



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

October 11, 2010

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$29,135,449 for the year ended June 30, 2009, which included \$1,109,521 in tax credits from the state. The County forwarded \$20,044,647 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$9,090,802 of the local tax revenue to finance County operations, a 22.6% increase over the prior year. Other revenues included charges for service of \$2,140,865, operating grants, contributions and restricted interest of \$5,432,940, capital grants, contributions and restricted interest of \$1,399,008, local option sales and services tax of \$907,821, gaming wager tax of \$432,286, unrestricted investment earnings of \$152,281 and other general revenues of \$227,881.

Expenses for County operations totaled \$17,443,721, a 9.2% increase over the prior year. Expenses included \$6,147,641 for roads and transportation, \$3,680,438 for public safety and legal services and \$2,274,781 for physical health and social 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/0910-0092-B00F.pdf>.

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

JUNE 30, 2009

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Washington County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Randy Payne	Board of Supervisors	Jan 2009
Larry DeLong	Board of Supervisors	Jan 2009
Jim Miksch	Board of Supervisors	Jan 2011
Bill Fredrick	County Auditor	Jan 2009
Jeffrey A. Garrett	County Treasurer	Jan 2011
Connie Pence	County Recorder	Jan 2011
Jerry A. Dunbar	County Sheriff	Jan 2009
Barbara A. Edmondson	County Attorney	Jan 2011
Lil Perry	County Assessor	Jan 2010
(After January 2009)		
Steve Davis	Board of Supervisors	Jan 2011
James Rosien	Board of Supervisors	Jan 2011
Wesley Rich	Board of Supervisors	Jan 2013
Jim Miksch	Board of Supervisors	Jan 2013
Adam Mangold	Board of Supervisors	Jan 2013
Bill Fredrick	County Auditor	Jan 2013
Jeffrey A. Garrett	County Treasurer	Jan 2011
Connie Pence	County Recorder	Jan 2011
Jerry A. Dunbar	County Sheriff	Jan 2013
Barbara A. Edmondson	County Attorney	Jan 2011
Lil Perry	County Assessor	Jan 2010

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Independent Auditor's Report

To the Officials of Washington County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Washington County's management. Our responsibility is to express opinions on these financial statements based on our audit.

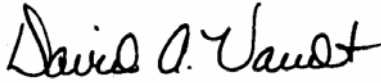
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Washington County at June 30, 2009, 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.

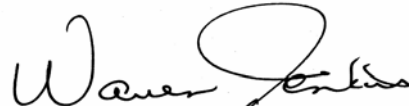
In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2010 on our consideration of Washington County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 14 and 46 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Washington County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 15%, or approximately \$2,580,000, from fiscal year 2008 to fiscal year 2009. Property and other County tax increased approximately \$1,678,000, with a majority of this increase resulting from increased tax increment financing revenues, charges for service increased approximately \$605,000, operating grants, contributions and restricted interest increased approximately \$1,064,000 and capital grants, contributions and restricted interest decreased approximately \$386,000.
- Program expenses were 9.2%, or approximately \$1,475,000, more in fiscal year 2009 than in fiscal year 2008.
- The County's net assets increased 5.8%, or approximately \$2,340,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Washington County as a whole and present an overall view of the County's finances.

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the Public Safety Commission, E911 Services, Emergency Management Services and the County Assessor, to name a few.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Washington County's combined net assets increased \$2,340,163 from a year ago, from \$40,208,851 to \$42,549,014. The analysis that follows focuses on the net assets of governmental activities.

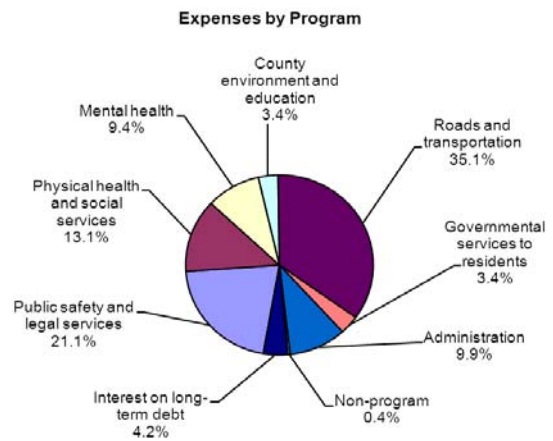
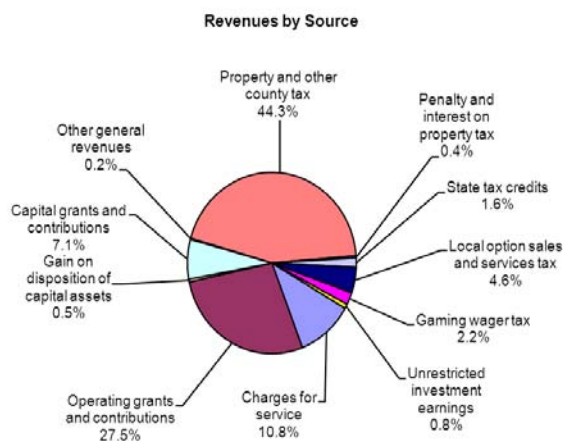
Net Assets of Governmental Activities		
	June 30,	
	2009	2008
Current and other assets	\$ 15,652,350	15,332,154
Capital assets	48,511,635	46,953,766
Total assets	64,163,985	62,285,920
Long-term liabilities	13,215,501	13,944,928
Other liabilities	8,399,470	8,132,141
Total liabilities	21,614,971	22,077,069
Net assets:		
Invested in capital assets, net of related debt	43,874,635	42,992,195
Restricted	3,272,471	3,338,375
Unrestricted	(4,598,092)	(6,121,719)
Total net assets	\$ 42,549,014	40,208,851

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

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets decreased from approximately \$3,338,000 at June 30, 2008 to approximately \$3,272,000 at the end of this year, a decrease of 2.0%. This decrease is primarily the result of a decrease in the amount restricted for supplemental levy purposes of approximately \$89,000 and secondary roads of approximately \$612,000 offset by an increase in the amounts restricted for mental health and capital projects of approximately \$492,000 and \$125,000, respectively.

Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately (\$6,122,000) at June 30, 2008 to approximately (\$4,598,000) at the end of this year, an increase of 24.9%.

