CHICKASAW COUNTY
NEW HAMPTON, IOWA

FINANCIAL REPORT

JUNE 30, 2007

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CHICKASAW COUNTY

OFFICIALS

Name	Title	Term Expires
Arnie Boge	Board of Supervisors	January 2011
Sherry Mattke	Board of Supervisors	January 2011
John Huegel	Board of Supervisors	January 2008
James Schueth	Board of Supervisors	January 2008
Virgil Pickar, Jr.	Board of Supervisors	January 2008
Judy Babcock	County Auditor	January 2008
Sue Breitbach	County Treasurer	January 2011
Cindy Messersmith	County Recorder	January 2011
Martin Larsen	County Sheriff	January 2008
W. Patrick Wegman	County Attorney	January 2011
Douglas Welton	County Assessor	

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chickasaw 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof 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 January 28, 2008, on our consideration of Chickasaw County's internal control over financial reporting and on 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.

The management's discussion and analysis and budgetary comparison information on page 3 and pages 29 through 31, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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. However, we did not audit the information and express no opinion on it.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 28, 2008

CHICKASAW COUNTY
NEW HAMPTON, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2007

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

FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2.75%, or approximately $273,000, from fiscal 2006 to fiscal 2007. Operating grants and contributions increased approximately $405,000, local option sales tax increased approximately $142,000, and earning on investments increased approximately $132,000.

- Program expenses were 1.46%, or approximately $133,000, more in fiscal 2007 than in fiscal 2006. County environment and education expenses decreased approximately $225,000, roads and transportation expenses increased approximately $181,000 and administrative services expenses increased approximately $75,000.

- The County's net assets increased 4.32%, or approximately $953,000, from June 30, 2006 to June 30, 2007.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Chickasaw County as a financial whole, or as an entire operating entity.

The government-wide financial statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Chickasaw County as a whole and present an overall view of the County's finances and a longer-term view of those 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 Chickasaw County's operations in more detail than the government-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Chickasaw County, the general fund, MH/DD-special revenue fund, rural services-special revenue fund, secondary roads-special revenue fund, and landfill postclosure costs-special revenue fund are the most significant funds. The remaining statements provide financial information about activities for which Chickasaw County acts solely as an agent or custodian for the benefit of those outside of the government.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year. Supplementary information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus 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 event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the County is divided into two distinct kinds of activities:

Governmental Activities: Most of the County's programs and services are reported here, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and other non-program activities. Property tax, state tax credits and state and federal grants finance most of these activities.

Business-type Activities: The County records their health insurance as an internal service fund.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, MH/DD-special revenue fund, rural services-special revenue fund, secondary roads-special revenue fund, and landfill postclosure costs-special revenue fund.

Governmental Funds

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds includes: 1) the general fund, 2) the special revenue funds such as mental health, rural service, and secondary roads, and 3) 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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

Proprietary Fund

Proprietary fund accounts for the employee group health insurance-internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and cannot be used to support the government's own programs. The County has agency funds that account for emergency management services, the county assessor, E911 service board are some examples.

The fiduciary funds required financial statements include a statement of fiduciary net assets.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Condensed Statement of Net Assets
(Expressed in Thousands)

	2007	2006	Percent Change
Current and other assets	$ 11,349	$ 11,321	0.25%
Capital assets	16,959	16,397	3.43%
Total assets	28,308	27,718	2.13%
Long-term debt outstanding	526	548	-4.01%
Other liabilities	4,780	5,120	-6.64%
Total liabilities	5,306	5,668	-6.39%
Net assets			
Invested in capital assets	16,959	16,397	3.43%
Restricted	2,470	2,447	0.94%
Unrestricted	3,573	3,206	11.45%
Total net assets	$ 23,002	$ 22,050	4.32%

Chickasaw County's net assets for the governmental activities increased moderately from fiscal 2006 to fiscal 2007, due to the recording of more capital assets and increase in revenues. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased for the governmental activities approximately $367,000 or 11.45%

The following analysis shows the change in net assets for the year ending June 30, 2007:

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

	2007	2006	Percent Change
Revenues:			
Program revenue			
Charges for service	$ 1,074	$ 987	8.81%
Operating grants	3,768	3,363	12.04%
Capital grants	268	446	-39.91%
General revenue			
Property taxes	3,698	3,979	-7.06%
Local option sales tax	634	491	29.12%
Penalty and interest on property taxes	28	25	12.00%
State tax credits	226	256	-11.72%
Rents	71	70	1.43%
Grants and contributions	40	32	25.00%
Unrestricted investment earnings	376	244	54.10%
Gain (loss) on sale of capital assets	(7)	48	-114.58%
Other	39	1	3800.00%
Total revenues	10,215	9,942	2.75%
Program expenses:			
Public safety and legal services	1,129	1,145	-1.40%
Physical health and social services	1,127	1,081	4.26%
Mental health	1,005	994	1.11%
County environment and education	403	628	-35.83%
Roads and transportation	4,057	3,876	4.67%
Government services to residents	329	362	-9.12%
Administration or general government	964	889	8.44%
Non-program	248	154	61.04%
Total expenses	9,262	9,129	1.46%
Increase in net assets	953	813	17.22%
Net assets beginning of year	22,050	21,237	3.83%
Net assets end of year	$ 23,003	$ 22,050	4.32%

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of $6,530,127, approximately $135,934 increase of the 2006 fiscal year end balance of $6,394,193.

- The general fund revenues decrease 5.24% from prior year, whereas, the expenditures only increased by 2.56% from prior year. The ending fund balance showed an increase of 4.09% from the prior year of $2,884,251 to $3,002,357, which is a smaller increase from 2006 fiscal year.

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, the revenues and expenditures were consistent from the prior year. The mental health fund balance at year end decreased by $132,838 from prior year.

- Secondary roads fund revenues increased approximately $29,000 over the prior year. For the year, expenditures totaled $4,028,947, an increase of $48,000. This increase in expenditures results in a decrease in the secondary roads fund ending balance of approximately $31,000, or 2.15%.

- The ending fund balance for the rural service fund increased by $164,000 or 26.95% over prior year. The increase is mainly due to property taxes increased by 8.21% along with expenditures decreasing by $5,000 or 6.96%.

- The landfill postclosure cost fund increased due to the fund receiving more interest income than the cost of monitoring the closed landfill.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its budget four times. The amendments were made in November, December, February, and May and resulted in an increase in general fund disbursements. However, this did not require an increase in taxes as the County received more intergovernmental revenues than originally projected.

The amendments made during the 2007 fiscal year should have no impact on the 2008 fiscal year's budget. During the year ended June 30, 2007, disbursement exceeded the amounts budgeted in the mental health function.

