



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

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**NEWS RELEASE**

FOR RELEASE

June 5, 2008

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Boone County, Iowa.

The County had local tax revenue of \$30,525,738 for the year ended June 30, 2007, which included \$1,381,889 in tax credits from the state. The County forwarded \$24,574,530 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,951,208 of the local tax revenue to finance County operations, a 5% increase over the prior year. Other revenues included charges for service of \$3,898,573, operating grants, contributions and restricted interest of \$4,487,337, capital grants, contributions and restricted interest of \$1,772,930, local option sales tax of \$786,335, unrestricted investment earnings of \$363,929 and other general revenues of \$878,192.

Expenses for County operations totaled \$16,024,528, a 5.1% increase from the prior year. Expenses included \$5,183,801 for roads and transportation, \$2,676,594 for mental health and \$2,582,006 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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**BOONE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2007**

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**Boone County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2007)</b>		
Mike O'Brien	Board of Supervisors	Jan 2007
David W. Reed	Board of Supervisors	Jan 2009
Albert G. Sorenson	Board of Supervisors	Jan 2009
Philippe Meier	County Auditor	Jan 2009
Darcy Bosch	County Treasurer	Jan 2007
Sheryl Thul	County Recorder	Jan 2007
Ronald Fehr	County Sheriff	Jan 2009
Jim Robbins	County Attorney	Jan 2007
Kathleen A. Anderson	County Assessor	Jan 2007
<b>(After January 2007)</b>		
David W. Reed	Board of Supervisors	Jan 2009
Albert G. Sorenson	Board of Supervisors	Jan 2009
Mike O'Brien	Board of Supervisors	Jan 2011
Philippe Meier	County Auditor	Jan 2009
Darcy Bosch	County Treasurer	Jan 2011
Sheryl Thul	County Recorder	Jan 2011
Ronald Fehr	County Sheriff	Jan 2009
Jim Robbins	County Attorney	Jan 2011
Kathleen A. Anderson	County Assessor	Jan 2013

**Boone County**



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Independent Auditor's Report

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 Boone County's management. Our responsibility is to express opinions on these financial statements based on our audit.

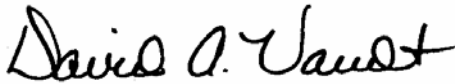
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, the business type activities, each major fund and the aggregate remaining fund information of Boone 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.

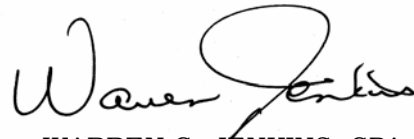
In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2008 on our consideration of Boone County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 20 and 54 through 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone 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 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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

May 16, 2008

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

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Boone County provides this Management's Discussion and Analysis of the Boone County FY2007 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped this section will assist readers in understanding the events that significantly affected the financial position of Boone County as a whole.

This is the fifth year Boone County has been required to report all activities on a full accrual basis, as required by the reporting standards of GASB 34. This year's financial information will be compared to FY2006 information.

### **FISCAL YEAR 2007 FINANCIAL HIGHLIGHTS**

- Boone County's governmental activities revenues decreased \$441,923, or 2.8%, compared to FY2006. Taxes levied on property increased \$273,212, or 4.8%, from FY2006.
- Boone County's governmental activities expenses increased \$616,281, or 4.5%, compared to FY2006.
- Boone County's net assets increased approximately \$2.1 million over FY2006.

### **USING THIS ANNUAL REPORT**

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Boone County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Boone County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Boone County, reporting Boone County's operations in more detail than the government-wide statements.
- The governmental funds statements explain how basic services, such as mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short term and long term financial information about activities Boone County operates like a business. In Boone County, the landfill operations are the only enterprise reported as a proprietary fund.
- Fiduciary funds statements provide information about financial relationships for which Boone County acts solely as a trustee or agent to benefit others. Examples of these funds include Empowerment Funds, Emergency Management Funds and tax funds collected and distributed to schools, cities and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Boone County's budget for FY2007. Other supplementary information provides detailed information about nonmajor governmental funds and agency funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.



## **REPORTING THE COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

The government-wide financial statements report information about Boone County as a whole using accounting methods similar to those used in private-sector companies. The Statement of Net Assets includes all of Boone County's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when the cash was received or paid.

The two government-wide financial statements report Boone County's net assets and how they have changed. Net assets - the difference between Boone County's assets and liabilities - are one way to measure Boone County's financial health or position.

- Over time, increases or decreases in Boone County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Boone County's overall financial health, readers need to consider Boone County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Boone County's activities are divided into two categories:

- **Governmental activities:** Boone County's basic services are included here, including 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.
- **Business type activities:** The Boone County Landfill charges fees to cover the services it provides. The Boone County Landfill's financial information is presented here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about Boone County's funds, focusing on its most significant or "major" funds - not Boone County as a whole. Funds are accounting devices Boone County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Boone County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues such as federal grants.

Boone County has three types of funds:

1) **Governmental Funds:** Most of Boone County's basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets which can readily be converted to cash flow in and out and 2) The balances left over at year-end that are available to provide spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Boone County's programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Boone County's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

2) Proprietary Funds: Boone County's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. Boone County has three enterprise funds, Landfill Operations Fund, Landfill Closure/Postclosure Fund and Ground Water Tax Fund.

3) Fiduciary Funds: Boone County is the trustee, or fiduciary, for assets belonging to others, such as Trustee Drainage Districts, Emergency Management Services, County Assessor, Empowerment and all the agency funds necessary to collect and distribute property taxes to schools, cities and other taxing authorities. Boone County is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Boone County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability for amounts due to other governments and, therefore, the fiduciary funds do not report a fund balance.

### BOONE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Boone County's net assets for FY2007 totaled \$36,540,734. Net assets on June 30, 2006 were \$34,426,758. Net assets increased 6.1% as a result of FY2007 Boone County operations.

	Net Assets of Boone County Activities					
	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 12,902,271	12,415,870	3,878,446	3,255,716	16,780,717	15,671,586
Capital assets	31,034,749	27,879,901	2,909,824	2,276,423	33,944,573	30,156,324
Total assets	43,937,020	40,295,771	6,788,270	5,532,139	50,725,290	45,827,910
Long-term liabilities	5,480,306	3,837,864	1,356,329	1,251,049	6,836,635	5,088,913
Other liabilities	7,111,825	6,266,010	236,097	46,229	7,347,922	6,312,239
Total liabilities	12,592,131	10,103,874	1,592,426	1,297,278	14,184,557	11,401,152
Net assets:						
Invested in capital assets, net of related debt	25,822,826	24,322,031	2,909,824	2,276,423	28,732,650	26,598,454
Restricted	3,245,786	3,701,304	107,403	102,346	3,353,189	3,803,650
Unrestricted	2,276,277	2,168,562	2,178,618	1,856,092	4,454,895	4,024,654
Total net assets	\$ 31,344,889	30,191,897	5,195,845	4,234,861	36,540,734	34,426,758

Net assets increased \$2,113,976, or 6.1%, compared to FY2006. The largest portion of Boone County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) less related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation or other legal requirements – total \$4,454,895. Unrestricted net assets increased \$430,241, or 10.7%, as a result of FY2007 operations.

The following table entitled “Changes in Net Assets of Boone County Activities” compares in greater detail the changes in activity. Looking at the County as a whole, readers will note revenues increased approximately 1.7% and expenses increased approximately 5.1%. The decrease in capital grants is because the County received IDOT farm to market funding in FY2006 in excess of \$2 million compared to \$1.1 million in FY2007. Program expense increases include a 7.2% increase in public safety and legal services, a 7.6% increase in mental health and a 1.2% increase in roads and transportation.

Changes in Net Assets of Boone County Activities						
	Governmental		Business Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for service	\$ 1,830,529	1,816,386	2,068,044	1,875,997	3,898,573	3,692,383
Operating grants, contributions and restricted interest	4,487,337	4,557,177	-	-	4,487,337	4,557,177
Capital grants, contributions and restricted interest	1,772,930	2,784,353	-	-	1,772,930	2,784,353
General revenues:						
Property tax - general purposes	5,355,550	5,062,303	-	-	5,355,550	5,062,303
Property tax - debt service	328,947	325,514	-	-	328,947	325,514
Penalty and interest on property tax	83,517	61,469	-	-	83,517	61,469
State tax credits	266,711	274,642	-	-	266,711	274,642
Local option sales tax	786,335	746,811	-	-	786,335	746,811
Grants and contributions not restricted to specific purposes	92,031	10,117	-	-	92,031	10,117
Unrestricted investment earnings	272,543	193,100	91,386	57,775	363,929	250,875
Gain on disposition of capital assets	110,481	33,940	523,201	-	633,682	33,940
Miscellaneous	68,962	31,984	-	-	68,962	31,984
Total revenues	15,455,873	15,897,796	2,682,631	1,933,772	18,138,504	17,831,568
Program expenses:						
Public safety and legal services	2,582,006	2,408,799	-	-	2,582,006	2,408,799
Physical health and social services	660,619	625,901	-	-	660,619	625,901
Mental health	2,676,594	2,488,227	-	-	2,676,594	2,488,227
County environment and education	954,254	808,676	-	-	954,254	808,676
Roads and transportation	5,183,801	5,124,368	-	-	5,183,801	5,124,368
Governmental services to residents	495,431	664,616	-	-	495,431	664,616
Administration	1,543,397	1,386,554	-	-	1,543,397	1,386,554
Interest on long-term debt	206,779	179,459	-	-	206,779	179,459
Solid waste	-	-	1,721,647	1,565,127	1,721,647	1,565,127
Total expenses	14,302,881	13,686,600	1,721,647	1,565,127	16,024,528	15,251,727
Increase in net assets	1,152,992	2,211,196	960,984	368,645	2,113,976	2,579,841
Net assets beginning of year	30,191,897	27,980,701	4,234,861	3,866,216	34,426,758	31,846,917
Net assets end of year	\$ 31,344,889	30,191,897	5,195,845	4,234,861	36,540,734	34,426,758

The amounts reported for governmental activities in the Governmental Funds Balance Sheet are different than the Statement of Net Assets because:

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	
<b>Total Governmental Fund Balances</b>	\$ 5,564,881
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 \$52,637,505 and the accumulated depreciation is \$21,602,756.	31,034,749
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	282,426
Long-term liabilities, including bonds and notes 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.	<u>(5,537,167)</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 31,344,889</u>

Boone County's property tax base increased 12% in FY2007 due to new construction and residential equalization. The County-wide taxable value increased 12% and the County's rural taxable value increased approximately 10.5%. Even with the large increase of taxable value, the budgetary requirements of the General Fund levy required a general basic levy above \$3.50 per \$1,000 of taxable valuation for the third time since the Mental Health Fund was created in the early 1990's. Because of the taxable valuation increase, the total County-wide levy decrease was approximately \$0.29 per \$1,000 of taxable valuation. The total increase in dollars levied County-wide was approximately \$273,000.