Changes in Net Assets of Governmental Activities			
		Year ended June 30,	
		2009	2008
Revenues:			
Program revenues:			
Charges for service	\$	2,140,865	1,536,228
Operating grants and contributions		5,432,940	4,368,619
Capital grants and contributions		1,399,008	1,785,098
General revenues:			
Property and other county tax		8,771,676	7,094,048
Penalty and interest on property tax		72,916	68,492
State tax credits		319,126	321,757
Local option sales and services tax		907,821	945,907
Gaming wager tax		432,286	438,404
Unrestricted investment earnings		152,281	428,602
Gain on disposition of capital assets		108,600	87,463
Other general revenues		46,365	129,156
Total revenues		19,783,884	17,203,774
Program expenses:			
Public safety and legal services		3,680,438	3,657,216
Physical health and social services		2,274,781	2,161,393
Mental health		1,638,684	1,791,162
County environment and education		594,032	602,596
Roads and transportation		6,147,641	4,938,933
Governmental services to residents		587,014	564,446
Administration		1,728,990	1,316,250
Non-program		65,212	190,658
Interest on long-term debt		726,929	745,932
Total expenses		17,443,721	15,968,586
Increase in net assets		2,340,163	1,235,188
Net assets beginning of year		40,208,851	38,973,663
Net assets end of year	\$	42,549,014	40,208,851



Washington County's net assets of governmental activities increased approximately \$2,340,000 during the year. Revenues for governmental activities (a major portion from property tax and operating grants) increased approximately \$2,580,000 over the prior year. Property and other county tax revenue increased approximately \$1,678,000, or 23.6%, over the prior year. Capital grants and contributions decreased approximately \$386,000 from the prior year due to a decrease in farm to market contributions from the Iowa Department of Transportation (IDOT) in fiscal year 2009.

The County increased property tax rates \$.63921 per \$1,000 of taxable valuation in the rural levy and decreased property tax rates \$.2215 per \$1,000 of taxable valuation in the countywide levy. The rural property valuation increased \$10,558,984 and the countywide property valuation increased \$9,458,363.

The cost of all governmental activities this year was \$17,443,721 compared to \$15,968,586 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities this year was \$8,470,908 as \$2,140,865 of the cost was paid by those directly benefiting from the programs and \$6,831,948 of the cost was paid by other governments and organizations which subsidized certain programs with grants and contributions. Overall, the County's governmental activities revenues, including intergovernmental aid and fees for services, increased in fiscal year 2009 from \$7,689,945 to \$8,972,813, principally due to an increase in operating grant activity. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$10,811,000 in taxes (some of which could only be used for certain programs) and other revenues, such as local option sales tax, interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Washington County completed the year, its governmental funds reported a combined fund balance of \$6,436,681, a decrease of \$247,050 from last year's total of \$6,683,731. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased \$183,155, or 4.9%, from the prior year to \$3,581,610. Revenues increased approximately \$256,000, primarily due to an increase in intergovernmental revenues, while expenditures increased approximately \$574,000 over fiscal year 2008.
- The Mental Health Fund balance increased \$641,159 over the prior year's negative \$145,355 balance. The County has continued to look for ways to effectively manage the cost of mental health services. Revenues for the year increased approximately \$969,000 while expenditures decreased approximately \$151,000, or 8.4%, from approximately \$1,794,000 to approximately \$1,643,000.
- The Rural Services Fund balance increased \$49,543 from \$438,360 at the end of fiscal year 2008 to \$487,903 at the end of fiscal year 2009. The Rural Services Fund levy rate increased from \$2.21459 per \$1,000 of taxable valuation in fiscal year 2008 to \$2.85380 per \$1,000 of taxable valuation in fiscal year 2009.
- Secondary Roads Fund expenditures increased approximately \$265,000 and revenues decreased approximately \$1,391,000 from the prior year. Revenue decreases resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$609,000, or 29%. Revenues decreased primarily due to the amount of transfer of jurisdiction funds received in the prior fiscal year to maintain Highway 218 compared to the amount of farm to market funds received in fiscal year 2009. Expenditures increased due to an increase in road improvement projects.

- The Riverside City Tax Increment Financing Fund revenues consist primarily of property tax collections. These funds are used to retire debt, including interest, on the Riverside infrastructure projects. This fund had a balance of \$6,899 at June 30, 2009.
- Debt Service Fund expenditures decreased approximately \$1,000 and revenues decreased approximately \$22,000 from the prior fiscal year. Expenditures include payment of principal and interest on general obligation bonds issued for the jail project.
- The Capital Projects Fund ended fiscal year 2009 with a \$125,385 fund balance compared to the prior fiscal year balance of \$278,429. This decrease is primarily due to the completion of the jail construction and Orchard Hill improvement projects.

Budgetary Highlights

Over the course of the year, Washington County amended its certified budget two times. The first amendment was made in January 2009, primarily for administration, capital projects, public safety and courthouse security expenses. The second amendment was made in May 2009 to adjust for the receipt of additional grant revenues and for disbursements relating to secondary roads projects, conservation projects and continuing capital projects.

Actual net receipts for fiscal year 2009 were \$18,169,365, which was \$248,294 less than budgeted, due primarily to an overall decrease in intergovernmental receipts. Actual net disbursements for the year were \$19,188,476, which was \$2,189,422 less than the amount budgeted for disbursements. Roads and transportation and mental health function disbursements were significantly less than anticipated during fiscal year 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2009, Washington County had approximately \$48.5 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges, computers and audio-visual equipment, transportation equipment and administrative offices. This is a net increase of approximately \$1.6 million over fiscal 2009.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2009	2008
Land	\$ 3,677,889	3,577,162
Construction in progress	-	258,739
Buildings and improvements	7,858,767	7,912,032
Equipment and vehicles	2,781,706	2,663,967
Infrastructure	34,193,273	32,541,866
Total	\$ 48,511,635	46,953,766

Washington County had depreciation expense of \$1,510,440 in fiscal year 2009 and total accumulated depreciation of \$16,910,485 at June 30, 2009.

