CRAWFORD COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

Crawford County
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Crawford County

Officials

Name	Title	Term Expires
Robert Lohrmann	Board of Supervisors	January, 2011
Dan Muhlbauer	Board of Supervisors	January, 2009
Mark Segebart	Board of Supervisors	January, 2009
Steve Ulmer	Board of Supervisors	January, 2011
John P. Lawler	Board of Supervisors	January, 2011
Cecilia M. Fineran	County Auditor	January, 2009
Jeri Vogt	County Treasurer	January, 2011
Denise Meeves	County Recorder	January, 2011
Thomas Hogan	County Sheriff	January, 2009
Vicki Ryan	County Attorney	January, 2011
Duane Zenk	County Assessor	January, 2010

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crawford County, Iowa, 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 basic financial statements are the responsibility of Crawford 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, each major fund, and the aggregate remaining fund information of Crawford County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 6, 2008 on our consideration of Crawford County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 3g and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

To the Officials of Crawford County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crawford County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Grawehl, Bell, Kyhn & Co. P.C.

Atlantic, Iowa
February 6, 2008

Crawford County Board of Supervisors

Crawford County Courthouse
1202 Broadway
Denison, IA 51442
712/263-5356
Facsimile 712/263-8382
Members:
Dan Muhlbauer, Mark Segebart, Steve Ulmer, Robert Lohrmann and John Lawler

MANAGEMENT'S DISCUSSION & ANALYSIS

The Crawford County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2007 FINANCIAL HIGHLIGHTS

- Crawford County's revenue for the 2007 governmental activities was $15,267,835 compared to $14,202,509 in 2006 for an increase of $1,065,326. Property taxes increased $426,769 from the previous fiscal year. The County expended $1,539,287 of federal awards, of which $624,193 was disaster grants from presidential declared disasters.

- Crawford County's expenditures increased to $14,080,136 in fiscal year 2007 from $11,198,682 in fiscal year 2006 - an increase of $2,881,454.

- Crawford County's capital assets (net of accumulated depreciation) increased approximately $2,337,825 from the previous year.

- The 38 bed jail facility neared completion in fiscal year 2007. Five major capital projects were completed as secondary road projects during FY07, including bridge replacement, weirs, and grading projects.

- Crawford County self-funds their health insurance, using a stop loss of $35,000. So far the plan has worked to maintain relatively level premiums and the county has been able to grow a reserve in the fund. The ending cash balance as of June 30, 2007 was $921,902 and the claims incurred but not yet paid were $129,879 leaving a net of $792,023.

- During the FY06 audit, a discrepancy was discovered in the park revenues. The State Auditor's office completed the investigation showing a probable loss of $32,598. The cost of the special audit was $7,845.14. The matter was turned over to the County Attorney for prosecution. The County Attorney failed to timely file a Trial Information or bring the individual to trial within the required time, so there will be no court ordered restitution from the individual. The County did recover $17,338 from the bonding company.

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

- The Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Crawford County as a whole and present an overall view of the County's finances.

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

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

- Supplemental Information provides detailed information about the non-major special revenue and the individual fiduciary funds.

Reporting the County as a Whole

This includes a 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 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. This 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 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.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health, MR & DD
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Nonprogram Current
9. Debt Service
10. Capital Projects

Property tax, local option tax, road use tax, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Crawford County has three kinds of funds: governmental funds, proprietary funds, & fiduciary funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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.

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a couple.

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

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. Crawford County's net assets for FY07 total $32,242,604 compared to FY06 at $31,054,905. The County is utilizing accumulated depreciation for capital assets which increased to $23,435,796 in FY07. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Net Assets of Governmental Activities

	June 30, 2006	June 30, 2007
Current and other assets	$13,889,342	$15,048,314
Capital Assets	$23,970,888	$26,308,713
Total Assets	$37,860,230	$41,357,027
Long Term Debt Outstanding	-0-	$ 1,905,000
Other Liabilities	$ 6,805,325	$ 7,209,423
Total Liabilities	$ 6,805,325	$ 9,114,423
Net Assets:		
Invested in capital assets, net of related debt	$23,970,888	$24,651,372
Restricted	4,188,752	4,054,393
Unrestricted	2,895,265	3,536,839
Total Net Assets	$31,054,905	$32,242,604

The largest portion of the County's net assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES				
REVENUES		6/30/06	6/30/07	Difference
Program Revenues				
	Charges for services	1,321,762	1,566,406	244,644
	Operating Grants & Contributions	5,019,624	4,735,601	-284,023
	Capital Grants & Contributions	637,782	1,140,033	502,251
General Revenues				
	Property Taxes	5,095,372	5,522,141	426,769
	Penalty & Interest on Property	50,480	52,526	2,046
	State tax credits	311,418	312,456	1,038
	Local option sales & service tax	611,123	553,608	-57,515
	Unrestricted investment earnings	275,119	505,726	230,607
	Other general revenues	879,829	879,338	-491
	Total Revenues	**14,202,509**	**15,267,835**	**1,065,326**
PROGRAM EXPENSES				
	Public Safety & Legal Services	1,410,900	1,228,877	-182,023
	Physical Health & Social Services	1,764,125	1,933,649	169,524
	Mental Health & MR & DD	1,900,199	1,940,296	40,097
	County Environment & Education	713,584	682,175	-31,409
	Roads & Transportation	3,092,635	5,995,246	2,902,611
	Government Services to Residents	582,364	444,538	-137,826
	Administration	1,734,875	1,741,534	6,659
	Nonprogram Current	0	0	0
	Interest on long-term debt	0	113,821	113,821
	Total Expenses	**11,198,682**	**14,080,136**	**2,881,454**
	Change in Net Assets	3,003,827	1,187,699	-1,816,128
	Net assets beginning of year	28,051,078	31,054,905	3,003,827
	Net assets at end of year	31,054,905	32,242,604	1,187,699

	Taxable Valuation with Gas and Electric Values		Taxable Valuations without Gas and Electric Values	
	1-1-04	1-1-05	1-1-04	1-1-05
Rural	338,249,368	348,522,677	327,428,052	337,656,073
Urban	179,952,456	186,778,234	177,277,077	184,033,369
Total	518,201,824	535,300,911	504,705,129	521,689,442
Increase Over Previous Year	**$17,099,087**		**$16,984,313**	

The total TIF asking from the cities was as follows:

Taxable Valuation Year	Applicable Increment Value
1-1-2004	13,890,000
1-1-2005	15,015,000

Increase in TIF requests **$ 1,125,000**

In addition to the increase in valuation, the residential rollback increased from 47.9642% to 45.9960% - a 1.9682% increase. The residential rollback is the percentage of the valuation of a residence which is taxed.