The rural County levy rate decreased approximately \$0.21 per \$1,000 of taxable valuation, but \$26,484 more was levied than for FY2006.

A decrease in property tax base has the potential of putting a governmental entity in financial harm. Boone County was fortunate to be able to levy enough property tax to remain stable and maintain the essential services County residents expect and deserve. See detail on property taxes in the following table:

Property Taxes Levied		
	FY2007	FY2006
County-wide taxable value	\$ 932,067,627	832,511,631
County-wide levy rate without debt	4.55033	4.79939
Dollars levied without debt	4,241,213	3,995,548
County-wide taxable debt service value	956,351,342	865,338,305
County debt service levy rate	0.35861	0.39510
Dollars levied for debt service	342,958	341,895
Total county-wide rate	4.90894	5.19449
Total dollars levied county-wide	4,584,171	4,337,443
Rural taxable value	543,855,849	492,040,927
Rural tax levy rate	2.48183	2.68935
Dollars levied rural area only	1,349,756	1,323,272
Total dollars levied	5,933,927	5,660,715

## Governmental Activities

This is the fifth year Boone County is required to prepare financial statements on a full accrual basis. Management will analyze and compare revenues and expenses detailing percentage increases or decreases and attempt to explain the reasons they occurred.

- A decrease in property tax base is an indication the economy in general may be weak. The decrease in FY2005 value in Boone County was a direct result of the productivity formula used to value agricultural land. The January 1, 2003 agricultural land values certified, for property taxes collected in FY2005, were ordered by the State of Iowa to be reduced 35% in Boone County. While the taxable value of Boone County agricultural land went from approximately \$1,000 per acre to \$640 per acre, its fair market value increased from \$2,883 in November 2003 to \$3,284 in November 2004 according to the ISU land survey. This value decrease did not put the County in jeopardy as it was able to adjust property tax rates to raise the revenue needed to maintain services.
- Revenues for governmental activities were \$15,455,873 in FY2007, which is a 2.8% decrease compared to FY2006. Expenses for governmental activities amounted to \$14,302,881, an increase of 4.5% compared to FY2006. In a difficult budgeting year, Boone County did a remarkable job trimming expenses to match available revenues, noting the increase in net assets was \$1.2 million for governmental activities in FY2007.
- The local option tax sales tax revenue of \$786,335 contributed greatly to the increase in net assets of the governmental activities. Boone County uses 75% of the sales tax revenue to reduce property tax in the Special Revenue, Rural Services Fund. The remaining 25% of the tax is spent for community betterment projects throughout the County. However, the revenue received from local option sales tax increased 5.3% compared to FY2006. The County believes the local option sales tax revenue indicates the relative economic strength of the local business economy.

## Net Cost of Governmental Activities

Function	Expenses	Program Revenues		FY2007 Net Expense or (Revenue)	FY2006 Net Expense or (Revenue)
		Charges for Service	Operating and Capital Grants and Contributions		
Public safety and legal services	\$ 2,582,006	655,185	12,591	1,914,230	1,819,969
Physical health and social services	660,619	28,365	230,722	401,532	216,764
Mental health	2,676,594	38,993	1,600,460	1,037,141	967,650
County environment and education	954,254	380,241	6,901	567,112	442,887
Roads and transportation	5,183,801	228,263	4,408,424	547,114	(631,764)
Governmental services to residents	495,431	454,046	-	41,385	182,005
Administration	1,543,397	45,436	1,169	1,496,792	1,351,714
Interest on long-term debt	206,779	-	-	206,779	179,459
<b>Total</b>	<b>\$ 14,302,881</b>	<b>1,830,529</b>	<b>6,260,267</b>	<b>6,212,085</b>	<b>4,528,684</b>

- The cost of all governmental activities this year was \$14,302,881, up \$616,281, or 4.5%, from FY2006.

- The portion of the cost financed by users of Boone County programs from charges for service was \$1,830,529, increasing by \$14,143, or .8%, compared to FY2006.
- The federal and state governments and private contributors subsidized certain programs with operating and capital grants and contributions totaling \$5,147,471, down 29.9% compared to FY2006. Boone County received farm to market funding of \$2.7 million in FY2006 and Federal grant funds of \$660,134 in FY2007.
- The net cost of governmental activities was financed with the following general revenues, including property tax related revenue of \$6,034,725, local option sales tax of \$786,335, restricted grants and contributions of \$92,031, unrestricted investment earnings of \$272,543, gain on disposition of capital assets of \$110,481 and other miscellaneous income of \$68,962. Total general revenues for FY2007 were \$7,365,077, up \$625,197, or 9.3%, compared to FY2006.

### Business Type Activities

Function	Expenses	Program Revenues		
		Charges for Service	FY2007 Net Expense or (Revenue)	FY2006 Net Expense or (Revenue)
Solid Waste	\$ 1,721,647	2,068,044	346,397	310,870

Program revenues of the Boone County Landfill increased 10.2% to \$2,068,044 because of increased tonnage received and an increase of \$1.00 per ton tipping fee while expenses increased 10.0% to \$1,721,647. The County Landfill is Boone County's only business type activity. Revenues of the landfill include charges for service, the Iowa Department of Natural Resources Ground Water Tax (local share) and interest income.

- In FY2007, the Boone County Landfill continued to focus on improving its programs and services. No new landfill cells needed to be constructed. Landfill staff continued closing old Area C by placing an engineered cap over the cell. Construction of the cap was completed in the fall of 2007.
- The Landfill made significant progress in excavating future cells 6-R through 9-R using Landfill personnel and equipment.
- Through its "Keep Boone County Beautiful" program, the Landfill began the process of planning for the first annual Dragoon River Romp. This will be an annual watershed cleanup event focused on rotating sections of the Des Moines River as it flows through Boone County. The first event was held on September 23, 2006 and involved well over 100 volunteers.

## MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Boone County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Boone County as a whole is reflected in its governmental funds as well. As Boone County completed the year, its governmental funds reported combined fund balances of \$1,742,964, 4.7% more than last year's total of \$1,664,888.

	General Fund	
	FY2007	FY2006
Beginning fund balance	\$ 1,664,888	1,754,588
Property tax, including penalty and interest	3,293,112	3,038,149
Local option sales tax	197,708	181,579
Intergovernmental	918,063	952,625
Permits and charges for service	917,446	921,388
Interest and use of property	284,843	208,203
Miscellaneous	31,196	23,993
Sale of capital assets	-	6,600
Total revenues	<u>5,642,368</u>	<u>5,332,537</u>
Public safety and legal services	2,479,734	2,369,312
Physical health and social services	660,704	610,980
County environment and education	540,209	529,972
Governmental services to residents	494,616	643,835
Administration	1,338,419	1,217,653
Transfers to other funds	50,610	50,485
Total expenditures and transfers	<u>5,564,292</u>	<u>5,422,237</u>
Ending fund balance	<u>\$ 1,742,964</u>	<u>1,664,888</u>

The amounts presented combine general basic and general supplemental funds.

Total property tax revenue increased 8.4%. Local option sales tax revenue increased 8.9%, intergovernmental revenue decreased 3.6%, revenue from user fees decreased 0.4%, interest and use of property increased 36.8% due to higher interest rates received by the County on investments. Total revenues increased by 5.8%.

Total expenditures and transfers increased 2.6%, or \$142,055, compared to FY2006. Public safety and legal services increased \$110,422, or 4.7%, and governmental services to residents decreased 23.2% because of the purchase of new voting equipment required by the federal government (HAVA) in FY2006.

## Special Revenue Funds

Mental Health Fund		
	FY2007	FY2006
Beginning fund balance	\$ (13,332)	73,582
Property tax	840,583	836,467
Property tax relief payment	733,009	733,009
Other intergovernmental	990,157	816,455
Miscellaneous	18,043	6,468
Total revenues	2,581,792	2,392,399
Mental illness	101,990	126,726
Chronic mental illness	1,033,204	899,246
Mental retardation	1,500,017	1,447,223
Developmental disability	35,997	6,118
Total expenditures	2,671,208	2,479,313
Ending fund balance	\$ (102,748)	(13,332)

Boone County levied \$878,976, which is the maximum levy established by the Mental Health Fund base year calculation and is the established County maximum levy. The FY2006 ending fund balance was -.54% of FY2006 expenditures, which qualified the County for an additional \$173,702 of revenue supplied by the State of Iowa compared to FY2006. Boone County experienced a 7.7% increase in expenditures for service compared to FY2006. The FY2007 ending fund balance is negative. Boone County is joining other counties to seek additional state funding for its mental health system. We will have to create waiting lists for services to reduce expenditures if state funding is not obtained. Boone County is basically trying to manage a system based on county funding from FY1993 and state funding that has not kept up with need.