The following chart shows the original and amended budget for fiscal 2007 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule
(Expressed in Thousands)

	Budget Basis	Budget Amounts Original	Budget Amounts Final	Variance
REVENUES				
Property and other County tax	$ 4,325	$ 4,135	$ 4,135	$ 190
Interest and penalty on property tax	28	20	20	8
Intergovernmental	4,181	4,062	4,365	(184)
Licenses and permits	13	10	38	(25)
Charges for service	640	458	475	165
Use of money and property	318	92	92	226
Miscellaneous	278	45	51	227
Total revenues	9,783	8,822	9,176	607
EXPENDITURES				
Public safety and legal services	1,181	1,249	1,254	73
Physical health and social services	1,157	1,323	1,335	178
Mental health	1,166	1,046	1,130	(36)
County environment and education services	437	602	616	179
Roads and transportation	3,673	3,428	3,678	5
Governmental services to residents	339	362	365	26
Administrative services	924	1,021	1,026	102
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital project	961	764	1,173	212
Total expenditures	$ 9,838	$ 9,795	$ 10,577	$ 739

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007, Chickasaw County had $16,959,477 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of $835,465 for fiscal year 2007 and total accumulated depreciation of $10,199,447 as of June 30, 2007 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-term Liabilities

At June 30, 2007 Chickasaw County has approximately $525,568 in estimated postclosure costs for the landfill. As postclosure expenses are incurred, such as engineering costs, or the cost of leachate disposal, the estimated costs are reduced. For fiscal year 2006, the estimate was $548,458. The County is required to demonstrate financial assurance for the estimated costs at a minimum. At June 30, 2007, the balance restricted for postclosure costs was $617,081.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Chickasaw County's elected and appointed officials and citizens have always considered many factors while setting each fiscal year's budget, tax rates, and the fees that will be charged for various County activities, with one of the largest considerations being the economy. The County's economy and tax base remains heavily dependent on the agriculture industry.

Within recent years, local economic development has been on an upswing. Several projects have been completed and attained full employment. New Hampton has grown to include Croell Headquarters, Progress Casting LTD, as well as other various expansions to local industry; Fredericksburg now includes Kerry Inc. at the site of vacated Con Agra site, the new Fredericksburg Clinic, Nashua includes GMT Corp at the vacated Featherlite site, Iowa Base Inc. and the Welcome Center along the Avenue of the Saints. Over 300 jobs have been brought to the area-wide community with the new plant openings. In fact, recent economic development funding requests had superseded local option sales taxes revenue specifically intended for that purpose. The Board had designated $451,750 economic development funding set aside over two years, from the general basic fund to fund the present deficit as well as the anticipated industry growth.

The County's newest industry is now under construction. The ethanol plant industry began construction during construction seasons of 2007 and continues in 2008. The facility is expected to have a potential valuation of $160M, with subsequent construction of coal gasification plant having a value of $60M anticipated to follow. The Board granted a 20-year tax abatement on new valuation infrastructure to the area as an economic development enticement. The ethanol plant is anticipated to be fully operational in the Spring of 2009.

Along with the growth in area industry, the County has seen a substantial increase in the number of housing subdivisions. To attain planned and uniform development, the County completed and adopted the Comprehensive Land Plan under the auspices of INRCOG. On July 1, 2007 following the adoption of Comprehensive Land Plan, County officials adopted a subdivision zoning ordinance.

The County has a capital projects fund for purposes of large building maintenance and capital expenditure projects. In FYE 2007 the capital projects funding replaced the boiler at the Heritage Residence and has acquired real estate located at 302 E. Prospect Street in New Hampton for the possible location of offices for Mental Health and Case Management Services and storage of emergency management and disaster equipment. Chickasaw County began sharing Case Management services with Mitchell County and CPC for coordination of mental health case management services, on July 1, 2004.

Farming and agriculture remains the largest segment of Chickasaw County's valuation and source of taxes within the county. Each year the Board of Supervisors meets with Farm Bureau for review and discussion of the proposed upcoming fiscal year budget. Farm Bureau remains stringent in their philosophy that the County should not exceed 25% fund balance carryover from one fiscal year to the next. The County has dedicated funds and designated fund balances that cannot be used for operational expenditures. These funds include, but are not limited to, Landfill Postclosure; Economic Development; County Betterment having an approximate balance of $1,202,400. Other funds include REAP; Recorder Surcharge; K-9; Dare; Saude Farm and Schroeder Stewardship, which comprise an additional $348,000.

The County had designated fund balances for purchase of computer software update over the next three years, with a projected expenditure of approximately $170,000. The completed expenditure is variable due to county staff training and travel expenses by Tyler Technologies personnel.

Following is a chart showing four years of tax askings, levies, and a year to year comparison showing decreases and increases:

	2005-06	2006-07	2007-08	2008-09
GENERAL BASIC	1,790,069	1,866,315	1,867,103	1,976,726
PIONEER CEMETERY		1,962	1,963	1,965
GENERAL SUPPLEMENTAL	784,720	343,637	337,674	282,576
MH-DD SERVICES	490,709	490,910	393,457	562,627
RURAL SERVICES BASIC	1,085,926	1,144,818	1,140,187	1,221,024
TAX ASKING	4,151,424	3,847,642	3,740,384	4,044,918
TAX ASKING-(-DECREASE)/ INCREASE	374,041	-303,782	-107,258	304,534
% DECREASE/INCREASE	10%	-7.3175373%	-2.787629%	8.14178%
LEVY RATE	8.99751	8.0725	7.87798	8.00375
LEVY RATE-DECREASE/INCREASE	0.83	-0.92501	-0.19452	0.12577
% DECREASE				
TAXABLE VALUE	511,488,413	533,232,792	533,458,032	564,778,948

Note that taxes have increased over recent years due to increases of statewide valuation equalization and the farmland productivity formula, based upon productivity average of the preceding five years.

During recent years, Chickasaw County Conservation Board has acquired adjoining additional real estate comprised of Wapsi River wetlands and hunting grounds in the near proximity to the Twin Ponds Nature Center and Park. In December of 2006, the County acquired 160 acres located in Section 28 of Dayton Township from Flick Estate donated to the Holy Family Church. The $350,000 purchase was funded by an Iowa Department of Natural Resources wildlife habitat stamp grant of $262,500; Land Acquisition of $6,256; REAP funding of $10,004, along with Pheasants Forever $30,000; Whitetails Unlimited $1,000; and Lon Schueth $250 and a $40,000 loan from General Basic Fund to be repaid over 10 years. The acquisition has 65.7 acres of rentable farm ground, and the proceeds will be utilized to repay the $40,000 loan from the County.