The County's fiscal year 2009 capital projects budget included \$2,716,014 for capital projects, principally for Orchard Hill complex improvements, roadway and jail construction.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At the end of fiscal year 2009, Washington County had \$4,075,000 of general obligation bonds outstanding compared to \$4,240,000 at the end of fiscal year 2008. During fiscal year 2009, Washington County issued a general obligation county building improvement note for \$562,000 to help pay costs associated with renovations, improvements and equipment at Orchard Hill Building Four for the relocation of the Sheriff's Department, parking lot improvements to serve the Orchard Hill complex and the Conservation Education Center. The County also has \$8,234,859 of urban renewal tax increment revenue bonds outstanding at June 30, 2009, as shown below:

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2009	2008
General obligation county building improvement note	\$ 562,000	-
General obligation bonds	4,075,000	4,240,000
Urban renewal tax increment revenue bonds	8,234,859	9,400,000
Total	\$ 12,871,859	13,640,000

The County has not had a general obligation bond rating assigned by national rating agencies to the County's debt since 1995. The constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Washington County's outstanding general obligation debt is significantly below its constitutional debt limit of \$71,310,848. In addition, the County began paying off the \$9.4 million TIF revenue bonds that were committed to in fiscal 2006 for the Riverside infrastructure projects. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Washington County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Washington County's unemployment rate has increased 1.5% this past year, and the prospects for it to continue to increase appear likely with a major downturn in the U.S. economy predicted. Unemployment in the County now stands at 5.2% versus 3.7% a year ago, compared with the State's unemployment rate of 6.0% and the national rate of 9.5% for the same period ended June 30, 2009.

The State has experienced a period of significant deflation from June 2008 to June 2009 which exceeds the national Consumer Price Index (CPI) decline. The State's CPI decrease was -1.7% for fiscal year 2009 compared to the national rate of -1.4%. Deflation has increased significantly here due, in part, to reductions in the price of food and housing. The average price of energy has declined for eleven straight months. The population of the County has increased 2.8% since the last decennial census. Washington County is the thirteenth fastest growing county in the State since the 2000 census.

In an ongoing effort to maintain County services without a major increase in tax askings, the Washington County Board of Supervisors continues to limit departmental expenditure increases in order to provide required services. Amounts appropriated in the 2010 cash operating

budget are \$19,943,200, a 6.7% decrease from the final budget amount for fiscal year 2009 and an increase of 3.9% over actual final fiscal year 2009 cash disbursements. A property tax revenue increase, due to increases in the County's taxable valuations and a decision by the Board of Supervisors to impose a general basic levy rate of \$3.70 per \$1,000 of taxable valuation (exceeding the statutory minimum of \$3.50 per \$1,000 of taxable valuation), will be supplemented by an anticipated increase in TIF property tax collections and intergovernmental revenues. The decision to increase the general basic levy was made by the Board to ensure adequate operating balances. Washington County will attempt to use these receipts to finance eligible programs we are currently involved in and offset the effects of increasing program costs. Increased wage and cost of living adjustments, increased insurance costs, costs associated with public safety and the operation of the new County correctional facility and increased debt service payments for the County's Riverside TIF debt represent the largest expenditure increases. Significantly decreased capital project costs represent the largest expenditure decrease. The County has added no other major new programs or initiatives to the fiscal year 2010 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease slightly as has been the case for the last three years.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Washington County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 7,072,579
Receivables:	
Property tax:	
Delinquent	12,896
Succeeding year	7,431,000
Interest and penalty on property tax	846
Accounts	116,341
Accrued interest	3,270
Due from other governments	670,391
Inventories	254,324
Prepaid insurance	90,703
Capital assets (net of accumulated depreciation)	<u>48,511,635</u>
Total assets	<u>64,163,985</u>
Liabilities	
Accounts payable	430,996
Accrued interest payable	57,723
Salaries and benefits payable	219,422
Due to other governments	260,329
Deferred revenue:	
Succeeding year property tax	7,431,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation note and bonds	299,165
Urban renewal tax increment revenue bond	897,207
Compensated absences	243,761
Portion due or payable after one year:	
General obligation note and bonds	4,337,835
Urban renewal tax increment revenue bond	7,337,652
Compensated absences	78,615
Net OPEB liability	<u>21,266</u>
Total liabilities	<u>21,614,971</u>
Net Assets	
Invested in capital assets, net of related debt	43,874,635
Restricted for:	
Supplemental levy purposes	1,020,551
Mental health purposes	492,499
Secondary roads purposes	1,426,429
Capital projects	125,385
Other purposes	207,607
Unrestricted	<u>(4,598,092)</u>
Total net assets	<u>\$ 42,549,014</u>

See notes to financial statements.

Washington County
Statement of Activities
Year ended June 30, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
	Expenses				
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,680,438	750,181	288,948	-	(2,641,309)
Physical health and social services	2,274,781	374,833	865,727	-	(1,034,221)
Mental health	1,638,684	110	1,505,020	-	(133,554)
County environment and education	594,032	58,573	28,687	38,324	(468,448)
Roads and transportation	6,147,641	226,580	2,456,860	1,360,684	(2,103,517)
Governmental services to residents	587,014	391,097	13,336	-	(182,581)
Administration	1,728,990	339,491	214,261	-	(1,175,238)
Non-program	65,212	-	60,101	-	(5,111)
Interest on long-term debt	726,929	-	-	-	(726,929)
Total	\$ 17,443,721	2,140,865	5,432,940	1,399,008	(8,470,908)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,752,903
Debt service					306,553
Tax increment financing					1,712,220
Penalty and interest on property tax					72,916
State tax credits					319,126
Local option sales tax					907,821
Gaming wager tax					432,286
Unrestricted investment earnings					152,281
Gain on disposition of capital assets					108,600
Miscellaneous					46,365
Total general revenues					10,811,071
Change in net assets					2,340,163
Net assets beginning of year					40,208,851
Net assets end of year					\$ 42,549,014

See notes to financial statements.

Washington County

Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 3,447,964	732,720	305,860	1,247,158
Receivables:				
Property tax:				
Delinquent	9,535	1,473	1,041	-
Succeeding year	4,846,000	748,000	1,356,000	-
Interest and penalty on property tax	846	-	-	-
Accounts	98,074	663	-	17,604
Accrued interest	3,270	-	-	-
Due from other funds	97	-	-	6,088
Due from other governments	265,426	5,499	206,450	192,437
Inventories	-	-	-	254,324
Prepaid insurance	90,703	-	-	-
Total assets	\$ 8,761,915	1,488,355	1,869,351	1,717,611
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 108,170	30,060	17,919	147,749
Salaries and benefits payable	160,673	3,985	6,002	48,762
Due to other funds	5,483	49	565	61
Due to other governments	50,933	209,060	-	229
Deferred revenue:				
Succeeding year property tax	4,846,000	748,000	1,356,000	-
Other	9,046	1,397	962	-
Total liabilities	5,180,305	992,551	1,381,448	196,801
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,064,493	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved, reported in:				
General fund	2,517,117	-	-	-
Special revenue funds	-	495,804	487,903	1,520,810
Total fund balances	3,581,610	495,804	487,903	1,520,810
Total liabilities and fund balances	\$ 8,761,915	1,488,355	1,869,351	1,717,611

See notes to financial statements.