Rural Services Fund		
	FY2007	FY2006
Beginning fund balance	\$ 667,015	555,989
Property tax	1,293,732	1,263,022
Local option sales tax	593,123	544,738
Intergovernmental	59,229	61,024
Permits and charges for service and miscellaneous	25,581	21,227
Total revenues	1,971,665	1,890,011
County environment and education	328,157	321,156
Governmental services to residents	1,331	1,220
Transfers to other funds	1,558,077	1,456,609
Total expenditures and transfers	1,887,565	1,778,985
Ending fund balance	\$ 751,115	667,015

Property tax levied for FY2007 was up \$26,484, or 2.0%, compared to FY2006.

- The local effort for secondary roads was maintained at 90% of the maximum allowed to be levied for secondary roads.
- Boone County expected local option sales tax revenue to decrease to \$425,000 because of the economic slowdown. Actual receipts for local option sales tax in the Rural Services Fund were \$593,123, an increase of 8.9% compared to FY2006.



- Total property tax related revenue (\$1,293,732) is less than the amount transferred to Secondary Roads (\$1,558,077) by \$264,345, which means local option sales tax pays for all of the services in the Rural Services Fund and part of the road expenses.
- The Board of Supervisors is intentionally allowing the Rural Services Fund balance to increase so the County will still be able to meet the local match requirements for the Secondary Roads Fund if local option sales tax revenue declines significantly. The current fund balance is 39.8% of expenditures and transfers. The fund balance percentage for FY2006 was 37.5%.

Secondary Roads Fund		
	FY2007	FY2006
Beginning fund balance	\$ 2,927,589	2,705,001
State fuel tax and other state revenue	3,454,724	2,928,602
Charges for services and miscellaneous	118,855	137,321
Sale of capital assets	-	7,890
Transfers from other funds	1,558,077	1,456,609
Total revenue and transfers	5,131,656	4,530,422
Secondary road maintenance	4,322,499	3,881,757
Secondary road construction	1,419,861	426,077
Total expenditures	5,742,360	4,307,834
Ending fund balance	\$ 2,316,885	2,927,589

- Secondary Roads Fund revenue and transfers increased 13.3% compared to FY2006.
- Secondary Roads Fund expenditures increased \$1,434,526, or 33.3%, compared to FY2006. Maintenance expenditures increased 11.4% and construction increased 233.2 %. The maintenance increase was due mainly to additional snow and ice and road gravel expenditures due to a difficult winter and soft roadways when the frost went out in the spring. The only project in FY2006 was the replacement of a bridge near Mackey. In FY2007, eight miles of P70 were resurfaced between Ogden and Pilot Mound.
- Total ending fund balance compared to total expenditures decreased to 40.3% in FY2006 compared to 67.9% in FY2006.

Debt Service Fund		
	FY2007	FY2006
Beginning fund balance	\$ 34,798	34,161
Property tax	328,249	325,792
Intergovernmental	15,525	16,740
Interest	1,173	-
Transfers from other funds	75,000	75,000
Total revenues and transfers	419,947	417,532
Principal	285,000	275,000
Interest	132,958	141,895
Total expenditures	417,958	416,895
Ending fund balance	\$ 36,787	34,798

The Debt Service Fund accumulates resources and pays the principal and interest on the County's bonds for the jail project. The original jail bond was refinanced August 1, 2003 using \$433,300 of remaining jail project funds. The principal balance of the refunding jail bond is \$3,311,923. The County borrowed \$400,000 with a general obligation capital note to construct a twelve office addition to the Department of Human Services building. The County also borrowed \$1.5 million with a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years.

Capital Projects Fund		
	FY2007	FY2006
Beginning fund balance	\$ 176,457	243,700
Interest and use of property	8,016	5,855
General obligation note proceeds	1,900,000	-
Total revenues	<u>1,908,016</u>	<u>5,855</u>
Capital projects	1,693,806	48,098
Transfers to other funds, net	25,000	25,000
Total expenditures	<u>1,718,806</u>	<u>73,098</u>
Ending fund balance	<u>\$ 365,667</u>	<u>176,457</u>

During the year ended June 30, 2007, the County issued \$1,900,000 of general obligation capital loan notes to help finance construction of an addition to the Department of Human Services building and purchase land for the site of the Farm Program Show. The proceeds of the notes were placed in the Capital Projects Fund to account for these major projects. The ending fund balance was \$365,667.

#### **BUSINESS TYPE FUND HIGHLIGHTS**

- FY2007 was the Boone County Landfill's 37<sup>th</sup> year of operations. As demonstrated by IDNR inspection and engineering reports, the Landfill is operated well beyond the minimum standards required for regulatory compliance.
- Staff and the Landfill's engineering team continue to identify methods and strategies to increase productivity and efficiency. This has resulted in maintaining tipping and processing fees at a static level. FY2007 tipping fees were increased \$1.00 per ton.
- FY2007 was a year in which the Landfill was in a position to contain costs, resulting in a positive net financial position.
- FY2007 included continued improvement of our already extensive erosion control program, increasing the effectiveness of our solid waste and recycling education programs and providing excellent household hazardous waste services. The Landfill's sponsorship of "Keep Boone County Beautiful" has also provided numerous opportunities to raise awareness about environmental issues.

#### **Landfill Operations Fund**

Landfill fees charged to customers did not increase for FY2007. Landfill Operations Fund revenue was \$1,990,311, an increase of 10.0% compared to FY 2006.

Operating expenses increased 11.5% compared to FY2006. Salary and benefit expenses decreased 6.4% to \$427,700, ground water taxes increased 16.4% to \$184,879 and depreciation expense increased 53.6% to \$398,033.

### **Landfill Closure/Postclosure Fund**

The Closure/Post-closure Fund has assets totaling \$2,023,819. This fund is in the midst of its “pay-in” period. No closure/postclosure costs were expended from this fund during FY2006 or FY2007.

The original areas of the landfill (A, B and C) are fully funded for closure/post-closure care.

### **Ground Water Tax Fund (Local Portion of Tip Fee Surcharge)**

This fund accounts for the amount the Boone County Landfill is allowed to retain from the State tipping fee surcharge. Actual revenue for this fund is tied to the actual tonnage received by the Landfill. The County’s share of ground water surcharge increased 20.3% to \$76,433 compared to FY2006.

Expenses decreased 10.8% compared to FY2006 and include funding for:

- Recyclables processing carried out by Genesis Development and Good Connections.
- Educational materials.
- The annual updating of our financial assurance funding study.

### **Keep Boone County Beautiful Fund**

This account was started this year to manage several projects of Landfill interest, including:

- The Dragoon River Romp
- Adopt a County Road or City Street
- Adopt Your Favorite Place

### **BUDGETARY HIGHLIGHTS**

On March 30, 2007, the County Board of Supervisors amended the original FY 2007 budget for the following:

- Increased intergovernmental receipts of \$2,500 for additional HAVA funding for precinct official training.
- Increased proceeds of long term debt of \$3,037,042, which was anticipated borrowing to support the Central Iowa Expo (CIE).
- Increased public safety and legal services disbursements of \$20,000 to meet medical examiner costs.
- Increased mental health disbursements of \$100,000.
- Increased county environment and education disbursements of \$40,000 to complete a comprehensive plan which was originally budgeted in FY2006.
- Increased governmental services to residents disbursements of \$12,400 to cover precinct official training and complete voting equipment purchases.
- Increased administration disbursements of \$26,191 to meet additional data processing requirements.
- Increased debt service disbursements of \$37,042 to pay interest on funds borrowed for the Central Iowa Expo site.

- Increased capital projects disbursements of \$3,250,000 for spending required for the CIE project and local match for the E26 project.
- Increased the July 1, 2006 fund balance by \$1,002,953 to more closely reflect actual cash balance on July 1, 2006.

In the Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds, the actual net disbursements of \$16,260,469 were \$3,273,885 less than the amended budget. The roads and transportation function and the capital projects function were \$644,565 and \$1,790,930, respectively, less than budgeted while the other functions were also less than budgeted. The major reasons the roads and transportation and capital projects functions were less than budgeted were anticipated equipment operations were less than budgeted and preparation of the Central Iowa Expo site for the bi-annual Farm Progress Show did not progress as much as anticipated. The remaining decrease of approximately \$838,000 was accomplished by reduced spending in all areas. Receipts were \$301,187 more than the amended budget, which was mainly due to intergovernmental receipts being \$422,493 more than budgeted.

### **CAPITAL ASSETS**

Boone County concluded FY 2007 with \$33,944,573 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges. GASB 34 requires infrastructure and other capital assets to be depreciated according to a capital asset policy. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### **LONG TERM DEBT**

Boone County issued general obligation bonds of \$4,835,000 for the purpose of refinancing the original jail project bonds in FY2004. The County's bond rating for the refinancing issue is Aa3. The bond rating firm requires a higher ending fund balance than the County has determined necessary to receive a higher bond rating. The June 30, 2007 balance due on the refunding jail bond issue is \$3,311,923.

The County borrowed \$400,000 through a general obligation capital note to construct a twelve office addition to the Department of Human Services building and \$1.5 million through a general obligation capital loan anticipation project note to purchase approximately 100 acres for the Central Iowa Expo site which will be the permanent bi-annual home of the Farm Progress Show for the next 20 years.

Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

### **FACTORS BEARING ON THE FUTURE**

Boone County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees that partially finance the various county services. One of those factors is the economy. Boone County's employment (number of persons working) has increased from an average of 13,500 in the mid 1990's to an average of 14,980 for calendar year 2007. The average Boone County unemployment rate for 1998 was 2.3%. Unemployment in Boone County on June 30, 2007 was 3.5% versus 3.0% a year before. This compares with the State's unemployment rate of 3.8% for the same period ended June 30, 2007.

The State of Iowa's modest financial condition and relatively flat revenue projection continue. The County has projected substantially stable revenues from the State and has asked taxpayers to fund the County budget with an additional 4.8% of property tax dollars compared to FY2006. The actual dollar increase from FY2006 to FY2007 is \$273,212.