In November of 2007, the County acquired 71 acres in Section 21 of Dayton Township from the real estate auction of the Sarah Ruth Kennedy Estate. This purchase adjoins the prior year Flick Farm acquisition on the east side, some of which is also located on the west side of the Wapsi River. The $73,000 purchase was funded by the Iowa Natural Heritage Foundation an Iowa non-profit corporation. The foundation anticipates repayment one year from the date of purchase of obtain funding of $54,750, 75% by the wildlife habitat stamp grant and the remaining $18,250, 25% from Turkeys and Whitetails. The $2,000 closing costs and prorated real estate taxes will be prorated thru habitat stamp grant funding.

The Chickasaw County Board of Supervisors remains conservative in its philosophy of taxpayer levies and tax askings. Employment with Chickasaw County is very stable and secure and employees receive annual fiscal year wage increases each July 1st. Chickasaw County's workforce is made up of elected and appointed department heads, union and non-union employees. Secondary Road employees are represented by Operating Engineers Union and Sheriff Deputies & Dispatchers; Clerical; Homemakers and Assessor Clerical are represented by Teamsters. Unemployment in Chickasaw County remains higher at 5.6% (based on 370 claims), than the State of Iowa at 3.6%, as of January 2008 reporting. Over recent years, the County has added new positions for case management, driver's licensing and homemaker health aides. The county employees' health insurance is self-funded, with the premium structure remaining very stable and is funded through departmental budgets (100% for single and 75% for family coverage) and employees' payroll deductions (25% family coverage).

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Chickasaw 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 County Auditor's Office, Chickasaw County, 8 E. Prospect Avenue, P.O. Box 311, New Hampton, IA 50659.

EXHIBIT A

CHICKASAW COUNTY
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities
ASSETS	
Cash and pooled investments	$ 6,393,528
Receivables	
Property tax	
Delinquent	9,123
Succeeding year	3,740,384
Accounts	53,720
Accrued interest	131,251
Due from other governments	297,838
Inventories	674,956
Prepaid expenses	48,028
Nondepreciable assets	2,101,382
Capital assets, net of accumulated depreciation	14,858,095
Total assets	$ 28,308,305
LIABILITIES AND NET ASSETS	
Accounts payable	$ 722,533
Salaries and benefits payable	118,072
Due to other governments	22,401
Deferred revenue	
Succeeding year property tax	3,740,384
Long-term liabilities	
Portion due within one year	
Compensated absences	177,016
Portion due after one year	
Postclosure costs	525,568
Total liabilities	5,305,974
NET ASSETS	
Invested in capital assets	16,959,477
Restricted for	
Mental health	275,391
Rural service	776,861
Secondary roads	721,098
Other special revenue	21,692
Other purposes	674,956
Unrestricted	3,572,856
Total net assets	23,002,331
Total liabilities and net assets	$ 28,308,305

See Notes to Financial Statements.

CHICKASAW COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Change in Net Assets
Governmental activities					
Public safety and legal services	$ 1,128,908	$ 62,434	$ 136,640		$ (929,834)
Physical health and social services	1,126,524	241,320	663,700	$ -	(221,504)
Mental health	1,004,645	27,063	510,908		(466,674)
County environment and education	403,029	13,949	12,448	264,500	(112,132)
Roads and transportation	4,056,860	62,532	2,436,664	-	(1,557,664)
Government services to residents	329,093	214,593	5,277	3,282	(105,941)
Administration or general government	964,123	149,971	1,955		(812,197)
Nonprogram	248,713	302,447			53,734
Total governmental activities	9,261,895	1,074,309	3,767,592	267,782	(4,152,212)
General revenues					
Property taxes levied for					
General purposes					3,698,177
Local option sales tax					633,591
Penalty and interest on property taxes					28,360
State tax credits					225,586
Rents					71,507
Grants and contributions					40,024
Unrestricted investment earnings					376,132
Loss on sale of capital assets					(7,513)
Miscellaneous					39,186
Total general revenues					5,105,050
Change in net assets					952,838
Net assets, beginning of year					22,049,493
Net assets, end of year					$ 23,002,331

See Notes to Financial Statements.

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CHICKASAW COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
ASSETS			
Cash and pooled investments	$ 2,866,964	$ 412,217	$ 750,776
Receivables			
Property tax			
Delinquent	5,667	1,259	2,197
Succeeding year	2,204,777	393,457	1,140,187
Accounts	54,663	5,476	-
Accrued interest	130,645	-	-
Due from other governments	66,881	1,531	23,912
Inventories	-	-	
Prepaid insurance	31,174		
Total assets	$ 5,360,771	$ 813,940	$ 1,917,072
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 67,559	$ 143,220	$ 24
Salaries and benefits payable	71,698	1,872	-
Due to other governments	8,713	-	-
Deferred revenue			
Succeeding year property tax	2,204,777	393,457	1,140,187
Other	5,667	1,259	2,197
Total liabilities	2,358,414	539,808	1,142,408
Fund balances			
Reserved for			
Inventories			
Prepaid expenditures	31,174		
Other			
Unreserved			
General fund	2,971,183		
Capital projects fund			
Special revenue funds		274,132	774,664
Total fund balances	3,002,357	274,132	774,664
Total liabilities and fund balances	$ 5,360,771	$ 813,940	$ 1,917,072

See Notes to Financial Statements.

Secondary Roads	Landfill Postclosure Costs	Nonmajor Governmental Funds	Total Governmental Funds
$ 985,815	$ 617,111	$ 421,767	$ 6,054,650
-	-		9,123
-	-	1,963	3,740,384
5,898		3,273	69,310
-		50	130,695
181,600		23,914	297,838
674,956			674,956
16,854			48,028
$ 1,865,123	$ 617,111	$ 450,967	$ 11,024,984
$ 394,025	$ 30	$ 19	$ 604,877
44,502		-	118,072
13,688			22,401
-		1,963	3,740,384
-			9,123
452,215	30	1,982	4,494,857
674,956			674,956
16,854			48,028
	617,081	21,692	638,773
			2,971,183
		255,008	255,008
721,098		172,285	1,942,179
1,412,908	617,081	448,985	6,530,127
$ 1,865,123	$ 617,111	$ 450,967	$ 11,024,984

CHICKASAW COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

Reconciliation of governmental fund balances to net assets		
Total governmental fund balances	$	6,530,127
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds, net of accumulated depreciation of $ 10,199,447		16,959,477
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		9,123
Internal service funds are used by management to charge the costs of self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		206,188
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Postclosure costs		(525,568)
Compensated absences		(177,016)
Net assets of governmental activities	$	23,002,331

See Notes to Financial Statements.