City of Riverside Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
6,899	17,518	185,172	200,611	6,143,902
-	847	-	-	12,896
-	481,000	-	-	7,431,000
-	-	-	-	846
-	-	-	-	116,341
-	-	-	-	3,270
-	-	-	-	6,185
-	-	-	579	670,391
-	-	-	-	254,324
-	-	-	-	90,703
6,899	499,365	185,172	201,190	14,729,858
-	-	59,760	375	364,033
-	-	-	-	219,422
-	-	27	-	6,185
-	-	-	107	260,329
-	481,000	-	-	7,431,000
-	803	-	-	12,208
-	481,803	59,787	482	8,293,177
-	-	-	-	1,064,493
-	17,562	-	-	17,562
-	-	125,385	-	125,385
-	-	-	-	2,517,117
6,899	-	-	200,708	2,712,124
6,899	17,562	125,385	200,708	6,436,681
6,899	499,365	185,172	201,190	14,729,858

Washington County

Washington County

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

June 30, 2009

Total governmental fund balances (page 19)***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

\$ 6,436,681

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 \$64,702,120 and the accumulated depreciation is \$16,190,485.

48,511,635

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

12,208

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

861,714

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

(13,273,224)**Net assets of governmental activities (page 16)**\$ 42,549,014

See notes to financial statements.

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 5,134,418	744,691	2,187,106	-
Interest and penalty on property tax	72,916	-	-	-
Intergovernmental	2,484,864	1,539,102	56,543	2,583,526
Licenses and permits	46,821	-	-	3,426
Charges for service	678,814	110	1,140	1,995
Use of money and property	158,018	-	-	-
Miscellaneous	60,542	-	14	319,014
Total revenues	8,636,393	2,283,903	2,244,803	2,907,961
Expenditures:				
Operating:				
Public safety and legal services	3,448,628	-	222,298	-
Physical health and social services	2,312,387	-	130	-
Mental health	-	1,642,744	-	-
County environment and education	413,097	-	291,680	-
Roads and transportation	-	-	123,058	4,018,357
Governmental services to residents	577,484	-	3,662	-
Administration	1,523,319	-	-	-
Non-program	62,187	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,188,956
Total expenditures	8,337,102	1,642,744	640,828	5,207,313
Excess (deficiency) of revenues over (under) expenditures	299,291	641,159	1,603,975	(2,299,352)
Other financing sources (uses):				
Sale of capital assets	7,333	-	-	6,102
Operating transfers in	-	-	-	1,684,211
Operating transfers out	(489,779)	-	(1,554,432)	-
General obligation note proceeds	-	-	-	-
Total other financing sources (uses)	(482,446)	-	(1,554,432)	1,690,313
Net change in fund balances	(183,155)	641,159	49,543	(609,039)
Fund balances beginning of year	3,764,765	(145,355)	438,360	2,129,849
Fund balances end of year	\$ 3,581,610	495,804	487,903	1,520,810

See notes to financial statements.

City of Riverside Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
1,712,008	316,374	-	-	10,094,597
-	-	-	-	72,916
-	13,292	-	43,890	6,721,217
-	-	-	1,103	51,350
-	-	-	36,724	718,783
6,899	1,896	19,990	19,831	206,634
-	-	12,625	52,314	444,509
1,718,907	331,562	32,615	153,862	18,310,006
-	-	-	389	3,671,315
-	-	-	3,892	2,316,409
-	-	-	-	1,642,744
-	-	-	28,423	733,200
-	-	-	-	4,141,415
-	-	-	6,600	587,746
-	-	-	-	1,523,319
-	-	-	-	62,187
1,714,906	346,955	-	-	2,061,861
-	-	1,079,659	123,680	2,392,295
1,714,906	346,955	1,079,659	162,984	19,132,491
4,001	(15,393)	(1,047,044)	(9,122)	(822,485)
-	-	-	-	13,435
-	-	360,000	-	2,044,211
-	-	-	-	(2,044,211)
-	-	534,000	28,000	562,000
-	-	894,000	28,000	575,435
4,001	(15,393)	(153,044)	18,878	(247,050)
2,898	32,955	278,429	181,830	6,683,731
6,899	17,562	125,385	200,708	6,436,681

Washington County

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

Year ended June 30, 2009

Net change in fund balances - Total governmental funds (page 23) \$ (247,050)

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	\$ 1,836,417	
Capital assets contributed by the Iowa Department of Transportation	1,136,727	
Depreciation expense	<u>(1,510,440)</u>	1,462,704

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

95,165

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

6,237

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

Issued	(562,000)	
Repaid	<u>1,330,141</u>	768,141

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	(17,448)	
Other postemployment benefits	(21,266)	
Interest on long-term debt	<u>4,793</u>	(33,921)

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

288,887

Change in net assets of governmental activities (page 17) \$ 2,340,163

See notes to financial statements.

Washington County
Statement of Net Assets
Proprietary Funds

June 30, 2009

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 928,677
Liabilities	
Accounts payable	<u>66,963</u>
Net Assets	
Unrestricted	<u><u>\$ 861,714</u></u>

See notes to financial statements.

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

Year ended June 30, 2009

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,213,009
Reimbursements from employees and others		10,963
Reimbursements from agency funds		115,948
Contributions for flexible benefits		61,277
Stop loss reimbursements		<u>81,398</u>
Total operating revenues		1,482,595
Operating expenses:		
Medical claims	\$ 843,040	
Administrative fees	301,882	
Flexible benefits claims	<u>57,367</u>	<u>1,202,289</u>
Operating income		280,306
Non-operating revenues:		
Interest income		<u>8,581</u>
Net income		288,887
Net assets beginning of year		<u>572,827</u>
Net assets end of year		<u><u>\$ 861,714</u></u>

See notes to financial statements.