The above factors were all part of the considerations for the FY 2008 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	Dollars Certified	Percentage Increase (Decrease)
General Fund	\$ 3,690,514	9.76%
Mental Health Fund	878,976	0.00%
Debt Service Fund	480,535	40.11%
Rural Services Fund	1,366,755	1.26%
Total	\$ 6,416,780	8.14%

Boone County added an IT Director and one new sheriff's deputy position in the FY2008 budget. Levy rates (expressed in \$/\$1,000 taxable valuation) to produce the above dollars for FY 2008 are as follows:

General basic levy	\$ 3.50000
General supplemental levy	0.41357
Mental health levy	0.93210
Debt service levy	0.49669
Rural services basic levy	2.48183

Boone County has been fortunate there has been continued new construction and economic growth in the community to help offset the growth in demands for county services. For FY2005, the taxable value of agricultural land was reduced by 35% according to the use formula that determines the taxable value of agricultural land. The agricultural land reduction eliminated all growth and new construction value. In fact, it reduced taxable value County-wide by about 12.8%. The County-wide taxable valuation for the FY2009 budget exceeds \$1 billion of value for the first time in County history.

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

This financial report is designed to provide Boone County citizens, taxpayers, customers, investors and creditors with a general overview of Boone County's finances and to demonstrate Boone County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Boone County Auditor's Office, 201 State Street, Boone, Iowa 50036.

## **Basic Financial Statements**

**Boone County**

Boone County  
Statement of Net Assets  
June 30, 2007

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 5,097,397	1,587,291	6,684,688
Cash and pooled investments - restricted	-	2,090,958	2,090,958
Receivables:			
Property tax:			
Delinquent	17,501	-	17,501
Succeeding year	6,125,000	-	6,125,000
Interest and penalty on property tax	24,652	-	24,652
Accounts	28,551	185,075	213,626
Accrued interest	5,070	20,732	25,802
Road assessments	190,732	-	190,732
Loan	100,000	-	100,000
Due from other funds	10,698	(10,698)	-
Due from other governments	622,490	-	622,490
Inventories	620,452	-	620,452
Prepaid insurance	59,728	5,088	64,816
Capital assets (net of accumulated depreciation)	31,034,749	2,909,824	33,944,573
<b>Total assets</b>	<b>43,937,020</b>	<b>6,788,270</b>	<b>50,725,290</b>
<b>Liabilities</b>			
Accounts payable	377,514	224,791	602,305
Accrued interest payable	56,861	-	56,861
Salaries and benefits payable	104,408	10,262	114,670
Advances from other funds	28,255	(28,255)	-
Due to other governments	419,787	29,299	449,086
Deferred revenue:			
Succeeding year property tax	6,125,000	-	6,125,000
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds and notes	360,000	-	360,000
Compensated absences	268,383	19,103	287,486
Portion due or payable after one year:			
General obligation bonds and notes	4,851,923	-	4,851,923
Estimated liability for landfill closure and postclosure care	-	1,337,225	1,337,225
<b>Total liabilities</b>	<b>12,592,131</b>	<b>1,592,425</b>	<b>14,184,556</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	25,822,826	2,909,824	28,732,650
Restricted for:			
Supplemental levy purposes	72,677	-	72,677
Secondary roads purposes	2,362,220	-	2,362,220
Law enforcement	96,594	-	96,594
Other purposes	714,295	107,403	821,698
Unrestricted	2,276,277	2,178,618	4,454,895
<b>Total net assets</b>	<b>\$ 31,344,889</b>	<b>5,195,845</b>	<b>36,540,734</b>

See notes to financial statements.



Boone County  
Statement of Activities  
Year ended June 30, 2007

	Expenses	Program Revenues		
		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	\$ 2,582,006	655,185	12,591	-
Physical health and social services	660,619	28,365	230,722	-
Mental health	2,676,594	38,993	1,600,460	-
County environment and education	954,254	380,241	6,901	-
Roads and transportation	5,183,801	228,263	2,635,494	1,772,930
Governmental services to residents	495,431	454,046	-	-
Administration	1,543,397	45,436	1,169	-
Interest on long-term debt	206,779	-	-	-
Total governmental activities	14,302,881	1,830,529	4,487,337	1,772,930
Business type activities:				
Solid waste	1,721,647	2,068,044	-	-
Total	\$ 16,024,528	3,898,573	4,487,337	1,772,930

**General Revenues:**

Property and other county tax levied for:  
  General purposes  
  Debt service  
Penalty and interest on property tax  
State tax credits  
Local option sales tax  
Grants and contributions not restricted to specific purpose  
Unrestricted investment earnings  
Gain on disposition of capital assets  
Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(1,914,230)	-	(1,914,230)
(401,532)	-	(401,532)
(1,037,141)	-	(1,037,141)
(567,112)	-	(567,112)
(547,114)	-	(547,114)
(41,385)	-	(41,385)
(1,496,792)	-	(1,496,792)
(206,779)	-	(206,779)
(6,212,085)	-	(6,212,085)
-	346,397	346,397
(6,212,085)	346,397	(5,865,688)
5,355,550	-	5,355,550
328,947	-	328,947
83,517	-	83,517
266,711	-	266,711
786,335	-	786,335
92,031	-	92,031
272,543	91,386	363,929
110,481	523,201	633,682
68,962	-	68,962
7,365,077	614,587	7,979,664
1,152,992	960,984	2,113,976
30,191,897	4,234,861	34,426,758
\$ 31,344,889	5,195,845	36,540,734

Boone County  
Balance Sheet  
Governmental Funds

June 30, 2007

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments	\$ 1,630,081	412,071	677,317	1,486,853
Receivables:				
Property tax:				
Delinquent	11,163	2,659	2,187	-
Succeeding year	3,523,000	839,000	1,303,000	-
Interest and penalty on property tax	24,652	-	-	-
Accounts	16,554	-	97	6,898
Accrued interest	5,070	-	-	-
Road assessments	-	-	-	190,732
Loan	100,000	-	-	-
Due from other funds	32,045	-	-	14,904
Due from other governments	137,691	3,017	124,260	355,451
Inventories	-	-	-	620,452
Prepaid insurance	29,099	-	-	30,629
<b>Total assets</b>	<b>\$ 5,509,355</b>	<b>1,256,747</b>	<b>2,106,861</b>	<b>2,705,919</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 108,106	107,117	3,600	145,507
Salaries and benefits payable	51,081	3,499	-	49,828
Due to other funds	27,857	-	8,777	95
Due to other governments	9,000	407,330	-	2,872
Advances from other funds	-	-	-	-
Deferred revenue:				
Succeeding year property tax	3,523,000	839,000	1,303,000	-
Other	47,347	2,549	40,369	190,732
Total liabilities	<b>3,766,391</b>	<b>1,359,495</b>	<b>1,355,746</b>	<b>389,034</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	71,546	-	-	-
Debt service	-	-	-	-
Law enforcement purposes	96,594	-	-	-
Unreserved, reported in:				
General fund	1,574,824	-	-	-
Special revenue funds	-	(102,748)	751,115	2,316,885
Capital projects fund	-	-	-	-
Total fund balances	<b>1,742,964</b>	<b>(102,748)</b>	<b>751,115</b>	<b>2,316,885</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,509,355</b>	<b>1,256,747</b>	<b>2,106,861</b>	<b>2,705,919</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
36,724	377,736	476,615	5,097,397
1,492	-	-	17,501
460,000	-	-	6,125,000
-	-	-	24,652
-	-	5,002	28,551
-	-	-	5,070
-	-	-	190,732
-	-	-	100,000
-	-	478	47,427
-	-	2,071	622,490
-	-	-	620,452
-	-	-	59,728
498,216	377,736	484,166	12,939,000
-	12,069	1,115	377,514
-	-	-	104,408
-	-	-	36,729
-	-	585	419,787
-	-	28,255	28,255
-	-	-	-
460,000	-	-	6,125,000
1,429	-	-	282,426
461,429	12,069	29,955	7,374,119
-	-	-	71,546
36,787	-	-	36,787
-	-	-	96,594
-	-	-	1,574,824
-	-	454,211	3,419,463
-	365,667	-	365,667
36,787	365,667	454,211	5,564,881
498,216	377,736	484,166	12,939,000

**Boone County**

Boone County

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

June 30, 2007

<b>Total governmental fund balances (page 27)</b>	\$ 5,564,881
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***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$52,637,505 and the accumulated depreciation is \$21,602,756.	31,034,749
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	282,426
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Long-term liabilities, including bonds and notes 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.	(5,537,167)
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<b>Net assets of governmental activities (page 23)</b>	<u><u>\$ 31,344,889</u></u>
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See notes to financial statements.