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CHICKASAW COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
REVENUES			
Property and other County tax	$ 2,123,244	$ 471,649	$ 1,261,257
Interest and penalty on property tax	28,360		
Intergovernmental	937,765	540,048	65,138
Licenses and permits	13,811		-
Charges for service	577,713	27,063	3,755
Use of money and property	337,305		
Miscellaneous	196,020	-	-
Total revenues	4,214,218	1,038,760	1,330,150
EXPENDITURES			
Current			
Public safety and legal services	1,166,808		6,548
Physical health and social services	1,149,401		
Mental health		1,171,598	
County environment and education services	286,208		66,678
Roads and transportation			
Governmental services to residents	330,779		
Administrative services	960,981		
Capital project			
Total expenditures	3,894,177	1,171,598	73,226
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	320,041	(132,838)	1,256,924
OTHER FINANCING SOURCES (USES)			
Transfers in			
Proceeds from disposal of capital assets	565		
Transfers out	(202,500)		(1,092,491)
	(201,935)	-	(1,092,491)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	118,106	(132,838)	164,433
FUND BALANCES, beginning of year	2,884,251	406,970	610,231
FUND BALANCES, end of year	$ 3,002,357	$ 274,132	$ 774,664

See Notes to Financial Statements.

Secondary Roads	Landfill Postclosure Costs	Other Governmental Funds	Total Governmental Funds
$ 316,795	$ -	$ 1,885	$ 4,174,830
			28,360
2,432,215		435,988	4,411,154
980			14,791
16,423		12,142	637,096
	24,954	821	363,080
51,223		31,655	278,898
2,817,636	24,954	482,491	9,908,209
	-	4,709	1,178,065
	22,890		1,172,291
	-		1,171,598
		55,731	408,617
3,531,863			3,531,863
		6,891	337,670
			960,981
497,084	-	514,938	1,012,022
4,028,947	22,890	582,269	9,773,107
(1,211,311)	2,064	(99,778)	135,102
1,179,991	-	221,313	1,401,304
267			832
	-	(106,313)	(1,401,304)
1,180,258	-	115,000	832
(31,053)	2,064	15,222	135,934
1,443,961	615,017	433,763	6,394,193
$ 1,412,908	$ 617,081	$ 448,985	$ 6,530,127

CHICKASAW COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of governmental funds to the Statement of Activities			
Net change in fund balances - total governmental funds			$ 135,934
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.			
Capital outlays	$ 1,406,426		
Depreciation	(835,465)		570,961
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds			
Property tax	(1,461)		
Other	-		(1,461)
The net effect of disposal of capital assets.			(8,345)
The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the internal service fund is reported with governmental activities.			242,080
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Compensated absences	(9,221)		
Postclosure costs	22,890		13,669
Change in net assets of governmental activities			$ 952,838

See Notes to Financial Statements.

EXHIBIT E

CHICKASAW COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007

		Internal Service
	ASSETS	
Cash and pooled investments	$	323,288
Accrued interest receivable		556
Total assets	$	323,844
	LIABILITIES AND NET ASSETS	
Liabilities		
Accounts payable	$	51,597
Deferred revenue		66,059
Total liabilities		117,656
Net assets		
Unrestricted		206,188
Total liabilities and net assets	$	323,844

See Notes to Financial Statements.

EXHIBIT F

CHICKASAW COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	Internal Service
OPERATING REVENUES	
Charges for service	$ 896,845
OPERATING EXPENSES	
Insurance claims paid	652,487
Administrative fees	15,329
Total operating expenses	667,816
Operating income	229,029
NONOPERATING REVENUES (EXPENSES)	
Interest income	13,051
Change in net assets	242,080
NET ASSETS, beginning of year	(35,892)
NET ASSETS, end of year	$ 206,188

See Notes to Financial Statements.

EXHIBIT G

CHICKASAW COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2007

		Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund services provided	$	892,574
Cash payments to suppliers for services		(885,708)
Net cash provided by operating activities		6,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		13,329
Net increase in cash and cash equivalents		20,195
CASH and CASH EQUIVALENTS, beginning of year		303,093
CASH and CASH EQUIVALENTS, end of year	$	323,288
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	229,029
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease in salaries and benefits payable		(217,884)
Decrease in deferred revenue		(4,279)
Net cash provided by operating activities	$	6,866

See Notes to Financial Statements.

EXHIBIT H

CHICKASAW COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2007

ASSETS		
Cash and pooled investments		
County Treasurer	$	946,505
Other County officials		37,847
Receivables		
Property tax		
Delinquent		27,581
Succeeding year		9,856,203
Accounts		70,289
Accrued interest		348
Due from other governments		1,219
Prepaid insurance		4,062
Total assets		10,944,054
LIABILITIES		
Accounts payable		10,234
Salaries and benefits payable		13,412
Due to other governments		10,628,905
Trusts payable		291,503
Total liabilities		10,944,054
NET ASSETS	$	None

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Chickasaw 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.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Chickasaw County has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Chickasaw County Assessor's Conference Board, Chickasaw County Emergency Management Commission, and Chickasaw County Joint E-911 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 agency funds of the County.

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other non-exchange transactions.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are 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 that are 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, proprietary, 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 other nonmajor governmental funds. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration, public safety and legal services, physical health and social services, county environment and education services, governmental services to residents and administrative services.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. The funds in this category are rural services, secondary roads, mental health/development disabilities (MH/DD) services, and landfill postclosure costs.

Proprietary Fund Types

Internal Service Fund

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

Agency Funds

The 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. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the "economic resources" measurement focus as defined below in item b.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

b. The proprietary funds statements are accounted for on economic resources measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statements of net assets. In reporting the financial activity on the proprietary fund statements, the County applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments), and charges for service and interest revenue. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when received in cash as they are generally not measurable until actually received.

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.

Assets, Liabilities and Fund Equity

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

Cash Management, Cash Equivalents and Investments

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, they have a maturity date no longer than three months.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Property Tax Receivable

Property taxes in the governmental funds are 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 that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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.

Interfund Transactions

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide 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. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2007 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net assets not currently available for expenditure.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental column in the government-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs 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.

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:

Buildings	20-50
Infrastructure	30-50
Equipment	2-20

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

In the fund financial statements certain revenues are measurable, however 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 on the statement of net assets consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absence liability attributable to the governmental activities will be paid primarily by the general and secondary road funds.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 Balance

In the governmental fund financial statements, reservation of fund balances are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Revenues, Expenditures and Expenses

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

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable, but has not been collected.