Washington County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 1,268,864
Cash received from employees and others	92,361
Cash received from agency funds	121,370
Cash paid to suppliers for services	<u>(1,179,815)</u>
Net cash provided by operating activities	302,780
Cash flows from investing activities:	
Interest on investments	<u>8,581</u>
Net increase in cash and cash equivalents	311,361
Cash and cash equivalents beginning of year	<u>617,316</u>
Cash and cash equivalents end of year	<u><u>\$ 928,677</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 280,306
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>22,474</u>
Net cash provided by operating activities	<u><u>\$ 302,780</u></u>

See notes to financial statements.

Washington County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:

County Treasurer	\$ 1,655,628
Other County officials	113,845

Receivables:

Property tax:

Delinquent	42,524
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Succeeding year	19,382,000
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Accounts	50,691
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Special assessments	14,765
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Due from other governments	45,452
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Total assets	<u>21,304,905</u>
---------------------	-------------------

Liabilities

Accounts payable	7,432
------------------	-------

Salaries and benefits payable	23,190
-------------------------------	--------

Due to other governments	21,195,633
--------------------------	------------

Trusts payable	55,269
----------------	--------

Compensated absences	23,381
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Total liabilities	<u>21,304,905</u>
--------------------------	-------------------

Net assets

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

Washington County
Notes to Financial Statements
June 30, 2009

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009, 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 land, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,510,334 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 36
	Secondary Roads	61
Special Revenue:		
Secondary Roads	General	5,483
	Special Revenue:	
	Mental Health	13
	Rural Services	565
	Capital Projects	27
		<u>27</u>
Total		<u>\$ 6,185</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, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 129,779
	Special Revenue:	
	Rural Services	1,554,432
Capital Projects	General	360,000
		<u>360,000</u>
Total		<u>\$ 2,044,211</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,577,162	100,727	-	3,677,889
Construction in progress	258,739	2,129,820	(2,388,559)	-
Total capital assets not being depreciated	3,835,901	2,230,547	(2,388,559)	3,677,889
Capital assets being depreciated:				
Buildings	10,985,550	138,591	-	11,124,141
Equipment and vehicles	7,267,982	890,891	(715,742)	7,443,131
Infrastructure, road network	40,068,400	2,388,559	-	42,456,959
Total capital assets being depreciated	58,321,932	3,418,041	(715,742)	61,024,231
Less accumulated depreciation for:				
Buildings	3,073,518	191,856	-	3,265,374
Equipment and vehicles	4,604,015	581,432	(524,022)	4,661,425
Infrastructure, road network	7,526,534	737,152	-	8,263,686
Total accumulated depreciation	15,204,067	1,510,440	(524,022)	16,190,485
Total capital assets being depreciated, net	43,117,865	1,907,601	(191,720)	44,833,746
Governmental activities capital assets, net	\$ 46,953,766	4,138,148	(2,580,279)	48,511,635

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 262,905
Physical health and social services	23,111
County environment and education	11,946
Roads and transportation	1,091,015
Governmental services to residents	12,520
Administration	108,943
Total depreciation expense - governmental activities	\$ 1,510,440

(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	\$ 50,933
Special Revenue:		
Mental Health	Services	209,060
Secondary Roads	Services	229
Federal Emergency Management Assistance	Services	107
		<u>209,396</u>
Total for governmental funds		<u>\$ 260,329</u>
Agency:		
County Offices	Collections	\$ 59,347
Agriculture Extension Education		183,510
County Assessor		497,606
Schools		12,529,359
Community Colleges		698,955
Corporations		4,877,452
Townships		283,093
Public Safety Commission		114,406
Auto License and Use Tax		361,710
All other		<u>1,590,195</u>
Total for agency funds		<u>\$ 21,195,633</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Building Improvements Note	General Obligation Bonds	Urban Renewal Tax Increment Revenue Bond	Compensated Absences	Other Post-employment Benefits	Total
Balance beginning of year	\$ -	4,240,000	9,400,000	304,928	-	13,944,928
Increases	562,000	-	-	364,660	26,419	953,079
Decreases	-	165,000	1,165,141	347,212	5,153	1,682,506
Balance end of year	<u>\$ 562,000</u>	<u>4,075,000</u>	<u>8,234,859</u>	<u>322,376</u>	<u>21,266</u>	<u>13,215,501</u>
Due within one year	<u>\$ 129,165</u>	<u>170,000</u>	<u>897,207</u>	<u>243,761</u>	<u>-</u>	<u>1,440,133</u>

General Obligation County Building Improvements Note

On December 15, 2008, the County issued a \$562,000 general obligation county building improvements note to finance a portion of the cost of renovations, improvements and equipment at Orchard Hill Building Four for relocation of the Sheriff's Department and parking improvements to serve the Orchard Hill complex, the county jail and the Conservation Education Center.

A summary of the County's June 30, 2009 general obligation note indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	2.60%	\$ 129,165	20,835	150,000
2011	2.60	139,501	10,499	150,000
2012	2.60	143,186	6,814	150,000
2013	2.60	150,148	2,999	153,147
Total		\$ 562,000	41,147	603,147

General Obligation Bonds Payable

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2010	3.85%	\$ 170,000	175,203	345,203
2011	3.90	175,000	168,658	343,658
2012	3.95	185,000	161,833	346,833
2013	4.00	190,000	154,525	344,525
2014	4.05	200,000	146,925	346,925
2015- 2019	4.10 - 4.30	1,125,000	604,850	1,729,850
2020- 2024	4.35 - 4.55	1,385,000	340,750	1,725,750
2025- 2029	4.60 - 4.65	645,000	45,180	690,180
Total		\$ 4,075,000	1,797,924	5,872,924

During the year ended June 30, 2009, the County retired \$165,000 of bonds. The bonds were issued to construct a county jail.

Urban Renewal Tax Increment Revenue Bond

On April 3, 2006, the County issued a \$9,400,000 urban renewal tax increment revenue bond on behalf of the City of Riverside. The bond bears interest at 5.95% per annum with final maturity on June 1, 2017. The first payment on the bond was due December 1, 2008. The bond was purchased by Dubuque Bank and Trust, which also retained the bond proceeds. As needed, the County draws down proceeds from Dubuque Bank and Trust and forwards them to the City of Riverside to pay for expenditures incurred in conjunction with the City's Water and Sewer Infrastructure Project. During the year ended June 30, 2009, the County retired \$1,165,141 of the tax increment revenue bond.