Boone 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	\$ 3,413,902	840,583	1,886,855	-
Interest and penalty on property tax	76,918	-	-	-
Intergovernmental	918,063	1,723,166	59,229	3,454,724
Licenses and permits	24,561	-	-	1,260
Charges for service	892,885	-	15,756	961
Use of money and property	284,843	-	-	-
Miscellaneous	31,196	18,043	5,225	116,634
Total revenues	<u>5,642,368</u>	<u>2,581,792</u>	<u>1,967,065</u>	<u>3,573,579</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,479,734	-	-	-
Physical health and social services	660,704	-	-	-
Mental health	-	2,671,208	-	-
County environment and education	540,209	-	328,157	-
Roads and transportation	-	-	-	4,322,499
Governmental services to residents	494,616	-	1,331	-
Administration	1,338,419	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,419,861
Total expenditures	<u>5,513,682</u>	<u>2,671,208</u>	<u>329,488</u>	<u>5,742,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>128,686</u>	<u>(89,416)</u>	<u>1,637,577</u>	<u>(2,168,781)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	4,600	-
General obligation note proceeds	-	-	-	-
Operating transfers in	-	-	-	1,558,077
Operating transfers out	(50,610)	-	(1,558,077)	-
Total other financing sources (uses)	<u>(50,610)</u>	<u>-</u>	<u>(1,553,477)</u>	<u>1,558,077</u>
Net change in fund balances	78,076	(89,416)	84,100	(610,704)
Fund balances beginning of year	<u>1,664,888</u>	<u>(13,332)</u>	<u>667,015</u>	<u>2,927,589</u>
Fund balances end of year	<u>\$ 1,742,964</u>	<u>(102,748)</u>	<u>751,115</u>	<u>2,316,885</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
328,249	-	-	6,469,589
-	-	-	76,918
15,525	-	7,258	6,177,965
-	-	-	25,821
-	-	6,556	916,158
1,173	8,016	49,378	343,410
-	-	86,898	257,996
344,947	8,016	150,090	14,267,857
-	-	27,790	2,507,524
-	-	-	660,704
-	-	-	2,671,208
-	-	65,555	933,921
-	-	-	4,322,499
-	-	-	495,947
-	-	-	1,338,419
417,958	-	-	417,958
-	1,693,806	-	3,113,667
417,958	1,693,806	93,345	16,461,847
(73,011)	(1,685,790)	56,745	(2,193,990)
-	-	-	4,600
-	1,900,000	-	1,900,000
75,000	50,000	610	1,683,687
-	(75,000)	-	(1,683,687)
75,000	1,875,000	610	1,904,600
1,989	189,210	57,355	(289,390)
34,798	176,457	396,856	5,854,271
36,787	365,667	454,211	5,564,881



Boone 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 31)** \$ (289,390)

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

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

Expenditures for capital assets	\$ 3,307,259	
Capital assets contributed by the Iowa Department of Transportation	1,112,796	
Depreciation expense	<u>(1,371,088)</u>	3,048,967

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 105,881

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

Property tax	6,478	
Other	<u>(41,734)</u>	(35,256)

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

Issued	(1,900,000)	
Repaid	<u>245,947</u>	(1,654,053)

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	11,611	
Interest on long-term debt	<u>(34,768)</u>	<u>(23,157)</u>

**Change in net assets of governmental activities (page 25)** \$ 1,152,992

See notes to financial statements.

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

	Enterprise			Total
	Landfill Operations	Landfill Closure/ Postclosure	Nonmajor	
			Ground Water Tax	
<b>Assets</b>				
Cash and pooled investments	\$ 1,587,291	-	-	1,587,291
Cash and pooled investments - restricted	-	2,003,087	87,871	2,090,958
Receivables:				
Accounts	185,075	-	-	185,075
Accrued interest	-	20,732	-	20,732
Advances to other funds	28,255	-	-	28,255
Due from other funds	708,728	-	21,420	730,148
Prepaid insurance	5,088	-	-	5,088
Capital assets, net of accumulated depreciation	2,909,824	-	-	2,909,824
<b>Total assets</b>	5,424,261	2,023,819	109,291	7,557,371
<b>Liabilities</b>				
Accounts payable	222,903	-	1,888	224,791
Salaries and benefits payable	10,262	-	-	10,262
Due to other funds	54,252	686,594	-	740,846
Due to other governments	29,299	-	-	29,299
Compensated absences	19,103	-	-	19,103
Estimated liability for landfill closure and postclosure care	-	1,337,225	-	1,337,225
<b>Total liabilities</b>	335,819	2,023,819	1,888	2,361,526
<b>Net Assets</b>				
Invested in capital assets	2,909,824	-	-	2,909,824
Restricted for ground water tax purposes	-	-	107,403	107,403
Unrestricted	2,178,618	-	-	2,178,618
<b>Total net assets</b>	\$ 5,088,442	-	107,403	5,195,845

See notes to financial statements.

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

Year ended June 30, 2007

	Enterprise		Total
	Landfill Operations	Nonmajor	
		Ground Water Tax	
Operating revenues:			
Charges for service	\$ 1,725,437	-	1,725,437
Per capita fees	178,760	-	178,760
Solid waste fees	82,078	76,433	158,511
Miscellaneous	4,036	1,300	5,336
Total operating revenues	<u>1,990,311</u>	<u>77,733</u>	<u>2,068,044</u>
Operating expenses:			
Salaries and wages	330,256	-	330,256
Payroll tax	44,273	-	44,273
Fringe benefits	53,171	-	53,171
Fuel	115,745	-	115,745
Travel	3,728	-	3,728
Utilities	9,626	-	9,626
Insurance	25,746	-	25,746
Solid waste fees remitted to the Iowa Department of Natural Resources and Ground Water Tax Fund	184,879	-	184,879
Education and training	36,120	-	36,120
Equipment	161	-	161
Engineering services	69,122	-	69,122
Maintenance and repair	87,449	-	87,449
Operations	34,325	-	34,325
Depreciation	398,033	-	398,033
Dues and membership	2,972	-	2,972
Hauling costs	53,004	-	53,004
Accounting	38,283	-	38,283
Recycling	-	72,676	72,676
Gravel	104,280	-	104,280
Leachate hauling and treatment	39,826	-	39,826
Adjustment to estimated liability for landfill closure and postclosure care	17,972	-	17,972
Total operating expenses	<u>1,648,971</u>	<u>72,676</u>	<u>1,721,647</u>
Operating income	341,340	5,057	346,397
Non-operating revenues:			
Gain on disposition of capital assets	523,201	-	523,201
Interest income	91,386	-	91,386
Total non-operating revenues	<u>614,587</u>	<u>-</u>	<u>614,587</u>
Change in net assets	955,927	5,057	960,984
Net assets beginning of year	<u>4,132,515</u>	<u>102,346</u>	<u>4,234,861</u>
Net assets end of year	<u>\$ 5,088,442</u>	<u>107,403</u>	<u>5,195,845</u>

See notes to financial statements.

Boone County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2007

	Enterprise			Total
	Landfill Operations	Landfill Closure/ Postclosure	Nonmajor	
			Ground Water Tax	
Cash flows from operating activities:				
Cash received from gate fees	\$ 1,682,215	-	-	1,682,215
Cash received from assessments	178,760	-	-	178,760
Cash received from other operating receipts	86,114	-	73,602	159,716
Cash paid to suppliers for goods and services	(760,952)	-	(77,597)	(838,549)
Cash paid to employees for services	(426,170)	-	-	(426,170)
Net cash provided (used) by operating activities	<u>759,967</u>	<u>-</u>	<u>(3,995)</u>	<u>755,972</u>
Cash flows from noncapital financing activities:				
Advances to other funds	(28,255)	-	-	(28,255)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(632,000)	-	-	(632,000)
Proceeds from sale of capital assets	304,201	-	-	304,201
Closure and postclosure care allocation	(194,000)	194,000	-	-
Net cash provided (used) by capital and related financing activities	<u>(521,799)</u>	<u>194,000</u>	<u>-</u>	<u>(327,799)</u>
Cash flows from investing activities:				
Interest received on investments	103,386	125,570	-	228,956
Net increase (decrease) in cash and cash equivalents	313,299	319,570	(3,995)	628,874
Cash and cash equivalents beginning of year	1,273,992	1,683,517	91,866	3,049,375
Cash and cash equivalents end of year	<u>\$ 1,587,291</u>	<u>2,003,087</u>	<u>87,871</u>	<u>3,678,249</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income	\$ 341,340	-	5,057	346,397
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	398,033	-	-	398,033
Closure and postclosure care	194,000	-	-	194,000
Changes in assets and liabilities:				
(Increase) in accounts receivable	(58,242)	-	-	(58,242)
(Increase) in due from other funds	(164,028)	-	(4,131)	(168,159)
Decrease in due from other governments	3,020	-	-	3,020
(Increase) in prepaid insurance	(250)	-	-	(250)
Increase (decrease) in accounts payable	15,685	-	(4,921)	10,764
Increase in salaries payable	874	-	-	874
Increase in due to other funds	25,546	-	-	25,546
Increase in due to other governments	3,333	-	-	3,333
Increase in compensated absences	656	-	-	656
Total adjustments	<u>418,627</u>	<u>-</u>	<u>(9,052)</u>	<u>409,575</u>
Net cash provided (used) by operating activities	<u>\$ 759,967</u>	<u>-</u>	<u>(3,995)</u>	<u>755,972</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2007, the trade-in value of equipment deleted was \$219,000.

See notes to financial statements.

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,235,007
Other County officials	38,951
Receivables:	
Property tax:	
Delinquent	90,702
Succeeding year	23,422,000
Accounts	29,386
Special assessments	340,871
Due from other funds	594
Due from other governments	48,936
Prepaid insurance	1,599
<b>Total assets</b>	<u>26,208,046</u>

**Liabilities**

Accounts payable	37,727
Salaries and benefits payable	17,051
Due to other funds	594
Due to other governments	25,647,771
Trusts payable	453,626
Compensated absences	51,277
<b>Total liabilities</b>	<u>26,208,046</u>

**Net assets** \$ -

See notes to financial statements.

Boone County

Notes to Financial Statements

June 30, 2007

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Boone County Assessor's Conference Board, Boone County Emergency Management Commission, County Community Services and the Boone 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.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of 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 and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor 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 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.

The County reports the following major proprietary funds:

The Landfill Operations Fund is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Landfill Closure/Postclosure Fund is used to accumulate resources to fund the closure and postclosure care costs of the landfill.

The County also reports fiduciary funds which focus on net assets and changes in net assets. The County's fiduciary funds include the following:

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 Enterprise Funds are charges to customers for sanitary landfill services. Operating expenses for Enterprise Funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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

Road Assessments Receivable – Road assessments receivable represents amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. In the governmental funds, road assessments receivable represents assessments which are due and payable but have not been collected.

Special Assessments Receivable – Special assessments receivable represents amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 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 and improvements	25-50
Land improvements	10-50
Infrastructure, road network	10-65
Equipment	3 - 20
Vehicles	3 - 15

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

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave 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 applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

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

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 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.