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $39,453, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest Rate Risk

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

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2007:

Governmental		
General fund		
Medicaid	$	19,456
Medicare		41,795
Other		5,630
		66,881
Special revenue		
Mental health fund		
Other		1,531
Rural services fund		
Local option sales tax		23,912
Secondary roads fund		
Local option sales tax		47,825
Road use tax		2,903
Bridge replacement		130,872
		181,600
Nonmajor governmental		23,914
Total governmental	$	297,838

4. Capital Assets

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

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Governmental activities				
Land	$ 1,286,650	$ 350,000		$ 1,636,650
Infrastructure in progress	572,162	464,732	$ 572,162	464,732
	1,858,812	814,732	572,162	2,101,382
Capital assets being depreciated				
Buildings	3,244,365	86,763		3,331,128
Equipment	3,028,370	275,092	171,232	3,132,230
Vehicles	1,751,416	58,090	35,600	1,773,906
Infrastructure	16,076,367	743,911		16,820,278
Total capital assets being depreciated	24,100,518	1,163,856	206,832	25,057,542
Less accumulated depreciation				
Buildings	700,384	49,611		749,995
Equipment	1,479,610	122,949	170,717	1,431,842
Vehicles	901,971	108,867	27,770	983,068
Infrastructure	6,480,504	554,038		7,034,542
Total accumulated depreciation	9,562,469	835,465	198,487	10,199,447
Total capital assets being depreciated, net	14,538,049	328,391	8,345	14,858,095
Governmental activities Capital assets, net	$ 16,396,861	$ 1,143,123	$ 580,507	$ 16,959,477

Depreciation expense was charged to functions of the primary government for the year ended June 30, 2007 as follows:

Governmental activities	
Public safety and legal services	$ 25,239
Physical health and social services	6,236
Mental health	2,946
County environment and education	20,474
Roads and transportation	751,955
Governmental services to residents	6,844
Administrative services	21,771
	$ 835,465

5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The agency fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection.

A summary of amounts due to other governments for the year ended June 30, 2007 is as follows:

Governmental		
General fund	Services	$ 8,713
Special revenue fund		
Secondary roads	Services	13,688
Total for governmental		$ 22,401
Fiduciary		
Agency		
County offices	Collections	$ 19,349
Agricultural extension		159,971
Assessor		265,363
Schools		7,120,127
Area schools		361,682
Corporations		1,913,782
Townships		153,740
Auto license and use tax		236,560
Other		398,331
Total for agency funds		$ 10,628,905

6. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by State Statute. The County's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were $196,784, $189,792, and $179,397, respectively, equal to the required contributions for each year.

7. Construction, Purchase and Other Commitments

At June 30, 2007, the total outstanding construction and purchase commitments of the County amount to $909,205. Of these commitments, $143,845 will be funded by state and federal grants.

8. Leases

The County has leased farm land to Robert Schellhorn for $13,101 from March 1, 2007 through February 28, 2008.

The County has leased business property to Heritage Regional Services for $5,000/month from July 1, 2004 through June 30, 2009.

The County leases a commercial building from Patrick Schwickerath for $350 a month from July 1, 2007 through June 30, 2008.

9. Changes in Long-term Liabilities

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

	Estimated Liability for Landfill Postclosure Costs	Compensated Absences	Total
Balance, beginning of year	$ 548,458	$ 167,795	$ 716,253
Additions	None	177,016	177,016
Reductions	(22,890)	(167,795)	(190,685)
Balance, end of year	$ 525,568	$ 177,016	$ 702,584

Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County stopped accepting waste at the landfill. The $525,568 reported as estimated liability for landfill postclosure care costs at June 30, 2007, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care during the year ended June 30, 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has restricted $617,081 as of June 30, 2007 for such purposes. These funds are reflected as a restriction of fund balance within the special revenue–landfill postclosure costs fund.

10. Interfund Transfers

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

	Transfers In	Transfers Out
General fund		
Nonmajor governmental		$ 202,500
Special revenue		
Rural services		1,092,491
Secondary roads	$ 1,179,991	
	1,179,991	1,092,491
Nonmajor governmental	221,313	106,313
Total	$ 1,401,304	$ 1,401,304

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

11. Fund Equity

The government-wide statement of net assets reports $2,469,998 of restricted net assets, of which $1,795,042 is restricted by enabling legislation.

The amounts restricted at June 30, 2007 are as follows:

Restricted net assets	
Special revenue fund	
Mental health	$ 275,391
Rural services	776,861
Secondary roads	721,098
Nonmajor governmental funds	21,692
Other purposes	674,956
	$ 2,469,998

The amounts reserved at June 30, 2007 are as follows:

Reserved fund balances	
General fund	
Prepaid expenditures	$ 31,174
Special revenue fund	
Inventories	674,956
Prepaid expenditures	16,854
Landfill postclosure costs	617,081
Nonmajor governmental funds	21,692
	1,330,583
	$ 1,361,757

12. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2007 significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

13. Risk Management

Chickasaw County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose 10 members include various governmental entities throughout the State of Iowa. The Pool was formed July 1, 1987 for the purpose of providing a voluntary self-insured program to counties in the State of Iowa. The program is designed to provide members a greatly improved loss control program whose purpose is to reduce claims and accidents; aid through sound and equitable claim management practices to reduce costs; and provide the required and/or desired reinsurance at a discount, based on volume and lower risk exposure. The Pool provides coverage and protection in the following categories: workers' compensation, automobile liability, and automobile physical damage and crime lines of business on an occurrence basis. General liability coverage is written on a claims-made basis. 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.

The Pool also provides property, inland marine, boiler, public officials' errors and omissions, law enforcement liability and business income and extra expense 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 an 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 contribution to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were $310,706.

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large losses. The Pool retains automobile and general liability risks in excess of $250,000 up to $1,000,000 per claim. The Pool retains workers' compensation risks in excess of $350,000 up to $1,000,000 per claim. Automobile and general liability claims exceeding $1,000,000 are reinsured in an amount not to exceed $3,000,000 per claim. Workers' compensation claims exceeding $1,000,000 are reinsured in an amount not to exceed $2,000,000. Crime lines of business risks are retained by the Pool up to $25,000 per occurrence. Automobile physical damage risks are retained by the Pool up to the replacement cost of the vehicle. All property, inland marine, boiler, public officials' errors and omissions, business income and expense, and law enforcement liability risks are also reinsured on an individual member basis.

13. Risk Management (Continued)

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 certificates, or in the event that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance company coverage in any of the past fiscal years.

