	35,860

See accompanying independent auditor's report.

Washington County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	2,627	107,594	160,876	9,998	73,762
Other County officials	61,359	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	301	727	20,912	1,260	12,142
Succeeding year	-	151,000	365,000	10,365,000	666,000	4,089,000
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 61,359</b>	<b>153,928</b>	<b>473,321</b>	<b>10,546,788</b>	<b>677,258</b>	<b>4,174,904</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	2,243	-	-	-
Salaries and benefits payable	-	-	5,410	-	-	-
Due to other governments	23,206	153,928	460,076	10,546,788	677,258	4,174,904
Trusts payable	38,153	-	-	-	-	-
Compensated absences	-	-	5,592	-	-	-
<b>Total liabilities</b>	<b>\$ 61,359</b>	<b>153,928</b>	<b>473,321</b>	<b>10,546,788</b>	<b>677,258</b>	<b>4,174,904</b>

See accompanying independent auditor's report.

Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
3,129	48,001	366,556	546,607	1,319,150
-	-	-	-	61,359
192	-	-	1,524	37,058
244,000	-	-	752,000	16,632,000
-	-	-	79,930	79,930
-	-	-	16,902	16,902
-	3,009	-	34,918	37,927
247,321	51,010	366,556	1,431,881	18,184,326
-	1,944	-	12,787	16,974
-	10,047	-	1,739	17,196
247,321	25,437	366,556	1,417,355	18,092,829
-	-	-	-	38,153
-	13,582	-	-	19,174
247,321	51,010	366,556	1,431,881	18,184,326

Washington 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
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 56,670	166,076	426,293	10,055,707
Additions:				
Property and other county tax	-	151,262	365,782	10,392,487
E911 surcharge	-	-	-	-
State tax credits	-	8,213	16,586	503,947
State allocation	-	-	-	-
Office fees and collections	493,231	-	-	-
Auto licenses, use tax, postage and drivers license fees	-	-	-	-
Assessments	-	-	-	-
Trusts	179,715	-	-	-
Miscellaneous	22,832	-	249	-
Total additions	695,778	159,475	382,617	10,896,434
Deductions:				
Agency remittances:				
To other funds	170,660	-	-	-
To other governments	345,171	171,623	335,589	10,405,353
Trusts paid out	175,258	-	-	-
Total deductions	691,089	171,623	335,589	10,405,353
Balances end of year	\$ 61,359	153,928	473,321	10,546,788

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
662,279	4,244,948	237,391	94,770	372,826	1,284,609	17,601,569
667,453	4,058,938	244,466	-	-	754,374	16,634,762
-	-	-	-	-	223,622	223,622
31,363	204,326	11,241	-	-	37,027	812,703
-	-	-	-	-	354,230	354,230
-	-	-	556,622	-	333,398	1,383,251
-	-	-	-	4,483,664	38,219	4,521,883
-	-	-	-	-	34,909	34,909
-	-	-	-	-	213,212	392,927
-	-	-	-	-	124,332	147,413
698,816	4,263,264	255,707	556,622	4,483,664	2,113,323	24,505,700
-	-	-	-	180,196	90	350,946
683,837	4,333,308	245,777	600,382	4,309,738	1,752,749	23,183,527
-	-	-	-	-	213,212	388,470
683,837	4,333,308	245,777	600,382	4,489,934	1,966,051	23,922,943
677,258	4,174,904	247,321	51,010	366,556	1,431,881	18,184,326

Washington County

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

For the Last Eight Years

	2007	2006	2005
<b>Revenues:</b>			
Property and other county tax	\$ 7,967,961	6,636,184	6,339,731
Interest and penalty on property tax	64,707	63,726	59,045
Intergovernmental	5,286,299	8,240,176	6,161,660
Licenses and permits	46,203	50,678	50,816
Charges for service	714,464	919,552	649,381
Use of money and property	605,055	315,561	206,180
Fines, forfeitures and defaults	-	-	-
Miscellaneous	499,479	179,197	419,137
<b>Total</b>	<b>\$ 15,184,168</b>	<b>16,405,074</b>	<b>13,885,950</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 2,680,060	2,660,864	2,781,551
Physical health and social services	2,239,164	2,004,389	1,900,854
Mental health	1,830,624	1,338,335	1,368,581
County environment and education	624,445	525,778	540,426
Roads and transportation	3,927,041	3,998,812	4,109,636
Governmental services to residents	513,407	640,779	474,804
Administration	1,221,558	1,247,345	1,224,129
Non-program	4,082,771	4,656,959	63,080
Debt service	853,834	143,920	136,507
Capital projects	3,998,616	2,979,542	1,045,744
<b>Total</b>	<b>\$ 21,971,520</b>	<b>20,196,723</b>	<b>13,645,312</b>

See accompanying independent auditor's report.