The county's tax levies are compared as set forth below:

	2005-2006	2006-2007
General Basis/General Supplemental	5.60	5.70
MH-DD	1.84	1.89
Rural Basic/Rural Supplemental	4.58	4.58
Debt Service		.30
Total	12.02	12.47

This was the first year for the debt service levy which bond issue was passed by the voters of Crawford County to build a 38 bed jail.

Local option sales tax revenue declined with the County receiving a total of $547,111 (cash basis) and $553,608 (accrual basis) in total for the year.

The State continues to not fully fund credits to taxpayers. While military was funded at 100%, the elderly and disabled credit was only funded at 94%. The reduction continued on homestead with the state only funding it at a 77% level.

INDIVIDUAL MAJOR FUND ANALYSIS

Crawford County completed the year with its governmental funds reported combined cash balance of $5,949,911, an increase of $544,792 from the previous year. On a GAAP basis, the county ended the year with a balance of $7,285,876, an increase of $725,176 over the previous year.

The General Fund, as the operating fund for Crawford County, ended FY07 with a cash balance of $3,211,108, a fund balance of $3,584,406 It is noted that $255,000 of this amount is unreserved but designated, mainly for courthouse capital improvement projects which the Board anticipates accomplishing in the years 2007 through 2012.

The Mental Health Fund of the County had an ending accrual balance of $134,909 as of 6-30-07. The Board had planned to take money from the ending balance, so the county would not be penalized when it comes to reimbursement from the State of Iowa.

The Rural Services Fund ended FY07 with an accrual balance of $552,513. There is $30,000 in unreserved but designated funds for equipment.

Secondary Roads ended FY07 with an accrual balance of $2,488,545. This fund changes due to timing of construction projects. Crawford County maintains 878 miles of gravel roads, has 209 miles of dirt roads and 135 miles of paved roads. Unlike a large number of Iowa counties, Crawford County also has 277 bridges which they maintain. The county has an entitlement to farm to market funds for secondary road purposes which are administered by the Iowa Department of Transportation. These funds are not included in the County's financial report.

Crawford County has nearly completed construction of a 38 bed jail facility, with an anticipated occupation date of August, 2007. As of 6-30-07, there was an accrual balance of $401,125 in the capital projects (Jail Project) fund.

General Budgetary Highlights

The Crawford County budget was amended once. The amendment made April 17, 2007, for a variety of reasons and departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crawford County ended FY07 with approximately $43,943,991 invested in a broad range of capital assets. Crawford County excludes any assets under $5,000. After consideration of depreciation of $23,435,796, the government activities capital assets net is $26,308,713.

Debt

Crawford County has general obligation bonds outstanding as of the end of FY07. There has been one year's principal and interest paid, with 18 years remaining.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Crawford County's Board of Supervisors has considered many factors for the fiscal year 2007 budget, tax rates, and funding of various County services. According to census estimations, the population of Crawford County is down slightly from the 2000 census figure of 16,942. The Board feels that this figure is inaccurate due to the large population of Hispanics residing and working in the county; which we do not believe are reflected accurately in those numbers. Unemployment in Crawford County was approximately 4.7% at the end of June, 2007. Inflation seems to be relatively close to the Consumer Price Index which increased 2.7%.

The Board has allowed little growth on most departmental budgets in the last year to alleviate the difference between revenue and expenditures in an effort to maintain current county programs.

The Board of Supervisors has reached three year union contracts with all of their unions.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Crawford County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Crawford County Auditor's office, 1202 Broadway, Denison, IA 51442, telephone (712)263-3045.

Crawford County

Statement of Net Assets

June 30, 2007

	Governmental Activities
Assets	
Cash and pooled investments	$ 6,871,813
Receivables:	
Property tax:	
Delinquent	8,357
Succeeding year	5,639,000
Interest and penalty on property tax	50,986
Accounts	129,165
Accrued interest	83,960
Due from other funds	36,007
Due from other governments	775,999
Inventories	1,267,413
Prepaid insurance	185,614
Capital assets (net of accumulated depreciation)	26,308,713
Total assets	41,357,027
Liabilities	
Accounts payable	773,790
Accrued interest	6,518
Salaries and benefits payable	120,939
Due to other governments	304,105
Deferred revenue:	
Succeeding year property tax	5,639,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	75,000
Compensated absences	290,071
Portion due or payable after one year:	
General obligation bonds	1,905,000
Total liabilities	9,114,423

(continued next page)

Crawford County

Statement of Net Assets - continued

June 30, 2007

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt	$ 24,651,372
Restricted for:	
Mental health purposes	132,957
Rural services	545,246
Secondary roads purposes	2,387,841
Other purposes	988,349
Unrestricted	3,536,839
Total net assets	$ 32,242,604

See notes to financial statements.

Crawford County

Statement of Activities

Year ended June 30, 2007

	Expenses	Program Revenues: Charges for Service
Functions/Programs:		
Governmental activities:		
Public safety and legal services	$ 1,228,877	$ 158,218
Physical health and social services	1,933,649	915,785
Mental health	1,940,296	--
County environment and education	682,175	127,904
Roads and transportation	5,995,246	65,131
Governmental services to residents	444,538	284,427
Administration	1,741,534	14,941
Interest on long-term debt	113,821	--
Total	$ 14,080,136	$ 1,566,406
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year		
Net assets end of year		

See notes to financial statements.