Members agree to continue membership in the Pool for a period of not less than five full years. Subsequent to this initial term, the member may withdraw at the end of the fifth fiscal year of a five year term, only after at least 90 days prior written notice. Withdrawal from the Pool does not relieve that member of its pro rata share of the joint liability of other remaining members incurred or accrued at any time before termination. Upon withdrawal, if the member is vested then they are refunded 90 percent of its positive claims fund balance over a five year period, the remaining 10 percent is retained by the Pool to cover expenses and administration costs. If the member is not vested, then they will receive 20 percent of the member's positive claims fund balance for each full year of membership. The Pool reserves the right to reassess the former member up to the total amount of the returned claims fund payments if claims develop subsequent to membership termination, which have not been calculated in the reserve for incurred but not reported claims.

14. Employee Health Insurance Plan

As of January 1, 2003, the County returned to a fully self-funded health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Midwest Benefits, Inc. The agreement is subject to automatic renewal provisions. Monthly payments of service fees and plan contributions to the Chickasaw County Health Self Funding 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 Midwest Benefits, Inc. from the Chickasaw County Health Insurance Fund. The County records the plan assets and related liabilities of the Chickasaw County Health Insurance Funding as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2007 was $672,329.

Amounts payable from the health insurance fund at June 30, 2007 total $51,597 which is for incurred but unpaid 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. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An analysis of claims activity in the internal service fund follows:

	2007	2006
Beginning liability	$ 269,481	$ 201,563
Claims and changes in estimates	667,721	998,635
Claim payments	(885,605)	(930,717)
Ending liability	$ 51,597	$ 269,481

CHICKASAW COUNTY
BUDGETARY COMPARISON SCHEDULE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
June 30, 2007

	Actual	Budget Amounts Original	Budget Amounts Final	Final to Actual Variance-Positive (Negative)
RECEIPTS				
Property and other County tax	$ 4,325,071	$ 4,135,163	$ 4,135,163	$ 189,908
Interest and penalty on property tax	28,360	20,000	20,000	8,360
Intergovernmental	4,181,187	4,061,895	4,365,720	(184,533)
Licenses and permits	13,243	10,350	37,298	(24,055)
Charges for service	639,380	457,574	474,924	164,456
Use of money and property	317,608	91,574	91,574	226,034
Miscellaneous	278,106	45,055	51,055	227,051
Total receipts	9,782,955	8,821,611	9,175,734	607,221
DISBURSEMENTS				
Public safety and legal services	1,180,584	1,248,510	1,253,510	72,926
Physical health and social services	1,156,648	1,322,639	1,334,599	177,951
Mental health	1,166,382	1,045,781	1,129,956	(36,426)
County environment and education services	436,600	601,977	615,835	179,235
Roads and transportation	3,672,805	3,428,300	3,678,300	5,495
Governmental services to residents	339,104	361,634	365,309	26,205
Administrative services	924,742	1,021,428	1,026,378	101,636
Capital project	961,570	764,300	1,173,046	211,476
Total disbursements	9,838,435	9,794,569	10,576,933	738,498
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(55,480)	(972,958)	(1,401,199)	1,345,719
OTHER FINANCING SOURCES, NET	832	-	-	832
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(54,648)	(972,958)	(1,401,199)	1,346,551
BALANCE, beginning of year	6,109,299	5,088,823	5,088,823	1,020,476
BALANCE, end of year	$ 6,054,651	$ 4,115,865	$ 3,687,624	$ 2,367,027

See Notes to Required Supplementary Information.

CHICKASAW COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
For the Year Ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 9,782,955	$ 125,254	$ 9,908,209
Expenditures	9,838,435	(65,328)	9,773,107
Net	(55,480)	190,582	135,102
Other financing sources, net	832	-	832
Beginning fund balance	6,109,299	284,894	6,394,193
Ending fund balance	$ 6,054,651	$ 475,476	$ 6,530,127

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2007

The 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 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, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue fund, debt service fund and capital projects fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted revenues by $354,123 and budgeted disbursements by $782,364. 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 E-911 System by the Joint E-911 Service Board; and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the mental health and disbursements in certain departments exceeded the amounts appropriated.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chickasaw County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements as of and for the year ended June 30, 2007, taken as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of Chickasaw County for the years ended June 30, 2006 and 2005, which is not presented herein, and expressed an unqualified opinion on those basic financial statements. The basic financial statements of Chickasaw County for the year ended June 30, 2004, none of which are presented herein, were audited by other auditors whose reported dated May 27, 2005 expressed an unqualified opinion on those financial statements. Their report, as of the same date, on the 2004 information presented on page 39 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statement for the year ended June 30, 2004, taken as a whole. In our opinion, the information set forth in the required supplementary information for each of the three years in the period ended June 30, 2007, appearing on page 39, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 28, 2008

CHICKASAW COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental
ASSETS			
Cash and pooled investments	$ 166,759	$ 255,008	$ 421,767
Receivables			
Property tax			
Delinquent			
Succeeding year	1,963		1,963
Accounts	3,273		3,273
Accrued interest	50		50
Due from other governments	23,914		23,914
Total assets	$ 195,959	$ 255,008	$ 450,967
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 19		$ 19
Salaries and benefits payable	-		-
Deferred revenue	1,963		1,963
Total liabilities	1,982	$ -	1,982
Fund balances			
Reserved			
REAP grant	21,692		21,692
Unreserved	172,285	255,008	427,293
Total fund balances	193,977	255,008	448,985
Total liabilities and fund balances	$ 195,959	$ 255,008	$ 450,967

See Independent Auditor's Report on the Supplementary Information.

CHICKASAW COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Property and other County tax	$ 1,885		$ 1,885
Intergovernmental	171,488	$ 264,500	435,988
Charges for service	6,142	6,000	12,142
Use of money and property	821		821
Miscellaneous	405	31,250	31,655
Total revenues	180,741	301,750	482,491
EXPENDITURES			
Operating			
Public safety and legal services	4,709		4,709
County environment and education	55,731		55,731
Government services to residence	6,891		6,891
Capital projects		514,938	514,938
Total expenditures	67,331	514,938	582,269
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	113,410	(213,188)	(99,778)
OTHER FINANCING SOURCES			
Operating transfers in	25,067	196,246	221,313
Operating transfers out	(106,313)	-	(106,313)
	(81,246)	196,246	115,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	32,164	(16,942)	15,222
FUND BALANCES, beginning of year	161,813	271,950	433,763
FUND BALANCES, end of year	$ 193,977	$ 255,008	$ 448,985

See Independent Auditor's Report on the Supplementary Information.