At June 30, 2007, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$169,081 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Due From and Due to Other Funds**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Rural Services	\$ 505
	Secondary Roads	95
	Enterprise:	
	Landfill Operations	31,445
		<u>32,045</u>
Special Revenue:	General	5,245
Secondary Roads	Special Revenue:	
	Rural Services	8,272
	Enterprise:	
	Landfill Operations	1,387
		<u>14,904</u>
County Recorder's Records Management	General	469
County Recorder's Electronic Transaction Fee	General	9
Enterprise:		
Landfill Operations	General	22,134
	Enterprise:	
	Landfill Closure/Postclosure	686,594
		<u>708,728</u>
Ground Water Tax	Landfill Operations	21,420
Total		<u>\$ 777,575</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:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 1,558,077
Conservation Land Acquisition	General	610
Capital Projects	General	50,000
Debt Service	Capital Projects	75,000
Total		<u>\$ 1,683,687</u>

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

Advance to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Enterprise: Landfill Operations	Special Revenue: Drainage Districts	\$ 28,255

The advance to/from other funds resulted from improvements made in a certain drainage district. The advance will be repaid over several years.

**(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	\$ 248,085	1,250,000	-	1,498,085
Construction in progress	2,712,472	2,617,175	(2,866,434)	2,463,213
Total capital assets not being depreciated	2,960,557	3,867,175	(2,866,434)	3,961,298
Capital assets being depreciated:				
Buildings	5,467,958	85,542	-	5,553,500
Improvements other than buildings	251,714	-	-	251,714
Equipment and vehicles	8,228,058	580,249	(425,683)	8,382,624
Infrastructure, road network	31,621,935	2,866,434	-	34,488,369
Total capital assets being depreciated	45,569,665	3,532,225	(425,683)	48,676,207
Less accumulated depreciation for:				
Buildings	918,645	133,837	-	1,052,482
Improvements other than buildings	24,117	6,293	-	30,410
Equipment and vehicles	7,387,428	481,437	(418,653)	7,450,212
Infrastructure, road network	12,320,131	749,521	-	13,069,652
Total accumulated depreciation	20,650,321	1,371,088	(418,653)	21,602,756
Total capital assets being depreciated, net	24,919,344	2,161,137	(7,030)	27,073,451
Governmental activities capital assets, net	\$ 27,879,901	6,028,312	(2,873,464)	31,034,749
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 488,499	-	-	488,499
Construction in progress	-	180,434	-	180,434
Total capital assets not being depreciated	488,499	180,434	-	668,933
Capital assets being depreciated:				
Buildings	443,091	-	-	443,091
Equipment and vehicles	2,865,348	851,000	(823,597)	2,892,751
Infrastructure	1,013,458	-	-	1,013,458
Total capital assets being depreciated	4,321,897	851,000	(823,597)	4,349,300
Less accumulated depreciation for:				
Buildings	95,213	11,077	-	106,290
Equipment and vehicles	2,186,139	338,877	(823,597)	1,701,419
Infrastructure	252,621	48,079	-	300,700
Total accumulated depreciation	2,533,973	398,033	(823,597)	2,108,409
Total capital assets being depreciated, net	1,787,924	452,967	-	2,240,891
Business type activities capital assets, net	\$ 2,276,423	633,401	-	2,909,824

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 60,564
County environment and education	20,837
Roads and transportation	1,126,124
Governmental services to residents	157,814
Administration	5,749
	<u>\$ 1,371,088</u>
Business type activities:	
Landfill operations	<u>\$ 398,033</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	\$ 9,000
Special Revenue:		
Mental Health	Services	407,330
Secondary Roads	Services	2,872
Attorney Drug Prosecution	Services	585
		<u>410,787</u>
Total for governmental funds		<u>\$ 419,787</u>
Agency:		
Agricultural Extension Education	Collections	\$ 155,312
County Assessor		853,434
Schools		14,878,058
Community Colleges		553,680
Corporations		6,621,313
Townships		293,503
Auto License and Use Tax		544,074
Special Assessments		379,835
County Hospital		845,352
E911		370,359
All other		152,851
Total for agency funds		<u>\$ 25,647,771</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:

	Governmental Activities				Business Type Activities		
	General Obligation Bonds	General Obligation Capital Loan Notes	Compen- sated Absences	Total	Compen- sated Absences	Closure and Postclosure Care	Total
Balance beginning of year	\$ 3,557,870	-	279,994	3,837,864	18,447	1,232,602	1,251,049
Increases	-	1,900,000	210,398	2,110,398	24,107	104,623	128,730
Decreases	245,947	-	222,009	467,956	23,451	-	23,451
Balance end of year	<u>\$ 3,311,923</u>	<u>1,900,000</u>	<u>268,383</u>	<u>5,480,306</u>	<u>19,103</u>	<u>1,337,225</u>	<u>1,356,328</u>
Due within one year	<u>\$ 295,000</u>	<u>65,000</u>	<u>268,383</u>	<u>628,383</u>	<u>19,103</u>	<u>-</u>	<u>19,103</u>

General Obligation Bonds

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	3.50%	\$ 295,000	122,868	417,868
2009	3.50	310,000	112,542	422,542
2010	2.70	325,000	101,693	426,693
2011	2.95	340,000	92,917	432,917
2012	3.05	350,000	82,888	432,888
2013-2017	3.60	1,940,000	238,960	2,178,960
2018	3.70	175,000	6,475	181,475
Total		\$ 3,735,000	758,343	4,493,343

During the year ended June 30, 2007, the County retired \$285,000 of general obligation bonds. The unamortized discount totaled \$423,077 at June 30, 2007.

General Obligation Capital Loan Notes

During the year ended June 30, 2007, the County entered into a general obligation capital loan anticipation project note for \$1,500,000 to acquire land for the site of the Farm Progress Show and a capital loan note for \$400,000 to construct an addition to the Department of Human Services building. The County also authorized the issuance of \$3,500,000 general obligation capital loan notes which will be used to refinance the general obligation capital loan anticipation project note. A summary of the County's June 30, 2007 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Capital Loan Anticipation Project Note			Capital Loan Note, Series 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	5.40%	\$ -	94,500	4.40%	\$ 65,000	32,267
2009	5.40	1,500,000	81,000	4.40	80,000	14,740
2010		-	-	4.40	80,000	11,220
2011		-	-	4.40	85,000	7,700
2012		-	-	4.40	90,000	3,960
Total		\$ 1,500,000	175,500		\$ 400,000	69,887

Year ending June 30,	Total		
	Principal	Interest	Total
2008	65,000	126,767	191,767
2009	1,580,000	95,740	1,675,740
2010	80,000	11,220	91,220
2011	85,000	7,700	92,700
2012	90,000	3,960	93,960
Total	1,900,000	245,387	2,145,387



### Refunded General Obligation Bonds

During the year ended June 30, 2004, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. government securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are not recorded by the County. The amount of the refunded general obligation bonds considered extinguished and, therefore, excluded from long-term debt was \$3,955,000 at June 30, 2007.

### **(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$301,072, \$259,817 and \$238,650, respectively, equal to the required contributions for each year.

### **(9) Risk Management**

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

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

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the

Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$137,854.

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 \$500,000 and \$100,000, 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.

#### **(10) Hospital Revenue Bonds**

The County has entered into a loan agreement to borrow not to exceed \$7,500,000 to enlarge and improve the Boone County Hospital. The loan agreement was entered into pursuant to the authority contained in Section 331.402(3) of the Code of Iowa and does not constitute a general obligation of the County.

**(11) Loans to County Community Service Case Management Fund**

Effective July 1, 2007, Madison and Boone Counties entered into a 28E agreement to establish an administrative organization titled County Community Services. The purpose of the organization is to manage mental health and developmental disability services for the counties and provide targeted case management services. The agreement did not establish a legally separate entity. Instead, Boone County is to provide administrative services for the organization and has established an Agency, County Community Service Case Management Fund for this purpose. In July 2006, Boone County agreed to loan \$100,000 and Madison County agreed to loan \$25,000 for necessary cash flow. The County is establishing formal repayment schedules for the loans.

**(12) Closure and Postclosure Care**

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Boone County Landfill have been estimated at \$1,319,100 for closure and \$1,005,000 for postclosure, for a total of \$2,324,100 as of June 30, 2007 for the original and expansion areas combined. The portion of the liability that has been recognized is \$1,337,225. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2007. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 11 years for the expansion area and the capacity used at June 30, 2007 is 41.24%.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2007, assets of \$2,023,819 are restricted for these purposes, of which \$1,113,814 is for closure and \$910,005 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded for the expansion area, the County is required to demonstrate financial assurance for the unfunded costs. The County had adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(13) Solid Waste Tonnage Fees Retained**

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2007, net assets of \$107,403 have been retained by the County and restricted for the required purposes.