Program Revenues			
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets	
$ 93,698	$ --	$(976,961)	
576,947	--	(440,917)	
855,199	--	(1,085,097)	
45,404	--	(508,867)	
3,158,493	1,140,033	(1,631,589)	
--	--	(160,111)	
5,860	--	(1,720,733)	
--	--	(113,821)	
$ 4,735,601	$ 1,140,033	(6,638,096)	
		5,522,141	
		52,526	
		312,456	
		553,608	
		505,726	
		879,338	
		7,825,795	
		1,187,699	
		31,054,905	
		$ 32,242,604	

Crawford County

Balance Sheet
Governmental Funds

June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Assets			
Cash and pooled investments	$ 3,211,108	$ 376,513	$ 574,109
Receivables:			
Property tax:			
Delinquent	5,611	1,862	884
Succeeding year	2,964,000	960,000	1,556,000
Interest and penalty on property tax	50,986	--	--
Accounts	25,561	--	--
Accrued interest	83,960	--	--
Due from other funds	35,235	--	--
Due from other governments	349,364	2,893	10,636
Inventories	--	--	--
Prepaid insurance	148,314	--	3,899
Total assets	$ 6,874,139	$ 1,341,268	$ 2,145,528
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 116,258	$ 14,874	$ 22,157
Salaries and benefits payable	46,967	963	5,828
Due to other funds	--	190	--
Due to other governments	74,822	227,805	352
Deferred revenue:			
Succeeding year property tax	2,964,000	960,000	1,556,000
Other	56,287	1,821	873
Compensated absences	31,399	706	7,805
Total liabilities	3,289,733	1,206,359	1,593,015

(continued next page)

Special Revenue Secondary Roads	Capital Projects	Nonmajor	Total
$ 1,264,788	$ 401,125	$ 122,268	$ 5,949,911
--	--	--	8,357
--	--	159,000	5,639,000
--	--	--	50,986
103,604	--	--	129,165
--	--	--	83,960
--	--	962	36,197
411,816	--	1,290	775,999
1,267,413	--	--	1,267,413
33,401	--	--	185,614
$ 3,081,022	$ 401,125	$ 283,520	$ 14,126,602
$ 490,480	$ --	$ 142	$ 643,911
67,181	--	--	120,939
--	--	--	190
1,126	--	--	304,105
--	--	159,000	5,639,000
--	--	--	58,981
33,690	--	--	73,600
592,477	--	159,142	6,840,726

Crawford County

Balance Sheet
Governmental Funds - continued

June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Fund balances:			
Reserved for:			
Inventories	$ --	$ --	$ --
Prepaid insurance	148,314	--	3,899
Drainage warrants/drainage improvement certificates	--	--	--
Supplemental levy	668,570	--	2,608
Debt service	--	--	--
Resource enhancements and protection	--	--	--
Unreserved, reported in:			
General fund	2,767,522	--	--
Special revenue funds	--	134,909	546,006
Capital projects fund	--	--	--
Total fund balances	3,584,406	134,909	552,513
Total liabilities and fund balances	$ 6,874,139	$ 1,341,268	$ 2,145,528

See notes to financial statements.

Special Revenue Secondary Roads	Capital Projects	Nonmajor	Total
$ 1,267,413	$ --	$ --	$ 1,267,413
33,401	--	--	185,614
--	--	14,521	14,521
--	--	--	671,178
--	--	7,983	7,983
--	--	7,086	7,086
--	--	--	2,767,522
1,187,731	--	94,788	1,963,434
--	401,125	--	401,125
2,488,545	401,125	124,378	7,285,876
$ 3,081,022	$ 401,125	$ 283,520	$ 14,126,602

Crawford County

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

June 30, 2007

Total governmental fund balances (page 8)	$ 7,285,876
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is $43,943,991 and the accumulated depreciation is $17,635,278.	26,308,713
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	58,981
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	792,023
Long-term liabilities, including general obligation bonds, accrued interest, compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,202,989)
Net assets of governmental activities (page 5)	$ 32,242,604

See notes to financial statements.

Crawford County

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

Year ended June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Revenues:			
Property and other County tax	$ 2,885,235	$ 957,374	$ 1,623,883
Interest and penalty on property tax	45,138	--	--
Intergovernmental	1,580,783	906,137	84,261
Licenses and permits	9,280	--	--
Charges for service	736,291	--	--
Use of money and property	404,866	--	75
Miscellaneous	35,157	5,893	3,156
Total revenues	5,696,750	1,869,404	1,711,375
Expenditures:			
Operating:			
Public safety and legal services	1,156,499	--	167,479
Physical health and social services	1,935,674	--	--
Mental health	--	1,940,034	--
County environment and education	499,491	--	223,759
Roads and transportation	--	--	192,343
Governmental services to residents	422,249	--	--
Administration	945,125	--	--
Debt service	--	--	--
Capital projects	5,400	--	--
Total expenditures	4,964,438	1,940,034	583,581
Excess (deficiency) of revenues over (under) expenditures	732,312	(70,630)	1,127,794

(continued next page)

Special Revenue Secondary Roads	Capital Projects Jail Project	Nonmajor	Total
$ 442,754	$ --	$ 165,354	$ 6,074,600
--	--	--	45,138
3,378,092	--	19,060	5,968,333
11,227	--	--	20,507
1,511	--	7,465	745,267
--	55,813	3,671	464,425
129,336	--	7,500	181,042
3,962,920	55,813	203,050	13,499,312
--	--	--	1,323,978
--	--	1,432	1,937,106
--	--	--	1,940,034
--	--	18,989	742,239
4,696,915	--	--	4,889,258
--	--	18,610	440,859
--	--	--	945,125
--	--	159,956	159,956
784,567	1,687,343	--	2,477,310
5,481,482	1,687,343	198,987	14,855,865
(1,518,562)	(1,631,530)	4,063	(1,356,553)

Crawford County

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

Year ended June 30, 2007

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Other financing sources (uses):			
Bond proceeds:			
General obligation bond	$ --	$ --	$ --
Operating transfers in	--	--	--
Operating transfers out	(89,500)	--	(1,048,000)
Sale of assets	22	25	--
Interfund loan	(5,000)	--	--
Total other financing sources (uses)	(94,478)	25	(1,048,000)
Net change in fund balances	637,834	(70,605)	79,794
Fund balances beginning of year	2,936,855	205,514	471,960
Increase (decrease) in reserve for:			
Inventories	--	--	--
Prepaid insurance	9,717	--	759
Fund balances end of year	$ 3,584,406	$ 134,909	$ 552,513

See notes to financial statements.