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

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

(8) 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 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the year ended June 30, 2009, 2008 and 2007 were \$392,728, \$349,309 and \$314,654, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 130 active and 1 retired members in the plan. Participants must be age 55 or age 50 with twenty-two years of service at retirement.

The medical coverage is provided through a partially self-funded plan administered by First Administrators. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 26,419
Interest on net OPEB obligation	-
Adjustment to annual required contributions	-
Annual OPEB cost	26,419
Contribution made	(5,153)
Increase in net OPEB obligation	21,266
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ 21,266

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$5,153 to the medical plan. Plan members eligible for benefits contributed \$5,580, or 52%, of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 26,419	19.5%	\$ 21,266

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$183,345, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$183,345. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,892,000 and the ratio of UAAL to covered payroll was 3.1%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term

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

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table projected to 2010 using Scale AA, applied on a gender-specific basis.

The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 577 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 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, 2009 were \$165,309.

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 \$10,000,000 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$1,213,009.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$66,963, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$857,722 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A

reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 44,489
Inurred claims (including claims incurred but not reported at June 30, 2009)	843,040
Payments	<u>(820,566)</u>
Unpaid claims end of year	<u>\$ 66,963</u>

(12) County Hospital Revenue Bonds

On July 1, 1997 and April 11, 2006, the County entered into loan agreements pursuant to Chapter 331.402(3) of the Code of Iowa and issued \$5,200,000 and \$18,500,000, respectively, of Hospital Revenue Bonds for constructing, remodeling and expanding the Washington County Hospital. The bonds and related interest are payable solely out of the net earnings of the Washington County Hospital and do not constitute liabilities of the County. The outstanding balance on the bonds at June 30, 2009 was \$20,265,000.

(13) Jointly Governed Organization

The County participates in the Washington County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2009:

Additions:

Contributions from governmental units:

Washington County	\$ 219,630	
City of Washington	210,182	
Other cities	160,752	
Reimbursement from Joint E-911 Service Board	18,000	
Miscellaneous	<u>566</u>	\$ 609,130

Deductions:

Salaries	404,666	
Benefits	71,510	
Office supplies and postage	3,246	
Uniforms	2,185	
Travel	11,527	
Telephone and fax services	10,732	
Training	1,849	
Professional services	17,272	
Equipment maintenance	13,257	
Radio equipment maintenance	15,735	
Office equipment	3,910	
Utilities	2,675	
Miscellaneous	<u>5,639</u>	<u>564,203</u>

Net		44,927
Balance beginning of year		<u>102,357</u>
Balance end of year		<u>\$ 147,284</u>

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 10,043,797	-	10,043,797
Interest and penalty on property tax	79,454	-	79,454
Intergovernmental	6,651,049	-	6,651,049
Licenses and permits	51,305	-	51,305
Charges for service	688,512	-	688,512
Use of money and property	213,106	-	213,106
Miscellaneous	445,126	2,984	442,142
Total receipts	18,172,349	2,984	18,169,365
Disbursements:			
Public safety and legal services	3,672,368	-	3,672,368
Physical health and social services	2,309,140	-	2,309,140
Mental health	1,769,268	-	1,769,268
County environment and education	739,375	26,427	712,948
Roads and transportation	4,168,504	-	4,168,504
Governmental services to residents	585,527	-	585,527
Administration	1,518,768	-	1,518,768
Non-program	47,487	-	47,487
Debt service	2,061,861	-	2,061,861
Capital projects	2,342,605	-	2,342,605
Total disbursements	19,214,903	26,427	19,188,476
Excess (deficiency) of receipts over (under) disbursements	(1,042,554)	(23,443)	(1,019,111)
Other financing sources, net	580,845	-	580,845
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(461,709)	(23,443)	(438,266)
Balance beginning of year	6,605,611	26,464	6,579,147
Balance end of year	\$ 6,143,902	3,021	6,140,881

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
9,888,333	9,936,843	106,954
60,000	60,000	19,454
6,712,696	7,037,644	(386,595)
46,050	46,050	5,255
664,970	664,970	23,542
276,025	296,325	(83,219)
206,970	375,827	66,315
17,855,044	18,417,659	(248,294)
3,748,273	3,903,473	231,105
2,424,672	2,467,236	158,096
2,186,335	2,186,335	417,067
710,098	735,210	22,262
4,367,620	4,777,620	609,116
662,331	662,331	76,804
1,755,624	1,792,824	274,056
55,600	71,900	24,413
2,010,955	2,064,955	3,094
1,735,800	2,716,014	373,409
19,657,308	21,377,898	2,189,422
(1,802,264)	(2,960,239)	1,941,128
8,995	572,607	8,238
(1,793,269)	(2,387,632)	1,949,366
4,839,040	6,577,794	1,353
3,045,771	4,190,162	1,950,719

Washington County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 18,172,349	137,657	18,310,006
Expenditures	19,214,903	(82,412)	19,132,491
Net	(1,042,554)	220,069	(822,485)
Other financing sources, net	580,845	(5,410)	575,435
Beginning fund balances	6,605,611	78,120	6,683,731
Ending fund balances	\$ 6,143,902	292,779	6,436,681

See accompanying independent auditor's report.

Washington County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,720,590. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted by function.

Washington County
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2009	-	\$ 183	183	0.00%	\$ 5,892	3.1%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Washington County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhance- ment and Protection	Law Enforcement County Attorney
Assets				
Cash and pooled investments	\$ 23,905	243	95,461	13,204
Due from other governments	579	-	-	-
Total assets	\$ 24,484	243	95,461	13,204
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	232	-
Due to other governments	-	-	-	-
Total liabilities	-	-	232	-
Fund balances:				
Unreserved	24,484	243	95,229	13,204
Total liabilities and fund balances	\$ 24,484	243	95,461	13,204

See accompanying independent auditor's report.