**Boone County**

**Required Supplementary Information**

Boone 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
Receipts:		
Property and other county tax	\$ 6,477,766	-
Interest and penalty on property tax	76,836	-
Intergovernmental	6,179,811	-
Licenses and permits	26,196	-
Charges for service	890,007	-
Use of money and property	330,189	-
Miscellaneous	270,969	79,693
Total receipts	14,251,774	79,693
Disbursements:		
Public safety and legal services	2,515,521	-
Physical health and social services	652,974	-
Mental health	2,520,646	-
County environment and education	930,292	53,555
Roads and transportation	4,351,335	-
Governmental services to residents	497,812	-
Administration	1,415,816	-
Debt service	417,958	-
Capital projects	3,011,670	-
Total disbursements	16,314,024	53,555
Excess (deficiency) of receipts over (under) disbursements	(2,062,250)	26,138
Other financing sources, net	1,904,600	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(157,650)	26,138
Balance beginning of year	5,255,047	121,448
Balance end of year	\$ 5,097,397	147,586

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
6,477,766	6,351,331	6,351,331	126,435
76,836	52,440	52,440	24,396
6,179,811	5,754,818	5,757,318	422,493
26,196	16,100	16,100	10,096
890,007	864,350	864,350	25,657
330,189	298,630	298,630	31,559
191,276	530,725	530,725	(339,449)
14,172,081	13,868,394	13,870,894	301,187
2,515,521	2,785,828	2,805,828	290,307
652,974	747,199	747,199	94,225
2,520,646	2,441,804	2,541,804	21,158
876,737	1,093,190	1,133,190	256,453
4,351,335	4,995,900	4,995,900	644,565
497,812	579,593	591,993	94,181
1,415,816	1,434,649	1,460,840	45,024
417,958	417,958	455,000	37,042
3,011,670	1,552,600	4,802,600	1,790,930
16,260,469	16,048,721	19,534,354	3,273,885
(2,088,388)	(2,180,327)	(5,663,460)	3,575,072
1,904,600	402,500	3,439,542	(1,534,942)
(183,788)	(1,777,827)	(2,223,918)	2,040,130
5,133,599	3,975,382	4,978,335	155,264
4,949,811	2,197,555	2,754,417	2,195,394



Boone 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	\$ 14,251,774	16,083	14,267,857
Expenditures	16,314,024	(147,823)	16,461,847
Net	(2,062,250)	(131,740)	(2,193,990)
Other financing sources, net	1,904,600	-	1,904,600
Beginning fund balances	5,255,047	599,224	5,854,271
Ending fund balances	\$ 5,097,397	467,484	5,564,881

See accompanying independent auditor's report.

Boone 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 blended component units 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 or fund type. 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, one budget amendment increased budgeted disbursements by \$3,485,633. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2007, disbursements did not exceed amounts budgeted by function or department.

**Boone County**

**Other Supplementary Information**

Boone County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2007

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Special Conservation Land Acquisition
<b>Assets</b>				
Cash and pooled investments	\$ 39,487	702	147,586	69,118
Accounts receivable	-	-	-	-
Due from other funds	469	9	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 39,956</b>	<b>711</b>	<b>147,586</b>	<b>69,118</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other government	-	-	-	-
Advances from other funds	-	-	28,255	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>28,255</b>	<b>-</b>
Fund equity:				
Fund balances:				
Unreserved	39,956	711	119,331	69,118
<b>Total liabilities and fund equity</b>	<b>\$ 39,956</b>	<b>711</b>	<b>147,586</b>	<b>69,118</b>

See accompanying independent auditor's report.

Revenue					
Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy	Total
98,435	63,900	4,320	49,230	3,837	476,615
-	2,501	2,501	-	-	5,002
-	-	-	-	-	478
1,971	-	-	-	100	2,071
100,406	66,401	6,821	49,230	3,937	484,166
-	-	-	1,115	-	1,115
-	-	585	-	-	585
-	-	-	-	-	28,255
-	-	585	1,115	-	29,955
100,406	66,401	6,236	48,115	3,937	454,211
100,406	66,401	6,821	49,230	3,937	484,166

Boone 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	Drainage Districts	Special Conservation Land Acquisition
Revenues:				
Intergovernmental	\$ -	-	-	-
Charges for service	6,556	-	-	-
Use of money and property	1,692	21	-	-
Miscellaneous	-	-	51,438	17,713
Total revenues	8,248	21	51,438	17,713
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	53,555	12,000
Total expenditures	-	-	53,555	12,000
Excess (deficiency) of revenues over (under) expenditures	8,248	21	(2,117)	5,713
Other financing sources:				
Operating transfers in	-	-	-	610
Excess (deficiency) of revenues and other financing sources over (under) expenditures	8,248	21	(2,117)	6,323
Fund balances beginning of year	31,708	690	121,448	62,795
Fund balances end of year	\$ 39,956	711	119,331	69,118

See accompanying independent auditor's report.

Revenue						
Resource Enhancement and Protection	Task Force	Attorney Drug Prosecution	Jail Commissary	Reserve Deputy		Total
6,901	357	-	-	-		7,258
-	-	-	-	-		6,556
3,997	-	-	43,668	-		49,378
-	12,234	6,293	-	(780)		86,898
10,898	12,591	6,293	43,668	(780)		150,090
-	9,436	2,947	15,207	200		27,790
-	-	-	-	-		65,555
-	9,436	2,947	15,207	200		93,345
10,898	3,155	3,346	28,461	(980)		56,745
-	-	-	-	-		610
10,898	3,155	3,346	28,461	(980)		57,355
89,508	63,246	2,890	19,654	4,917		396,856
100,406	66,401	6,236	48,115	3,937		454,211



Boone County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,828	416,240	191,562	7,961
Other County officials	38,951	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	484	1,469	47,496	1,719
Succeeding year	-	153,000	464,000	14,639,000	544,000
Accounts	767	-	999	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	670	-	-
<b>Total assets</b>	<b>\$ 39,718</b>	<b>155,312</b>	<b>883,378</b>	<b>14,878,058</b>	<b>553,680</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	3,721	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	594	-	-	-	-
Due to other governments	21,399	155,312	853,434	14,878,058	553,680
Trusts payable	17,725	-	-	-	-
Compensated absences	-	-	26,223	-	-
<b>Total liabilities</b>	<b>\$ 39,718</b>	<b>155,312</b>	<b>883,378</b>	<b>14,878,058</b>	<b>553,680</b>

See accompanying independent auditor's report.

Corporations	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
87,870	3,060	544,074	38,964	10,715	346,750	585,983	2,235,007
-	-	-	-	-	-	-	38,951
36,443	443	-	-	2,637	-	11	90,702
6,497,000	290,000	-	-	832,000	-	3,000	23,422,000
-	-	-	-	-	27,554	66	29,386
-	-	-	340,871	-	-	-	340,871
-	-	-	-	-	-	594	594
-	-	-	-	-	-	48,936	48,936
-	-	-	-	-	-	929	1,599
<b>6,621,313</b>	<b>293,503</b>	<b>544,074</b>	<b>379,835</b>	<b>845,352</b>	<b>374,304</b>	<b>639,519</b>	<b>26,208,046</b>
-	-	-	-	-	3,945	30,061	37,727
-	-	-	-	-	-	17,051	17,051
-	-	-	-	-	-	-	594
6,621,313	293,503	544,074	379,835	845,352	370,359	131,452	25,647,771
-	-	-	-	-	-	435,901	453,626
-	-	-	-	-	-	25,054	51,277
<b>6,621,313</b>	<b>293,503</b>	<b>544,074</b>	<b>379,835</b>	<b>845,352</b>	<b>374,304</b>	<b>639,519</b>	<b>26,208,046</b>

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

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 51,848	142,290	774,900	14,799,402	620,324
Additions:					
Property and other county tax	-	153,744	466,095	14,663,567	545,538
E911 surcharge	-	-	-	-	-
State tax credits	-	6,770	23,828	713,708	29,485
Office fees and collections	974,079	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	3,645	-	-
Total additions	974,079	160,514	493,568	15,377,275	575,023
Deductions:					
Agency remittances:					
To other funds	363,845	-	-	-	-
To other governments	272,471	147,492	385,090	15,298,619	641,667
Trusts paid out	349,893	-	-	-	-
Total deductions	986,209	147,492	385,090	15,298,619	641,667
Balances end of year	\$ 39,718	155,312	883,378	14,878,058	553,680

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Special Assessments	County Hospital	E911	Other	Total
6,456,291	276,425	492,201	264,906	834,851	275,728	391,192	25,380,358
6,499,638	293,387	-	-	834,796	-	2,587	23,459,352
-	-	-	-	-	232,131	-	232,131
289,460	12,065	-	-	39,687	-	175	1,115,178
-	-	-	-	-	-	6,575	980,654
-	-	5,720,604	-	-	-	32,877	5,753,481
-	-	-	208,946	-	-	85	209,031
-	-	-	-	-	-	1,227,079	1,227,079
-	-	-	-	-	7,975	1,751,517	1,763,137
6,789,098	305,452	5,720,604	208,946	874,483	240,106	3,020,895	34,740,043
-	-	216,673	-	-	-	32,873	613,391
6,624,076	288,374	5,452,058	94,017	863,982	141,530	5,893	30,215,269
-	-	-	-	-	-	2,733,802	3,083,695
6,624,076	288,374	5,668,731	94,017	863,982	141,530	2,772,568	33,912,355
6,621,313	293,503	544,074	379,835	845,352	374,304	639,519	26,208,046

Boone County

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

For the Last Eight Years

	Modified Accrual Basis			
	2007	2006	2005	2004
<b>Revenues:</b>				
Property and other county tax	\$ 6,469,589	6,117,846	6,088,359	6,013,505
Interest and penalty on property tax	76,918	71,901	62,876	66,697
Intergovernmental	6,177,965	5,518,447	5,758,477	4,640,729
Licenses and permits	25,821	20,933	15,067	60,808
Charges for service	916,158	926,680	942,470	884,787
Use of money and property	343,410	242,346	158,099	129,254
Miscellaneous	257,996	198,900	540,830	212,419
<b>Total</b>	<b>\$ 14,267,857</b>	<b>13,097,053</b>	<b>13,566,178</b>	<b>12,008,199</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,507,524	2,393,530	2,117,985	2,013,154
Physical health and social services	660,704	610,980	583,588	597,127
Mental health	2,671,208	2,479,313	2,341,752	2,005,825
County environment and education	933,921	857,742	787,105	758,079
Roads and transportation	4,322,499	3,881,757	3,990,145	3,581,862
Governmental services to residents	495,947	666,018	510,074	470,870
Administration	1,338,419	1,217,653	1,202,257	1,064,871
Debt service	417,958	416,895	433,595	843,108
Capital projects	3,113,667	474,175	1,905,106	706,865
<b>Total</b>	<b>\$ 16,461,847</b>	<b>12,998,063</b>	<b>13,871,607</b>	<b>12,041,761</b>

See accompanying independent auditor's report.