Special Revenue Secondary Roads	Capital Projects Jail Project	Nonmajor	Total
$ --	$ 2,032,653	$ --	$ 2,032,653
1,132,500	--	5,000	1,137,500
--	--	--	(1,137,500)
222,779	--	--	222,826
--	--	5,000	--
1,355,279	2,032,653	10,000	2,255,479
(163,283)	401,123	14,063	898,926
2,836,054	2	110,315	6,560,700
(183,647)	--	--	(183,647)
(579)	--	--	9,897
$ 2,488,545	$ 401,125	$ 124,378	$ 7,285,876

Crawford County

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

Year ended June 30, 2007

Net change in fund balance - Total governmental funds (page 11)		$ 898,926
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 3,156,938	
Capital assets contributed by the Iowa Department of Transportation	747,209	
Depreciation expense	(1,436,673)	2,467,474
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:		
Issued	(2,060,000)	
Repaid	80,000	(1,980,000)
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		
Book value of disposed assets		(129,649)
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.		
Change in deferred property tax revenues		8,537
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, as follows:		
Compensated absences		(37,145)
Accrued interest		(6,518)
Prepaid expenses and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.		(173,750)
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.		139,824
Change in net assets of governmental activities (page 6)		$ 1,187,699

See notes to financial statements.

Crawford County

Statement of Net Assets

Proprietary Fund

June 30, 2007

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	$ 921,902
Liabilities	
Accounts payable	129,879
Net Assets	
Unrestricted	$ 792,023

See notes to financial statements.

Exhibit H

Crawford County

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

Proprietary Fund

Year ended June 30, 2007

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 785,908
Reimbursements from employees and others		92,391
Total operating revenues		878,299
Operating expenses:		
Medical claims	$ 566,067	
Administrative fees and insurance premiums	213,709	779,776
Operating income		98,523
Non-operating revenues:		
Interest on investments		41,301
Net income		139,824
Net assets beginning of year		652,199
Net assets end of year		$ 792,023

See notes to financial statements.

Crawford County

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2007

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 785,908
Cash received from employees and others	92,391
Cash payments to suppliers for services	(755,832)
Net cash provided by operating activities	122,467
Cash flows from investing activities:	
Interest on investments	41,301
Net increase in cash and cash equivalents	163,768
Cash and cash equivalents at beginning of year	758,134
Cash and cash equivalents at end of year	$ 921,902
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 98,523
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	23,944
Net cash provided by operating activities	$ 122,467

See notes to financial statements.

Crawford County

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2007

Assets	
Cash and pooled investments:	
County Treasurer	$ 1,215,076
Other County officials	66,590
Receivables:	
Property tax:	
Delinquent	31,458
Succeeding year	12,106,800
Accounts	24,778
Accrued interest	1,531
Special assessments	161,000
Due from other funds	324
Due from other governments	21,191
Total assets	13,628,748
Liabilities	
Accounts payable	17,850
Salaries and benefits payable	805
Due to other funds	36,331
Due to other governments	13,549,021
Trusts payable	20,873
Compensated absences	3,868
Total liabilities	13,628,748
Net assets	$ --

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint three of the five members to the board of the Crawford County Area Solid Waste Agency Commission. An audit of this Commission is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also 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: Crawford County Assessor's Conference Board, Crawford County Joint E911 Service Board and Crawford County Emergency Management Services Commission. 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 an Agency Fund of the County.

B. Basis of Presentation

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those 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 and contributions 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 funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. 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.

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Deferred revenue in the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary 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 absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are expensed in the year paid.

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

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

Net Assets - The net assets of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 - CASH AND POOLED INVESTMENTS

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

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

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $61,110 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) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

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

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer. Less than 5 percent of the County's investments are in U.S. government securities.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

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

Receivable Fund	Payable Fund	Amount
General	Special Revenues:	
	Mental Health	$ 190
	Agency:	
	County Recorder	32,892
	County Sheriff	2,153
		35,235
Special Revenue:		
County Recorder's Records Management	Agency: County Recorder	962
Agency:		
Recorder's Electronic Transfer Fee	Agency: County Recorder	324
Total		$ 36,521

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

NOTE 4 - INTERFUND TRANSFERS

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

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 89,500
	Special Revenue:	
	Rural Services	1,043,000
		1,132,500
Special Revenue:		
Flood and Erosion	Special Revenue: Rural Services	5,000
		$ 1,137,500

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

NOTE 5 - CAPITAL ASSETS

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 575,322	$ 5,000	$ --	$ 580,322
Construction in progress	389,972	2,974,527	1,071,904	2,292,595
Total capital assets not being depreciated	965,294	2,979,527	1,071,904	2,872,917
Capital assets being depreciated:				
Buildings	1,621,161	62,720	--	1,683,881
Equipment and vehicles	7,079,296	861,900	408,673	7,532,523
Infrastructure, road network	30,782,766	1,071,904	--	31,854,670
Total capital assets being depreciated	39,483,223	1,996,524	408,673	41,071,074
Less accumulated depreciation for:				
Buildings	784,477	40,181	--	824,658
Equipment and vehicles	4,443,363	526,086	279,024	4,690,425
Infrastructure, road network	11,249,789	870,406	--	12,120,195
Total accumulated depreciation	16,477,629	1,436,673	279,024	17,635,278
Total capital assets being depreciated, net	23,005,594	559,851	129,649	23,435,796
Governmental activities capital assets, net	$ 23,970,888	$3,539,378	$1,201,553	$ 26,308,713

NOTE 5 - CAPITAL ASSETS - continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Public safety and legal services	$ 28,204
Physical health and social services	299
County environment and education	24,091
Roads and transportation	1,363,437
Administrative services	20,642
Total depreciation expense - governmental activities	$1,436,673

NOTE 6 - DUE TO OTHER GOVERNMENTS

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

Fund	Description	Amount
General	Services	$ 74,822
Special Revenue:		
Mental Health	Services	227,805
Rural Services	Services	352
Secondary Roads	Services	1,126
		229,283
Total for governmental funds		$ 304,105
Agency:		
County Assessor	Collections	$ 446,424
Schools		7,228,184
Community Colleges		377,208
Corporations		3,509,076
Auto License and Use Tax		297,719
County Hospital		596,907
E-911		396,819
All Other		696,684
Total for agency funds		$ 13,549,021

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES

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

	General Obligation Bonds	Compensated Absences	Total
Balance beginning of year	$ --	$ 245,734	$ 245,734
Increases	2,060,000	44,337	2,104,337
Decreases	80,000	--	80,000
Balance end of year	$ 1,980,000	$ 290,071	$ 2,270,071
Due within one year	$ 75,000	$ 290,071	$ 365,071

Bonds Payable

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

June 30,	Rates	Principal	Interest	Total
2008	3.95%	$ 75,000	$ 87,400	$ 162,400
2009	4.00	80,000	84,437	164,437
2010	4.05	80,000	81,237	161,237
2011	4.10	85,000	77,977	162,977
2012	4.15	90,000	74,513	164,513
2013-2017	4.20-4.40	500,000	313,488	813,488
2018-2022	4.45-4.60	625,000	192,303	817,303
2023-2025	4.65-4.75	445,000	42,698	487,698
		$ 1,980,000	$ 954,053	$ 2,934,053

During the year ended June 30, 2007, the County issued $2,060,000 in general obligation bonds and retired $80,000 of bonds.