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CHICKASAW COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007

	REAP	Recorder's Records Management	County Betterment	Economic Development
ASSETS				
Cash and pooled investments	$ 21,660	$ 6,594	$ 73,579	$ 59,976
Receivables				
Property tax				
Delinquent				
Succeeding year				
Accounts	-	245	-	-
Accrued interest	32	10	-	-
Due from other governments			14,348	9,566
Total assets	$ 21,692	$ 6,849	$ 87,927	$ 69,542
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Deferred revenue				
Succeeding year property taxes				
Salaries and benefits payable	-	-	-	-
Total liabilities	-	-	-	-
Fund balances				
Reserved				
REAP grant	21,692			
Landfill				
Unreserved		6,849	87,927	69,542
Total fund balances	21,692	6,849	87,927	69,542
Total liabilities and fund balances	$ 21,692	$ 6,849	$ 87,927	$ 69,542

See Independent Auditor's Report on the Supplementary Information.

Sheriff's K-9 Unit	Sheriff's DARE	Chickasaw County Pioneer Cemetery	Recorders Electronic Transaction Fee	Attorney Forfeiture	Total Special Revenue
$ 4,010	$ 615	$ 30	$ 1	$ 294	$ 166,759
		1,963			1,963
3,028	-	-	-	-	3,273
7	1		-	-	50
					23,914
$ 7,045	$ 616	$ 1,993	$ 1	$ 294	$ 195,959
$ 19	$ -	$ -	$ -	$ -	$ 19
		1,963			1,963
-	-	-	-	-	-
19	-	1,963	-	-	1,982
					21,692
				-	-
7,026	616	30	1	294	172,285
7,026	616	30	1	294	193,977
$ 7,045	$ 616	$ 1,993	$ 1	$ 294	$ 195,959

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CHICKASAW COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2007

	REAP	Recorder's Records Management	County Betterment	Economic Development
REVENUES				
Property and other County tax	$ -	$ -		
Intergovernmental	12,448		$ 95,039	$ 63,360
Charges for service	-	2,562		
Use of money and property	448	144		
Miscellaneous	-			
Total revenues	12,896	2,706	95,039	63,360
EXPENDITURES				
Operating				
Public safety and legal services	-	-	-	-
County environment and education	13,107	-	36,500	6,124
Government services to residence	-	4,920	-	-
Total expenditures	13,107	4,920	36,500	6,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(211)	(2,214)	58,539	57,236
OTHER FINANCING SOURCES				
Transfers in	67	-	-	-
Transfers (out)			(100,000)	
	67	-	(100,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(144)	(2,214)	(41,461)	57,236
FUND BALANCES, beginning of year	21,836	9,063	129,388	12,306
FUND BALANCES, end of year	$ 21,692	$ 6,849	$ 87,927	$ 69,542

See Independent Auditor's Report on the Supplementary Information.

Conservation Land Acquisition	Sheriff's K-9 Unit	Sheriff's DARE	Chickasaw County Pioneer Cemetery	Ambulance	Recorder's Electronic Transaction Fee	Attorney Forfeiture	Total Special Revenue
$ -	$ -	$ -	$ 1,885	$ -	$ -	$ -	$ 1,885
	525		116				171,488
	3,580						6,142
88	121	14				6	821
	405						405
88	4,631	14	2,001	-	-	6	180,741
-	4,543	166	-	-	-	-	4,709
-	-	-	-	-	-	-	55,731
-	-	-	1,971	-	-	-	6,891
-	4,543	166	1,971	-	-	-	67,331
88	88	(152)	30	-	-	6	113,410
-	-	-	-	25,000	-	-	25,067
(6,313)							(106,313)
(6,313)	-	-	-	25,000	-	-	(81,246)
(6,225)	88	(152)	30	25,000	-	6	32,164
6,225	6,938	768	-	(25,000)	1	288	161,813
$ -	$ 7,026	$ 616	$ 30	$ -	$ 1	$ 294	$ 193,977

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CHICKASAW COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Area Schools
ASSETS					
Cash and pooled investments					
County Treasurer		$ 2,411	$ 123,983	$ 104,694	$ 5,747
Other County Officials	$ 37,847				
Receivables					
Property Tax					
Delinquent		403	360	17,241	1,213
Succeeding year		157,157	144,034	6,998,192	354,722
Accounts	-				
Accrued interest					
Due from other government	-				
Prepaid insurance			1,154		
Total assets	$ 37,847	$ 159,971	$ 269,531	$ 7,120,127	$ 361,682
LIABILITIES					
Accounts payable			$ 954		
Salaries and benefits payable			3,214		
Due to other governments	$ 19,349	$ 159,971	265,363	$ 7,120,127	$ 361,682
Trusts payable	18,498				
Total liabilities	$ 37,847	$ 159,971	$ 269,531	$ 7,120,127	$ 361,682

See Independent Auditor's Report on the Supplementary Information.

Corporations	Townships	City Special Assessment	Auto License and Use Tax	Other	Total
$ 28,316	$ 2,632	$ 98	$ 236,560	$ 442,064	$ 946,505
					37,847
7,517	531			316	27,581
1,877,949	150,577			173,572	9,856,203
				70,289	70,289
				1,219	1,219
				348	348
				2,908	4,062
$ 1,913,782	$ 153,740	$ 98	$ 236,560	$ 690,716	$ 10,944,054
				$ 9,280	$ 10,234
				10,198	13,412
$ 1,913,782	$ 153,740	$ 98	$ 236,560	398,233	10,628,905
				273,005	291,503
$ 1,913,782	$ 153,740	$ 98	$ 236,560	$ 690,716	$ 10,944,054

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CHICKASAW COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Area Schools
ASSETS AND LIABILITIES					
Balances beginning of year	$ 31,608	$ 2,478	$ 126,952	$ 118,378	$ 6,688
Additions					
Property tax		150,939	134,719	6,497,678	348,576
E911 surcharge					
State tax credits		9,324	8,328	403,732	22,053
Office fees and collections	306,710				
Auto licenses, use tax and postage					
Trusts	41,502				
Miscellaneous	70,569		164		
Total additions	418,781	160,263	143,211	6,901,410	370,629
Deductions					
Agency remittances					
To other funds	124,122				
To other governments	199,528	159,927	144,666	6,897,853	370,357
Miscellaneous	47,390				
Trusts paid out	41,502				
Total deductions	412,542	159,927	144,666	6,897,853	370,357
Balances end of year	$ 37,847	$ 2,814	$ 125,497	$ 121,935	$ 6,960