Special Revenue					
Law Enforcement County Sheriff	Federal Emergency Management Assistance	Supplemental Environmental Projects	Conservation Land Acquisition	Washington County Conservation Foundation	Total
8,489	3,457	16,565	36,266	3,021	200,611
-	-	-	-	-	579
8,489	3,457	16,565	36,266	3,021	201,190
-	143	-	-	-	375
-	107	-	-	-	107
-	250	-	-	-	482
8,489	3,207	16,565	36,266	3,021	200,708
8,489	3,457	16,565	36,266	3,021	201,190

Washington County

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

Year ended June 30, 2009

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhance- ment and Protection	Law Enforcement County Attorney
Revenues:				
Intergovernmental	\$ -	-	38,324	-
Licenses and permits	-	-	-	-
Charges for service	5,598	-	-	-
Use of money and property	442	-	1,236	-
Miscellaneous	-	-	-	-
Total revenues	6,040	-	39,560	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	389
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	6,600	-	-	-
Capital projects	-	-	10,577	-
Total expenditures	6,600	-	10,577	389
Excess (deficiency) of revenues over (under) expenditures	(560)	-	28,983	(389)
Other financing sources (uses):				
General obligation note proceeds	-	-	-	-
Fund balances beginning of year	25,044	243	66,246	13,593
Fund balances end of year	\$ 24,484	243	95,229	13,204

See accompanying independent auditor's report.

Special Revenue					
Law Enforcement County Sheriff	Federal Emergency Management Assistance	Supplemental Environmental Projects	Conservation Land Acquisition	Washington County Conservation Foundation	Total
-	5,566	-	-	-	43,890
-	-	-	1,103	-	1,103
-	-	-	31,126	-	36,724
-	-	113	18,040	-	19,831
5,727	-	17,900	25,703	2,984	52,314
5,727	5,566	18,013	75,972	2,984	153,862
-	-	-	-	-	389
-	3,892	-	-	-	3,892
-	-	1,996	-	26,427	28,423
-	-	-	-	-	6,600
-	-	-	113,103	-	123,680
-	3,892	1,996	113,103	26,427	162,984
5,727	1,674	16,017	(37,131)	(23,443)	(9,122)
-	-	-	28,000	-	28,000
2,762	1,533	548	45,397	26,464	181,830
8,489	3,207	16,565	36,266	3,021	200,708

Schedule 3

Washington County
Combining Schedule of Net Assets
Internal Service Funds

June 30, 2009

	Employee Group Health	Flexible Benefits	Total
Assets			
Cash and pooled investments	\$ 924,685	3,992	928,677
Liabilities			
Accounts payable	66,963	-	66,963
Net Assets			
Unrestricted	\$ 857,722	3,992	861,714

See accompanying independent auditor's report.

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

Year ended June 30, 2009

	Employee Group Health	Flexible Benefits	Total
Operating revenues:			
Reimbursements from operating funds	\$ 1,213,009	-	1,213,009
Reimbursements from employees and others	10,963	-	10,963
Reimbursements from agency funds	115,948	-	115,948
Contributions for flexible benefits	-	61,277	61,277
Stop loss reimbursements	81,398	-	81,398
Total operating revenues	1,421,318	61,277	1,482,595
Operating expenses:			
Medical claims	843,040	-	843,040
Administrative fees	301,882	-	301,882
Flexible benefits claims	-	57,367	57,367
Total operating expenses	1,144,922	57,367	1,202,289
Operating income	276,396	3,910	280,306
Non-operating revenues:			
Interest income	8,581	-	8,581
Net income	284,977	3,910	288,887
Net assets beginning of year	572,745	82	572,827
Net assets end of year	\$ 857,722	3,992	861,714

See accompanying independent auditor's report.

Washington County

Washington County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2009

	Employee Group Health	Flexible Benefits	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 1,213,009	55,855	1,268,864
Cash received from others	92,361	-	92,361
Cash received from agency funds	115,948	5,422	121,370
Cash paid to suppliers for services	(1,122,448)	(57,367)	(1,179,815)
Net cash provided by operating activities	298,870	3,910	302,780
Cash flows from investing activities:			
Interest on investments	8,581	-	8,581
Net increase in cash and cash equivalents	307,451	3,910	311,361
Cash and cash equivalents at beginning of year	617,234	82	617,316
Cash and cash equivalents at end of year	\$ 924,685	3,992	928,677
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 276,396	3,910	280,306
Adjustment to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Increase in accounts payable	22,474	-	22,474
Net cash provided by operating activities	\$ 298,870	3,910	302,780

See accompanying independent auditor's report.

Washington County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	3,164	145,930	202,532	11,683
Other County officials	113,845	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	346	702	23,827	1,272
Succeeding year	-	180,000	365,000	12,303,000	686,000
Accounts	771	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 114,616	183,510	511,632	12,529,359	698,955
Liabilities					
Accounts payable	\$ -	-	175	-	-
Salaries and benefits payable	-	-	7,843	-	-
Due to other governments	59,347	183,510	497,606	12,529,359	698,955
Trusts payable	55,269	-	-	-	-
Compensated absences	-	-	6,008	-	-
Total liabilities	\$ 114,616	183,510	511,632	12,529,359	698,955

See accompanying independent auditor's report.

Corporations	Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
100,843	3,841	146,931	361,710	678,994	1,655,628
-	-	-	-	-	113,845
14,609	252	-	-	1,516	42,524
4,762,000	279,000	-	-	807,000	19,382,000
-	-	353	-	49,567	50,691
-	-	-	-	14,765	14,765
-	-	-	-	45,452	45,452
4,877,452	283,093	147,284	361,710	1,597,294	21,304,905
-	-	1,220	-	6,037	7,432
-	-	14,285	-	1,062	23,190
4,877,452	283,093	114,406	361,710	1,590,195	21,195,633
-	-	-	-	-	55,269
-	-	17,373	-	-	23,381
4,877,452	283,093	147,284	361,710	1,597,294	21,304,905

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 96,444	177,146	501,193	11,365,617	686,041
Additions:					
Property and other county tax	-	178,855	363,234	12,241,389	681,819
E911 surcharge	-	-	-	-	-
State tax credits	-	7,776	16,610	497,437	28,737
Office fees and collections	506,471	-	-	-	-
Auto licenses, use tax, postage and drivers license fees	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	146,483	-	-	-	-
Miscellaneous	44,642	-	273	-	-
Total additions	697,596	186,631	380,117	12,738,826	710,556
Deductions:					
Agency remittances:					
To other funds	86,345	-	-	-	-
To other governments	483,037	180,267	369,678	11,575,084	697,642
Trusts paid out	110,042	-	-	-	-
Total deductions	679,424	180,267	369,678	11,575,084	697,642
Balances end of year	\$ 114,616	183,510	511,632	12,529,359	698,955

See accompanying independent auditor's report.