Modified Accrual Basis				
2004	2003	2002	2001	2000
6,241,554	5,984,992	5,615,499	5,542,139	4,397,020
53,893	54,570	61,136	48,799	47,863
5,083,478	5,450,236	5,474,357	5,189,339	5,045,627
49,619	53,794	46,699	40,097	37,370
686,167	617,076	533,446	444,212	433,562
171,402	183,428	309,182	549,223	284,635
3,116	8,106	2,465	11,339	2,793
384,648	725,576	311,702	180,510	135,947
<b>12,673,877</b>	<b>13,077,778</b>	<b>12,354,486</b>	<b>12,005,658</b>	<b>10,384,817</b>
2,575,845	2,658,121	2,340,040	2,311,759	2,006,692
1,906,677	1,825,272	1,716,620	1,596,445	1,361,236
1,379,236	1,524,813	1,573,706	1,745,113	1,604,335
478,857	411,633	372,007	328,888	278,301
3,766,210	3,566,052	3,321,231	3,076,050	3,192,729
465,193	480,007	441,334	458,178	402,906
1,293,299	1,133,910	1,041,540	997,963	955,311
86,951	327,280	67,589	481,519	106,112
68,254	138,675	138,835	73,645	76,611
1,305,961	1,833,034	838,276	710,471	1,106,836
<b>13,326,483</b>	<b>13,898,797</b>	<b>11,851,178</b>	<b>11,780,031</b>	<b>11,091,069</b>

**Washington County**

**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**

**Washington County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on 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 Washington County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated June 17, 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 Washington 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 Washington County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Washington 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 Washington 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 Washington County's financial statements that is more than inconsequential will not be prevented or detected by Washington 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 Washington 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 (C) are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 of 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.

Washington 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 Washington 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 Washington County and other parties to whom Washington County may report, including Federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

June 17, 2008

Washington County

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCY:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the Sheriff's office may have control over collecting receipts, depositing, posting and daily reconciling.

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

Response – From past audits the following procedures have been in place to provide for checks and balances. Mail is opened by the Administrative Supervisor and forwarded to the Civil office. On random days, the Administrative Supervisor will log the checks that are received and at the end of the month, that list is forwarded to the Chief Deputy. The Chief Deputy will check them off the deposit slips.

There are two deputies assigned in the Civil office and both do the deposit preparation. The deposits (done weekly) are reviewed by the Sheriff or Chief Deputy and the deposit is made by the Chief Deputy when possible.

The checkbook is reconciled monthly and a monthly report is written, which is reviewed by the Sheriff or Chief Deputy. Also two signatures are needed on checks written by the Civil office deputies. One signature must be by the Sheriff or Chief Deputy.

As for bond money made after hours, the jailers have a log that is signed off by the person making bail and the jailer taking the money. The money is then secured in a locked box that only the jail administrator has access to. On the next business day the jail administration will forward the money to the clerk of courts office or the civil office and have them sign for it.

Conclusion – Response acknowledged. To strengthen controls over receipts, independent reviews of transactions, reconciliations and reports should be evidenced by the reviewer's initials and the date reviewed.

- (B) Information Systems – The County does not have a written disaster recovery plan and does not utilize a lock out function to prevent unauthorized access.

Washington County

Schedule of Findings

Year ended June 30, 2007

Recommendation – A written disaster recovery plan should be developed and a lock out function should be utilized to protect against unauthorized access.

Response – Disaster recovery is addressed in our maintenance agreement. However, a written policy will be developed to include these concerns. Also, the installation of a lock out function will be researched and possibly implemented.

Conclusion – Response accepted.

- (C) Financial Reporting – During the audit, we identified material amounts of receivables, payables and a capital asset addition not recorded in the County's financial statements. Adjustments were subsequently made by the County to include these amounts in the financial statements.

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

Response – The local option tax received in July was accrued, but was incorrectly entered for June, not May, which would have been correct. The payment received in August was assumed to be for July not June and therefore not accrued. The Employee Group Insurance fund expenses were accrued, but not on the original GAAP report. We will be more careful in the future when recording accruals and capital assets.

Conclusion – Response accepted.

- (D) Commissary Account – The County Sheriff maintains a commissary account to purchase resale items for the benefit of inmates. During the year ended June 30, 2007, ledger (book) balances were not reconciled to bank balances monthly.

Recommendation – To strengthen controls over the commissary account, book balances should be reconciled to bank balances monthly and variances, if any, should be resolved timely.

Response – Monthly reconciliations will be performed starting in April 2008.

Conclusion – Response accepted.

- (E) Time Sheets – Salaried personnel of the County do not prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel in all departments, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor or the County officer or

Washington County

Schedule of Findings

Year ended June 30, 2007

department head prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – Most Washington County department heads already follow this recommended procedure. The County Auditor has forwarded this directive to all departments as a reminder of the proper procedure.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Washington County

Schedule of Findings

Year ended June 30, 2007

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.
- (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 – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to insure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, minutes are required by Chapter 349.18 of the Code of Iowa to be submitted for publication within seven days of a Board meeting. Certain minutes were not submitted for publication in a timely manner.

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

Response – Special elections, redistricting/reprecincting of the County and continuously increasing demands on the County Auditor's office have made the timely completion of Board minutes a difficult task. The County Auditor has dedicated additional time after normal office hours for completion of Board minutes and will continue to do so until a permanent solution can be realized.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (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) Code of Ordinances – The County has not compiled a code of ordinances containing all County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Washington County

Schedule of Findings

Year ended June 30, 2007

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

Response – Washington County has contracted with Iowa Codification to complete the update of its code of ordinances. All existing ordinances have been sent to Iowa Codification and the County Auditor’s office continues to correspond with the company to facilitate the updating process.

Conclusion – Response accepted.

- (10) 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.

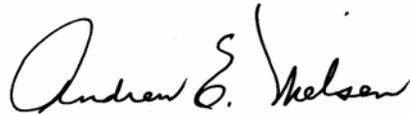
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Washington County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager  
Steven O. Fuqua, CPA, Senior Auditor II  
Carrie L. Livingston, CPA, Staff Auditor  
James R. Wittenwyler, Staff Auditor  
Aaron P. Wagner, CPA, Staff Auditor  
Michael R. Field, Staff Auditor  
Michael D. Eckard, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State