NOTE 8 - PENSION AND RETIREMENT BENEFITS

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

NOTE 8 - PENSION AND RETIREMENT BENEFITS - Continued

Most regular plan members are required to contribute 3.70% (3.90% July 1, 2007) of their annual covered salary and the County is required to contribute 5.75% (6.05% July 1, 2007) of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were $251,144, $243,193, and $250,982, respectively, equal to the required contributions for each year.

NOTE 9 - RISK MANAGEMENT

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007 were approximately $139,808.

NOTE 9 - RISK MANAGEMENT - continued

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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 coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $500,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2007 was $785,908.

Accounts payable from the Employee Group Health Fund at June 30, 2007 total $129,879, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was $792,023 at June 30, 2007 and is reported as net assets of the Internal Service, Employee Group Health Fund. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 105,935
Incurred claims (including claims incurred but not reported at June 30, 2007):	
Current year events	566,067
Total incurred claims	566,067
Payments:	
Current year events	436,188
Prior year events	105,935
Total payments	542,123
Unpaid claims end of year	$ 129,879

NOTE 11 - CONSTRUCTION COMMITMENTS

The County has entered into contracts totaling approximately $1,167,166 for bridge construction and roadway paving. As of June 30, 2007, costs of $555,254 on the projects have been incurred. The balance remaining on the projects at June 30, 2007 (approximately $611,912) will be paid as work on the projects progresses using farm-to-market and existing funds. Additionally, the County has entered into a contract totaling approximately $2,100,000 to renovate and construct jail facilities. As of June 30, 2007, costs of $1,737,341 on the project have been incurred. The balance remaining on the project at June 30, 2007 (approximately $362,659) will be paid as work on the project progresses using proceeds from the general obligation bonds issued during the year.

NOTE 12 - LITIGATION

The County has been named as a defendant in a lawsuit to determine responsibility for services provided to a state client. The suit alleges the County owes for services that have been provided, and states that the County is responsible for the cost of future care. An administrative judge determined the County to be liable; however, the County has filed an appeal of this ruling with the District Court. An estimate of the total potential liability or the probability of a potential negative outcome cannot be determined at this time. Therefore, no liability has been accrued on these financial statements.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Crawford County

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

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	$ 6,070,129	$ --	$ 6,070,129
Interest and penalty on property tax	57,937	--	57,937
Intergovernmental	5,766,849	--	5,766,849
Licenses and permits	20,647	--	20,647
Charges for service	739,868	--	739,868
Use of money and property	429,643	--	429,643
Miscellaneous	177,279	--	177,279
Total receipts	13,262,352	--	13,262,352
Disbursements:			
Public safety and legal services	1,339,180	--	1,339,180
Physical health and social services	1,889,584	--	1,889,584
Mental health	1,947,847	--	1,947,847
County environment and education	705,036	--	705,036
Roads and transportation	4,938,751	--	4,938,751
Governmental services to residents	457,512	--	457,512
Administration	945,094	--	945,094
Debt service	159,956	--	159,956
Capital projects	2,487,979	--	2,487,979
Total disbursements	14,870,939	--	14,870,939
Excess (deficiency) of receipts over (under) disbursements	(1,608,587)	--	(1,608,587)
Other financing sources, net	2,153,379	--	2,153,379
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	544,792	--	544,792
Balance beginning of year	5,405,119	14,521	5,390,598
Balance end of year	$ 5,949,911	$ 14,521	$ 5,935,390

See accompanying independent auditor's report.

Budgeted Amounts		Final to Actual Variance - Positive (Negative)
Original	Final	
$ 6,030,772	$ 6,030,772	$ 39,357
31,000	31,000	26,937
5,906,261	6,198,654	(431,805)
13,500	23,900	(3,253)
615,642	615,642	124,226
139,308	239,308	190,335
133,227	154,547	22,732
12,869,710	13,293,823	(31,471)
1,454,362	1,507,362	168,182
1,896,580	1,973,223	83,639
1,954,681	1,996,681	48,834
809,374	832,977	127,941
5,194,000	5,194,000	255,249
528,177	528,177	70,665
1,207,388	1,343,188	398,094
165,000	165,000	5,044
2,913,000	2,918,320	430,341
16,122,562	16,458,928	1,587,989
(3,252,852)	(3,165,105)	1,556,518
2,279,400	2,279,400	(126,021)
(973,452)	(885,705)	1,430,497
4,657,770	5,380,754	9,844
$ 3,684,318	$ 4,495,049	$ 1,440,341

Crawford County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 13,262,352	$ 236,960	$ 13,499,312
Expenditures	14,870,939	(15,074)	14,855,865
Net	(1,608,587)	252,034	(1,356,553)
Other financing sources	2,153,379	102,100	2,255,479
Beginning fund balances	5,405,119	1,155,581	6,560,700
Increase (decrease) in reserve for:			
Inventories	--	(183,647)	(183,647)
Prepaid insurance	--	9,897	9,897
Ending fund balances	$ 5,949,911	$ 1,335,965	$ 7,285,876

See accompanying independent auditor's report.

Crawford County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2007

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, 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, one budget amendment increased budgeted disbursements by $336,366. The budget amendment is reflected in the final budgeted amounts.