See Independent Auditor's Report on the Supplementary Information.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
$ 28,621	$ 3,083	$ 519	$ 321,474	$ 462,346	$ 1,102,147
1,752,300	150,723			498,604	9,533,539
				96,396	96,396
117,382	9,453			17,007	587,279
				266,822	573,532
			3,121,578	-	3,121,578
				-	41,502
		3,528		76,726	150,987
1,869,682	160,176	3,528	3,121,578	955,555	14,104,813
			102,835	-	226,957
1,862,470	160,096		3,103,657	800,087	13,698,641
		3,949		100,670	152,009
				-	41,502
1,862,470	160,096	3,949	3,206,492	900,757	14,119,109
$ 35,833	$ 3,163	$ 98	$ 236,560	$ 517,144	$ 1,087,851

CHICKASAW COUNTY
COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
All GOVERNMENTAL FUND TYPES
Years Ended June 30,

	Modified Accrual			
	2007	2006	2005	2004
REVENUES				
Property and other County tax	$ 4,174,830	$ 4,468,324	$ 4,191,062	$ 3,740,774
Interest and penalty on property tax	28,360	24,732	25,617	28,503
Intergovernmental	4,411,154	4,065,174	3,940,560	4,007,690
Licenses and permits	14,791	15,201	12,260	13,165
Charges for service	637,096	653,626	686,820	689,513
Use of money and property	363,080	244,136	173,860	148,715
Miscellaneous	278,898	148,077	139,365	180,712
Total revenues	$ 9,908,209	$ 9,619,270	$ 9,169,544	$ 8,809,072
EXPENDITURES				
Current				
Public safety and legal services	$ 1,178,065	$ 1,155,863	$ 1,112,189	$ 1,063,303
Physical health and social services	1,172,291	1,078,649	1,125,307	1,049,749
Mental health	1,171,598	994,267	986,241	963,821
County environment and education services	408,617	628,992	477,599	606,179
Roads and transportation	3,531,863	3,337,844	3,573,374	3,641,090
Governmental services to residents	337,670	497,853	354,532	295,670
Administrative services	960,981	861,831	835,439	832,928
Nonprogram	-	-	100,108	-
Capital project	1,012,022	671,495	219,487	431,342
Total expenditures	$ 9,773,107	$ 9,226,794	$ 8,784,276	$ 8,884,082

See Independent Auditor's Report on the Supplementary Information.

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

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 Board of Supervisors
Chickasaw County
New Hampton, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chickasaw County as of and for the year ended June 30, 2007, which collectively comprise Chickasaw County's basic financial statements and have issued our report thereon dated January 28, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Chickasaw 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 an opinion on the effectiveness of Chickasaw County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chickasaw 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 a 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 the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

2. Overlapping Duties

The County's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. While we do recognize that the County is not large enough to permit a segregation of duties for effective internal controls, we believe that it is important that the Board be aware that this condition does exist.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chickasaw 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Chickasaw County in a separate letter dated January 28, 2008.

Chickasaw County's response to the findings identified in our audit is described above. We did not audit Chickasaw County's response and, accordingly, express no opinion it.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 28, 2008

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

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MANAGEMENT LETTER

To the Board of Supervisors
Chickasaw County
New Hampton, Iowa

In planning and performing our audit of the financial statements of Chickasaw County for the year ended June 30, 2007, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 9 below are compliance comments required by the Iowa Auditor of State. A separate report dated January 28, 2008, contains our report on significant deficiencies in the County's internal controls. This letter does not affect our report dated January 28, 2008 on the basic financial statements of Chickasaw County. Comments 1, 9, 10, 12, and 13 are unresolved comments from the prior year. All other prior year statutory comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. Certified Budget

Disbursements for the year ended June 30, 2007 exceeded the amounts budgeted in the mental health functions. We also noted some departments expenditures exceeded appropriations.

Recommendation

The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response

The Board has met with CPC and she is aware of the problem and plans to scrutinize the budget more carefully in the future.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense

No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

4. Business Transactions

We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2007.

5. Bond Coverage

Surety bond coverage of County officials and employees is in accordance with statutory provisions.

6. Board Minutes

No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986 and May 2, 1989.

7. 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).

8. 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 through D.

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

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

9. Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted. We noted no Board approval for the County Auditor to purchase a certificate of deposit for the internal service fund.

Recommendation

Board approval should be obtained in purchasing any new investments.

Response

Auditor will seek written approval for future purchase of certificate of deposit for the internal service fund.

Conclusion

Response accepted.

10. Property and Equipment Records

A record of the County's fixed assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

Recommendation

To facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the fixed assets records.

Response

The County Auditor staff will begin this process in FY08.

Conclusion

Response accepted.

11. Financial Assurance

The County is required to demonstrate financial assurance for postclosure care costs for the landfill. The County has chosen local government dedicated fund as provided in Chapter 567-111.6(8) of the Iowa Administrative Code. The County is in compliance with the Code.

12. Separately Maintained Account

We noted the internal service fund–employee group health was not included in the County's accounting system or financial reports.

Recommendation

The employee group health account should be included in the County's accounting system, claims process, and financial reporting. In accordance with the Code of Iowa, all collections should be remitted to the County Treasurer and reflected in the County's accounting system and financial reports.

Response

Auditor maintains internal service fund for employee group health account funding. Claims are funded by ACH from account weekly as authorized by Auditor. If expenditures were to be approved on claims authorized by the Board, the County would not be compliant with time deadline nor would County be HIPAA compliant.

Conclusion

Response accepted.

13. Disbursements

We became aware during our audit there is no unified policy on ordering or purchasing supplies for the County and use of credit cards. There is also no unified way in which travel expenses are incurred throughout the departments. We also noticed two out of twenty-five warrants tested did not have documentation attached for mileage reimbursements.

Recommendation

We recommend the Board of Supervisors review the policies that are in place or put policies in place to help unify how travel expenses are incurred and supplies are purchased and use of credit cards. This practice will help the County to monitor disbursements. We recommend the invoice be attached to the approval sheet for mileage reimbursement.

13. Disbursements (Continued)

Response

The County will devise a universal mileage reimbursement request voucher.

Conclusion

Response accepted.

14. Fundraising

During our audit, we became aware the Conservation Department was performing fundraising functions for local nonprofits. The employees are charging their time and supplies to the Conservation Department of the County and giving the gross proceeds to the local nonprofits.

Recommendation

We recommend the County be reimbursed for all expenses incurred for the functions and then if approved by the appropriate Boards, donate the net proceeds to the local nonprofits.

Response

Conservation Board has addressed this problem and believes that it will not happen again.

Conclusion

Response accepted.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and 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 the personnel of Chickasaw County during the course of our examination.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
January 28, 2008