Corpora- tions	Townships	Public Safety Commission	Auto License and Use Tax	Other	Total
4,723,169	264,657	102,357	325,212	1,599,585	19,841,421
4,693,500	277,874	-	-	817,581	19,254,252
-	-	-	-	242,283	242,283
194,117	11,208	-	-	34,510	790,395
-	-	-	-	282,506	788,977
-	-	-	4,574,021	129,361	4,703,382
-	-	-	-	24,874	24,874
-	-	-	-	387,730	534,213
-	-	609,130	-	122,429	776,474
4,887,617	289,082	609,130	4,574,021	2,041,274	27,114,850
-	-	-	181,501	174	268,020
4,733,334	270,646	564,203	4,356,022	1,679,134	24,909,047
-	-	-	-	364,257	474,299
4,733,334	270,646	564,203	4,537,523	2,043,565	25,651,366
4,877,452	283,093	147,284	361,710	1,597,294	21,304,905

Washington County

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

For the Last Ten Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 10,094,597	8,484,684	7,967,961	6,636,184
Interest and penalty on property tax	72,916	68,492	64,707	63,726
Intergovernmental	6,721,217	6,694,683	5,286,299	8,240,176
Licenses and permits	51,350	48,946	46,203	50,678
Charges for service	718,783	688,056	714,464	919,552
Use of money and property	206,634	424,237	605,055	315,561
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	444,509	382,126	499,479	179,197
Total	\$ 18,310,006	16,791,224	15,184,168	16,405,074
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,671,315	3,447,365	2,680,060	2,660,864
Physical health and social services	2,316,409	2,183,902	2,239,164	2,004,389
Mental health	1,642,744	1,793,564	1,830,624	1,338,335
County environment and education	733,200	637,552	624,445	525,778
Roads and transportation	4,141,415	4,521,177	3,927,041	3,998,812
Governmental services to residents	587,746	559,917	513,407	640,779
Administration	1,523,319	1,354,082	1,221,558	1,247,345
Non-program	62,187	56,424	4,082,771	4,656,959
Debt service	2,061,861	905,179	853,834	143,920
Capital projects	2,392,295	2,323,948	3,998,616	2,979,542
Total	\$ 19,132,491	17,783,110	21,971,520	20,196,723

See accompanying independent auditor's report.

Modified Accrual Basis					
2005	2004	2003	2002	2001	2000
6,339,731	6,241,554	5,984,992	5,615,499	5,542,139	4,397,020
59,045	53,893	54,570	61,136	48,799	47,863
6,161,660	5,083,478	5,450,236	5,474,357	5,189,339	5,045,627
50,816	49,619	53,794	46,699	40,097	37,370
649,381	686,167	617,076	533,446	444,212	433,562
206,180	171,402	183,428	309,182	549,223	284,635
-	3,116	8,106	2,465	11,339	2,793
419,137	384,648	725,576	311,702	180,510	135,947
13,885,950	12,673,877	13,077,778	12,354,486	12,005,658	10,384,817
2,781,551	2,575,845	2,658,121	2,340,040	2,311,759	2,006,692
1,900,854	1,906,677	1,825,272	1,716,620	1,596,445	1,361,236
1,368,581	1,379,236	1,524,813	1,573,706	1,745,113	1,604,335
540,426	478,857	411,633	372,007	328,888	278,301
4,109,636	3,766,210	3,566,052	3,321,231	3,076,050	3,192,729
474,804	465,193	480,007	441,334	458,178	402,906
1,224,129	1,293,299	1,133,910	1,041,540	997,963	955,311
63,080	86,951	327,280	67,589	481,519	106,112
136,507	68,254	138,675	138,835	73,645	76,611
1,045,744	1,305,961	1,833,034	838,276	710,471	1,106,836
13,645,312	13,326,483	13,898,797	11,851,178	11,780,031	11,091,069

Washington County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Washington County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Washington County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated September 17, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

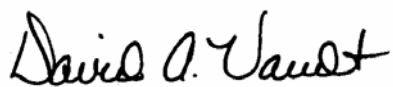
As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

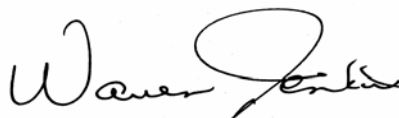
Washington County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Washington County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Washington County and other parties to whom Washington County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 17, 2010

Washington County
Schedule of Findings
Year ended June 30, 2009

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

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

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

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

Conclusion – Response accepted.

- (B) Commissary Account – The County Sheriff maintains a commissary account to purchase resale items for the benefit of inmates. During the year ended June 30, 2009, ledger (book) balances were not reconciled to bank balances monthly.

In addition, an expenditure was made from the County Sheriff's commissary account for an item not considered for resale and the expenditure was not approved by the Board of Supervisors.

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

All expenditures, except resale items, for the County Sheriff's office should be paid by claims approved by the Board of Supervisors and reflected in the County's accounting system, County budget and annual financial statements.

Response – The Jail Administrative Assistant has been charged with the duty of tracking and reconciling the Sheriff's commissary account. Balances have been reconciled and will be maintained as requested.

On April 29, 2010 the County Auditor, Jail Administrative Assistant, Chief Deputy, and the Sheriff met to discuss the expenditure of commissary funds for items not considered resale items. From this point forward all items not considered resale items will be included in the County budget and will be reflected in the annual financial reports.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Washington County

Schedule of Findings

Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, certain minutes were not submitted for publication timely, as required by the Code of Iowa.

Recommendation – Minutes should be submitted for publication in a timely manner.

Response – Minutes are currently published in the three official County newspapers, two of which are weekly papers. Due to deadlines for submission for publication (on Monday - three days prior to publication on Thursday) it is difficult (impossible) to meet publication requirements for these two papers. The County Auditor has been working on a schedule and system to enhance the completion and submission of Board of Supervisors minutes in a timely fashion.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) 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, 2009 for the County Extension Office did not exceed the amount budgeted.

Washington County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Michael D. Eckard, Staff Auditor
Alison P. Herold, Assistant Auditor
Nicole R. Williams, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State