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

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

OTHER SUPPLEMENTARY INFORMATION

Crawford County

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2007

	Special Revenue			
	County Recorder's Records Management	Recorder's Electronic Transaction Fee	Conservation Land Acquisition Trust	Conservation Trust
Assets				
Cash and pooled investments	$ 18,234	$ 737	$ 1,118	$ 6,637
Receivables:				
Property tax:				
Succeeding year	--	--	--	--
Due from other funds	962	--	--	--
Due from other governments	--	--	--	--
Total assets	$ 19,196	$ 737	$ 1,118	$ 6,637
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ --	$ --	$ --	$ --
Deferred revenue:				
Succeeding year property tax	--	--	--	--
Total liabilities	--	--	--	--
Fund balances:				
Reserved for:				
Drainage warrants/drainage improvement certificates	--	--	--	--
Debt service	--	--	--	--
Resource enhancement and protection	--	--	--	--
Unreserved, reported in:				
Undesignated	19,196	737	1,118	6,637
Total fund balances	19,196	737	1,118	6,637
Total liabilities and fund balances	$ 19,196	$ 737	$ 1,118	$ 6,637

(continued next page)

Special Revenue					
Resource Enhancement and Protection	Law Enforcement Forfeiture	Flood and Erosion	Drainage Districts	Cabin Fund	Supplemental Environment Projects
$ 7,086	$ 434	$ 43,445	$ 14,521	$ 10,089	$ 53
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ 7,086	$ 434	$ 43,445	$ 14,521	$ 10,089	$ 53
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	14,521	--	--
--	--	--	--	--	--
7,086	--	--	--	--	--
--	434	43,445	--	10,089	53
7,086	434	43,445	14,521	10,089	53
$ 7,086	$ 434	$ 43,445	$ 14,521	$ 10,089	$ 53

Crawford County

Nonmajor Governmental Funds

Combining Balance Sheet - Continued

June 30, 2007

	Special Revenue	
	Juvenile Court Division	Protecting Children
Assets		
Cash and pooled investments	$ 721	$ 3,710
Receivables:		
Property tax:		
Succeeding year	--	--
Due from other funds	--	--
Due from other governments	--	1,290
Total assets	$ 721	$ 5,000
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ --	$ 53
Deferred revenue:		
Succeeding year property tax	--	--
Total liabilities	--	53
Fund balances:		
Reserved for:		
Drainage warrants/drainage improvement certificates	--	--
Debt service	--	--
Resource enhancement and protection	--	--
Unreserved, reported in:		
Undesignated	721	4,947
Total fund balances	721	4,947
Total liabilities and fund balances	$ 721	$ 5,000

See accompanying independent auditor's report.

Special Revenue		
Baby Boutique	Debt Service	Total
$ 7,500	$ 7,983	$ 122,268
--	159,000	159,000
--	--	962
--	--	1,290
$ 7,500	$ 166,983	$ 283,520
$ 89	$ --	$ 142
--	159,000	159,000
89	159,000	159,142
--	--	14,521
--	7,983	7,983
--	--	7,086
7,411	--	94,788
7,411	7,983	124,378
$ 7,500	$ 166,983	$ 283,520

Crawford County

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2007

	Special Revenue			
	County Recorder's Records Management	Recorder's Electronic Transaction Fee	Conservation Land Acquisition Trust	Conservation Trust
Revenues:				
Property and other county tax	$ --	$ --	$ --	$ --
Intergovernmental	4,153	--	--	--
Charges for service	--	--	--	--
Use of money and property	--	35	53	314
Miscellaneous	--	--	--	--
Total revenues	4,153	35	53	314
Expenditures:				
Operating:				
Physical health and social services	--	--	--	--
County environment and education	--	--	--	--
Governmental services to residents	18,610	--	--	--
Debt service	--	--	--	--
Total expenditures	18,610	--	--	--
Excess (deficiency) of revenues over (under) expenditures	(14,457)	35	53	314
Other financing sources (uses):				
Operating transfer in	--	--	--	--
Interfund loan	--	--	--	--
Total other financing sources (uses)	--	--	--	--
Net change in fund balances	(14,457)	35	53	314
Fund balances beginning of year	33,653	702	1,065	6,323
Fund balances end of year	$ 19,196	$ 737	$ 1,118	$ 6,637

(continued next page)

Special Revenue					
Resource Enhancement and Protection	Law Enforcement Forfeiture	Flood and Erosion	Drainage Districts	Cabin Fund	Supplemental Environment Projects
$ --	$ --	$ --	$ --	$ --	$ --
13,583	--	--	--	--	--
--	--	--	--	7,465	--
662	20	--	--	--	2
--	--	--	--	--	--
14,245	20	--	--	7,465	2
--	--	--	--	--	--
11,089	--	6,311	--	1,589	--
--	--	--	--	--	--
--	--	--	--	--	--
11,089	--	6,311	--	1,589	--
3,156	20	(6,311)	--	5,876	2
--	--	5,000	--	--	--
--	--	--	--	--	--
--	--	5,000	--	--	--
3,156	20	(1,311)	--	5,876	2
3,930	414	44,756	14,521	4,213	51
$ 7,086	$ 434	$ 43,445	$ 14,521	$ 10,089	$ 53

Crawford County

Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Continued

Year ended June 30, 2007

	Special Revenue	
	Juvenile Court Division	Protecting Children
Revenues:		
Property and other county tax	$ --	$ --
Intergovernmental	34	1,290
Charges for service	--	--
Use of money and property	--	--
Miscellaneous	--	--
Total revenues	34	1,290
Expenditures:		
Operating:		
Physical health and social services	--	1,343
County environment and education	--	--
Governmental services to residents	--	--
Debt service	--	--
Total expenditures	--	1,343
Excess (deficiency) of revenues over (under) expenditures	34	(53)
Other financing sources (uses):		
Operating transfer in	--	--
Interfund loan	--	5,000
Total other financing sources (uses)	--	5,000
Net change in fund balances	34	4,947
Fund balances beginning of year	687	--
Fund balances end of year	$ 721	$ 4,947

See accompanying independent auditor's report.