2003	2002	2001	2000
5,810,864	5,504,926	4,750,472	4,246,522
64,522	67,451	60,113	44,407
4,569,465	4,840,152	4,881,308	5,035,302
14,598	10,431	7,838	7,120
869,192	832,023	719,700	724,327
151,049	436,706	357,245	295,697
293,260	204,584	157,254	377,682
<u>11,772,950</u>	<u>11,896,273</u>	<u>10,933,930</u>	<u>10,731,057</u>

1,927,982	1,900,164	1,756,703	1,501,153
620,149	839,084	830,284	783,540
2,136,380	1,859,850	1,958,823	1,898,781
742,442	680,163	701,680	546,285
3,602,048	3,832,568	3,572,743	3,355,470
455,664	429,361	388,559	354,859
998,490	867,867	852,361	898,337
431,149	341,149	241,607	18,750
1,627,172	3,609,233	1,056,929	604,856
<u>12,541,476</u>	<u>14,359,439</u>	<u>11,359,689</u>	<u>9,962,031</u>

**Schedule 6**

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Health and Human Services:			
Drug-Free Communities Support Program Grants		2 H79 SP11259-02	\$ 16,614
Drug-Free Communities Support Program Grants	93.276	5 H79 SP11259-03	81,595
Total direct			98,209
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		16,541
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C008(31)8J--08	197,273
Highway Planning and Construction		IBRC-C008(39)--8E-08	633,232
			830,505
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	PAP 06-163, Task 06	2,171
U.S. Elections Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	06-HAVA-08-103	6,285
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		22,262
Refugee and Entrant Assistance-State Administered			
Programs	93.566		40
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596		4,832
Foster Care - Title IV-E	93.658		12,556
Adoption Assistance	93.659		2,493
State Children's Insurance Program	93.767		160
Medical Assistance Program	93.778		29,195
Social Services Block Grant	93.667		14,634
Social Services Block Grant	93.667		94,172
			108,806
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Emergency Management Performance Grants	97.042	EMPG	24,166
Iowa Homeland Security and Emergency Management			
Division:			
Citizen Corps	97.053	2005-GE-T5-0056	1,154
State Homeland Security Program	97.073	2005-GE-T5-0056	64,710
Total indirect			1,125,876
Total			\$ 1,224,085

Boone County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

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

See accompanying independent auditor's report.



**Boone County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Boone County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Boone 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 May 16, 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 Boone 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 Boone County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone 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 a deficiency we consider to be a material weakness.

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 Boone 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 Boone County's financial statements that is more than inconsequential will not be prevented or detected by Boone County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency or combination of significant deficiencies, that result in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Boone 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 item II-A-07 is a material weakness.

#### Compliance and Other Matters

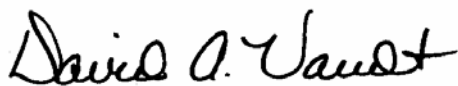
As part of obtaining reasonable assurance about whether Boone County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

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

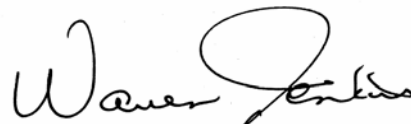
Boone County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Boone County's responses and accordingly, we express no opinion on them.

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

May 16, 2008

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance  
In Accordance with OMB Circular A-133**

**Boone County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Boone County:

Compliance

We have audited the compliance of Boone County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. Boone County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone County's compliance based on our audit.

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

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

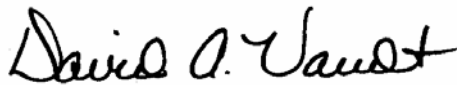
The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boone County's internal control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

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 16, 2008

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Boone County did not qualify as a low-risk auditee.



Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-07 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 offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – collecting, depositing, posting and daily reconciling.	Landfill
(2) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Landfill and the County Treasurer should review the operating procedures of their offices to obtain the maximum internal control possible under the circumstances.

Responses –

Landfill – The Landfill has enhanced its accountability program through which deposits are recorded. One position opens the mail and records deposits. Another position enters the information into the Landfill’s computer system. Another position typically takes deposits to the County Treasurer. These transactions are reviewed by the administrator on at least a weekly basis to ensure all deposits are accurately recorded and applied.

Treasurer - It is necessary for everyone in the office to assist customers and collect money at the counter, including the Treasurer. There are a limited number of employees in the office during lunch hours, especially when we have employees gone for vacation time or sick time. Everyone balances their own cash drawer separately and then the total day’s business is balanced all together either by the Treasurer or the First Deputy. The Treasurer does the month-end process and apportionment business.

Conclusion – Responses accepted.

II-B-07 Credit Cards – Various County employees use credit cards and store charge cards issued to the County. Detailed credit card receipts were not always available to support credit card charges or were not always reconciled to the credit card statements from which payment was made.

Recommendation – Credit card receipts should be maintained and reconciled to credit card statements prior to payment.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Response – The County will endeavor to maintain credit card receipts and reconcile them before payment

Conclusion – Response accepted.

II-C-07 County Recorder – Although monthly bank reconciliations were performed, the variance between the book balance and the bank balance at June 30, 2007 was not investigated and resolved. In addition, variances were noted between receipts on hand and DNR accounting records and DNR receipts do not appear to be deposited timely.

Recommendation – Variances between book and bank balances should be investigated and resolved in a timely manner to improve financial accountability and control. Also, all reconciling items between the book and bank balances should be documented each month, including an accounts receivable listing at the end of each month. In addition, the book balance should be reconciled to a listing of month end liabilities. DNR receipts on hand and accounting records should be reconciled each time a deposit is made and the deposit should be made timely.

Response – We use the spreadsheet that was given to us from one of the state auditors years ago. The figures entered on that sheet are arrived at from the quarterly reports. The checks written to the County Treasurer quarterly are figured from the quarterly reports. At the present time we have notified our computer server that some of the figures on the quarterly report do not match actual figures from our reports sent to state agencies. They are currently working on this. They have had other inquiries from other Recorders also. This may be some of the differences found between bank and book balances. We do run an accounts receivable listing each month, prior to new charges being added in and also after. We do have an accounting practice of checks and balances for our General Fund items, which is done both monthly and quarterly to be sure we have banked the correct amounts by figuring in our total business.

Also, DNR accounts are banked at least once weekly, and more depending on DNR business transacted before hand. The day the state auditors chose to count our cash was a Friday afternoon, we were all busy with customers, and transacting business. I do not understand how a variance would have happened because DNR business is balanced each day with cash on hand and our DNR day book listing the day's business totals. Deposits are done on a timely basis, and as directed by former state auditors are done "intact". Meaning if we are doing two or three days worth of deposits, the amount banked would be a total of those two or three days business. The amount left in our DNR cash on hand would be the total of the business transacted prior to, but not banked. There is no set amount we leave undeposited.

Conclusion – Response acknowledged. Since the amount on hand the day of the count included collections from the prior 12 days, and there was a variance in comparing the amount of collections on hand to the daily receipt log, the recommendation remains as stated above.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

- IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted by function or the amounts appropriated by department.
- IV-B-07 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.
- IV-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-07 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Description	Amount
Jean Iben, mother-in-law of Sheriff and part-time cook for jail	Transport/Matron fees	\$ 317

Recommendation – In accordance with Chapter 331.342(10) of the Code of Iowa, the matron and transport fees do not appear to represent a conflict of interest since the total for each was less than \$1,500 during the fiscal year.

- IV-E-07 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 ensure the coverage is adequate for current operations.
- IV-F-07 Board Minutes – No transactions were found we believe should have been approved in the Board minutes but were not.
- IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-07 Resource Enhancement and Protection Certification – The County chose not to dedicate property tax revenue to conservation purposes to the extent 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).

The County produces a significant amount of revenue in its Conservation Department through camping and golf fees. This revenue is used to offset conservation expenses in lieu of property tax revenue.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-I-07 Financial Assurance – The Boone County Landfill has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Original Area		Expansion Area	
	Closure	Postclosure	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 164,600	480,000	1,154,500	525,000
Less: Balance of funds held in the local dedicated fund at June 30, 2006	(269,700)	(453,000)	(651,650)	(368,817)
Reallocation of surplus funds held based on current estimated costs	105,100	(27,000)	(105,100)	27,000
Total funds held at June 30, 2006	(164,600)	(480,000)	(756,750)	(341,817)
	-	-	397,750	183,183
Divided by the number of years remaining in the pay-in period	1	1	3	3
Required payment into the local dedicated fund for the year ended June 30, 2007	-	-	132,583	61,061
Balance of funds held in the local dedicated fund at June 30, 2006, as reallocated	164,600	480,000	756,750	341,817
Required balance of funds to be held in the local dedicated fund at June 30, 2007	\$ 164,600	480,000	889,333	402,878
Amount County has restricted for closure and postclosure care at June 30, 2007	\$ 164,600	480,000	949,214	430,005

IV-J-07 Solid Waste Fees Retainage – During the year ended June 30, 2007, the County used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

IV-K-07 Deficit Fund Balance – The Special Revenue, Mental Health Fund had a deficit fund balance of \$102,748 at June 30, 2007.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response – The County is working with ISAC and the DHS to convince the legislature to adequately fund the needs of the mental health system. If progress on that front fails, the County will have to reduce services to clients. It is our understanding, the state added additional dollars to the system, but we will not know until January 2008 what our share will be. Hopefully with the increased revenue combined with a modest reduction in service expenditures, we can eliminate this negative fund balance.

Conclusion – Response accepted.

Boone County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-L-07 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.

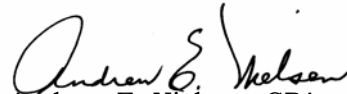
Disbursements during the year ended June 30, 2007 for the County Extension Office did not exceed the amount budgeted.

Boone County

Staff

This audit was performed by:

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