Special Revenue		
Baby Boutique	Debt Service	Total
$ --	$ 165,354	$ 165,354
--	--	19,060
--	--	7,465
--	2,585	3,671
7,500	--	7,500
7,500	167,939	203,050
89	--	1,432
--	--	18,989
--	--	18,610
--	159,956	159,956
89	159,956	198,987
7,411	7,983	4,063
--	--	5,000
--	--	5,000
--	--	10,000
7,411	7,983	14,063
--	--	110,315
$ 7,411	$ 7,983	$ 124,378

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities

June 30, 2007

	County Offices		
	County Recorder	County Sheriff	Agricultural Extension Education
Assets			
Cash and pooled investments:			
County Treasurer	$ --	$ --	$ 870
Other County officials	43,564	23,026	--
Receivables:			
Property tax:			
Delinquent	--	--	239
Succeeding year	--	--	128,000
Accounts	2,125	--	--
Accrued interest	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	$ 45,689	$ 23,026	$ 129,109
Liabilities			
Liabilities:			
Accounts payable	$ --	$ --	$ --
Salaries and benefits payable	--	--	--
Due to other funds	34,178	2,153	--
Due to other governments	11,511	--	129,109
Trusts payable	--	20,873	--
Compensated absences	--	--	--
Total liabilities	$ 45,689	$ 23,026	$ 129,109

(continued next page)

County Assessor	Emergency Management Services	Sanitary Disposal District	Schools	Community Colleges	Corporations
$ 210,935	$ 46,610	$ 6,409	$ 50,459	$ 2,516	$ 40,853
--	--	--	--	--	--
436	--	--	14,725	692	14,223
240,000	--	--	7,163,000	374,000	3,454,000
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	9,120	--	--	--
$ 451,371	$ 46,610	$ 15,529	$7,228,184	$ 377,208	$ 3,509,076
$ 356	$ 43	$ 13,833	$ --	$ --	$ --
723	82	--	--	--	--
--	--	--	--	--	--
446,424	46,485	1,696	7,228,184	377,208	3,509,076
--	--	--	--	--	--
3,868	--	--	--	--	--
$ 451,371	$ 46,610	$ 15,529	$7,228,184	$ 377,208	$ 3,509,076

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2007

	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
Assets			
Cash and pooled investments:			
County Treasurer	$ 550	$ 297,719	$ 212
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	82	--	4
Succeeding year	154,000	--	1,800
Accounts	--	--	--
Accrued interest	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	$ 154,632	$ 297,719	$ 2,016
Liabilities			
Liabilities:			
Accounts payable	$ --	$ --	$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	154,632	297,719	2,016
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	$ 154,632	$ 297,719	$ 2,016

(continued next page)

Anatomical Gift Public Awareness and Transportation	Monies and Credits	City Special Assessments	County Hospital	Wellness	Flex Benefits
$ 3	$ --	$ 3,100	$ 3,850	$ 4,225	$ 2,947
--	--	--	--	--	--
--	--	--	1,057	--	--
--	--	--	592,000	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	161,000	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ 3	$ --	$ 164,100	$ 596,907	$ 4,225	$ 2,947
$ --	$ --	$ --	$ --	$ --	$ --
--	--	--	--	--	--
--	--	--	--	--	--
3	--	164,100	596,907	4,225	2,947
--	--	--	--	--	--
--	--	--	--	--	--
$ 3	$ --	$ 164,100	$ 596,907	$ 4,225	$ 2,947

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2007

	E911	Ground Water Protection	Advance Tax
Assets			
Cash and pooled investments:			
County Treasurer	$ 363,714	$ 174,669	$ 4,510
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	22,653	--	--
Accrued interest	1,529	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	12,071	--	--
Total assets	$ 399,967	$ 174,669	$ 4,510
Liabilities			
Liabilities:			
Accounts payable	$ 3,148	$ 470	$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	396,819	174,199	4,510
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	$ 399,967	$ 174,669	$ 4,510

See accompanying independent auditor's report.

Unclaimed Property	Unapportioned Tax	Recorder's Electronic Transfer Fee	Total
$ 262	$ 334	$ 329	$ 1,215,076
--	--	--	66,590
--	--	--	31,458
--	--	--	12,106,800
--	--	--	24,778
--	--	2	1,531
--	--	--	161,000
--	--	324	324
--	--	--	21,191
$ 262	$ 334	$ 655	$ 13,628,748
$ --	$ --	$ --	$ 17,850
--	--	--	805
--	--	--	36,331
262	334	655	13,549,021
--	--	--	20,873
--	--	--	3,868
$ 262	$ 334	$ 655	$ 13,628,748

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2007

	County Offices		
	County Recorder	County Sheriff	Agricultural Extension Education
Assets and Liabilities			
Balance beginning of year	$ 38,447	$ 13,060	$ 125,085
Additions:			
Property and other County tax	--	--	127,987
E911 surcharge	--	--	--
State tax credits	--	--	7,300
Office fees and collections	260,353	470,156	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	260,353	470,156	135,287
Deductions:			
Agency Remittances:			
To other funds	127,646	82,589	--
To other governments	125,465	--	131,263
Trusts paid out	--	377,601	--
Total deductions	253,111	460,190	131,263
Balance end of year	$ 45,689	$ 23,026	$ 129,109

(continued next page)

County Assessor	Emergency Management Services	Sanitary Disposal District	Schools	Community Colleges	Corporations
$ 426,620	$ 53,329	$ 16,329	$7,108,770	$ 360,892	$ 2,816,038
239,979	--	--	7,195,365	374,801	3,981,930
--	--	--	--	--	--
13,358	--	--	412,911	21,070	190,420
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
4,366	21,000	721,354	--	--	30
257,703	21,000	721,354	7,608,276	395,871	4,172,380
--	--	--	--	--	--
232,952	27,719	722,154	7,488,862	379,555	3,479,342
--	--	--	--	--	--
232,952	27,719	722,154	7,488,862	379,555	3,479,342
$ 451,371	$ 46,610	$ 15,529	$7,228,184	$ 377,208	$ 3,509,076

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2007

	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
Assets and Liabilities			
Balance beginning of year	$ 153,673	$ 296,864	$ 2,158
Additions:			
Property and other County tax	155,531	--	1,825
E911 surcharge	--	--	--
State tax credits	8,558	--	120
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	3,602,316	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	164,089	3,602,316	1,945
Deductions:			
Agency Remittances:			
To other funds	--	119,384	--
To other governments	163,130	3,482,077	2,087
Trusts paid out	--	--	--
Total deductions	163,130	3,601,461	2,087
Balance end of year	$ 154,632	$ 297,719	$ 2,016

(continued next page)

Anatomical Gift Public Awareness and Transportation	Monies and Credits	City Special Assessments	County Hospital	Wellness	Flex Benefits
$ 20	$ --	$ 227,308	$ 553,898	$ 3,711	$ 2,119
--	--	--	592,796	--	--
--	--	--	--	--	--
--	--	776	32,289	--	--
--	--	--	--	--	--
135	--	--	--	--	--
--	--	12,139	--	--	--
--	--	--	--	10,369	25,609
--	49	--	--	--	--
135	49	12,915	625,085	10,369	25,609
--	--	--	--	--	--
152	49	76,123	582,076	9,855	24,781
--	--	--	--	--	--
152	49	76,123	582,076	9,855	24,781
$ 3	$ --	$ 164,100	$ 596,907	$ 4,225	$ 2,947

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2007

	E911	Ground Water Protection	Advance Tax
Assets and Liabilities			
Balance beginning of year	$ 326,205	$ 162,479	$ 3,225
Additions:			
Property and other County tax	--	--	--
E911 surcharge	162,712	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	17,644	18,533	10,341
Total additions	180,356	18,533	10,341
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	106,594	6,343	9,056
Trusts paid out	--	--	--
Total deductions	106,594	6,343	9,056
Balance end of year	$ 399,967	$ 174,669	$ 4,510

See accompanying independent auditor's report.

Unclaimed Property	Unapportioned Tax	Recorder's Electronic Transfer Fee	Total
$ 262	$ 22,665	$ 712	$ 12,713,869
--	--	3,533	12,673,747
--	--	--	162,712
--	--	--	686,802
--	--	--	730,509
--	--	--	3,602,451
--	--	--	12,139
--	--	--	35,978
--	136,050	71	929,438
--	136,050	3,604	18,833,776
--	--	--	329,619
--	--	3,661	17,053,296
--	158,381	--	535,982
--	158,381	3,661	17,918,897
$ 262	$ 334	$ 655	$ 13,628,748

Crawford County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Property and other County tax	$ 6,074,600	$ 5,711,887	$ 5,238,989	$ 5,724,994
Interest and penalty on property tax	45,138	58,660	43,123	44,277
Intergovernmental	5,968,333	5,879,284	5,683,927	5,362,296
Licenses and permits	20,507	14,102	12,652	18,132
Charges for service	745,267	689,576	636,837	811,236
Use of money and property	464,425	277,622	145,849	109,660
Miscellaneous	181,042	182,906	142,985	129,161
Total	$ 13,499,312	$ 12,814,037	$ 11,904,362	$ 12,199,756
Expenditures:				
Operating:				
Public safety and legal services	$ 1,323,978	$ 1,392,514	$ 1,196,624	$ 1,238,426
Physical health and social services	1,937,106	1,762,934	1,810,576	2,094,590
Mental health	1,940,034	1,900,663	1,861,221	1,477,461
County environment and education	742,239	693,790	700,049	807,359
Roads and transportation	4,889,258	4,870,293	4,512,066	4,241,540
Governmental services to residents	440,859	584,440	503,515	421,462
Administration	945,125	941,027	901,395	981,590
Debt service	159,956	--	--	--
Capital projects	2,477,310	1,124,439	841,801	702,852
Total	$ 14,855,865	$ 13,270,100	$ 12,327,247	$ 11,965,280

See accompanying independent auditor's report.

Crawford County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606	2007-AP-BX-0755	$ 12,360
Indirect:			
U.S. Department of Agriculture:			
Hungry Canyons Alliance:			
Watershed Protection and Flood Prevention	10.904	06-3-F/06-2-F/05-26-F	140,000
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
City of Atlantic:			
State Domestic Preparedness Equipment Support Program	97.004	FY2004-LETPP-LEIN4-04	46,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR1705	624,193
			670,193
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-24(79)-8J-24	149,823
Highway Planning and Construction	20.205	BROS-24(82)-8J-24	189,306
Highway Planning and Construction	20.205	BROS-24(80)-8J-24	35,245
			374,374
Iowa Department of Public Safety:			
Safety Incentive Grant for use of seatbelts	20.604	07-157, Task 43	3,950
Safety Incentive Grant for use of seatbelts	20.604	06-157, Task 44	3,925
			7,875
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Elderbridge Area Agency on Aging:			
National Family Caregiver Support Program	93.052		2,167
Iowa Department of Human Services:			
Human Services Administrative Reimbursements	Various		30,584
Social Services Block Grant	93.667		83,040

(continued next page)

Crawford County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Community for Adolescent Pregnancy Prevention	93.558		$ 8,074
Buena Vista, Crawford and Sac Counties Community Enpowerment Area Temporary Assistance for Needy Families	93.558		7,775
			15,849
Iowa Department of Public Health:			
Community Partnership for Protecting Children	93.556	DCFS-07-006	1,290
Family Planning - Services	93.217	5887MH08	81,973
Maternal and Child Health Services Block Grant to the States	93.994	5887MH08	81,365
Public Health Preparedness and Response for Bioterrorism	93.283	5887BT03-LPHA2404	25,136
Immunization Grants	93.268	5886I445/ 5887I445	8,671
Cass County Memorial Hospital:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.283	5887NB06	4,410
Total			$ 1,539,287

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

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Officials of Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Crawford County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 6, 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 Crawford County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Crawford County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Crawford 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.

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

Grawerth, Bell, Kuhn & Co. P.C.

Atlantic, Iowa
February 6, 2008

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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

To the Officials of Crawford County

Compliance

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

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

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

To the Officials of Crawford County

Internal Control Over Compliance

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

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

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

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

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

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

Grosenwald, Bell, Kyhnn & Co. P.C.

Atlantic, Iowa
February 6, 2008

Crawford County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

(a) Unqualified opinions were issued on the financial statements.

(b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was as follows:

- CFDA Number 97.036 - Disaster Grants - Public Assistance

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Crawford County did not qualify as a low-risk auditee.

Crawford County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

07-II-A Deposits - Department of Public Health: During the audit, we noted that deposits of collections were being made weekly by the County Department of Public Health. We do not consider these deposits to be timely.

Recommendation: We recommend that deposits of all receipts be made on a daily basis. This will improve internal controls over cash and other receipts on hand.

Response: The recommendation has been considered and evaluated. Although it is agreed on a theoretical basis, it is not possible to complete a daily deposit due to current staff level. Two deposits will be made each week with special exceptions for holidays or staff illness/vacation. Additional deposits are made other times within the month.

Conclusion: Response accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting

07-IV-A Certified Budget: Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted.

07-IV-B Questionable Expenditures: No expenditures were noted that meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

07-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

07-IV-D Business Transactions: No business transactions between the County and County officials were noted.

Part IV: Other Findings Related to Required Statutory Reporting - Continued

07-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

07-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

07-IV-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

07-IV-H 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).

07-IV-I County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

* * *