



JOHNSON COUNTY
IOWA CITY, IOWA

JOHNSON COUNTY

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JOHNSON COUNTY

JOHNSON COUNTY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Stutsman	Board of Supervisors	December 2010
Larry Meyers	Board of Supervisors	December 2010
Rod Sullivan	Board of Supervisors	December 2008
Pat Harney	Board of Supervisors	December 2008
Terrence Neuzil	Board of Supervisors	December 2008
Tom Slockett	County Auditor	December 2008
Tom Kriz	County Treasurer	December 2010
Kim Painter	County Recorder	December 2010
Lonny Pulkrabek	County Sheriff	December 2008
Janet Lyness	County Attorney	December 2010
Bill Greazel	County Assessor	Appointed
Dennis Baldrige	City Assessor	Appointed



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Officials of Johnson County:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Johnson County as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2008, on our consideration of Johnson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson 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 five 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 4 and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
March 28, 2008

Johnson County, Iowa
Management's Discussion and Analysis (MD&A)
June 30, 2007

INTRODUCTION

Our discussion and analysis of financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2007. It should be read in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$65,829,768 at June 30, 2007. This was an increase of \$24,423,175 (59.0%) over the prior year.
- ❑ Overall revenues of governmental activities increased 12.6% or \$6,534,091 from fiscal year 2006. Property tax increased \$2,068,441, operating grants and contributions increased \$2,043,487, charges for services decreased \$106,943, investment earnings increased \$388,952 and capital grants and contributions increased \$2,406,571.
- ❑ Program expenses grew 6.1% or \$3,013,099 from fiscal year 2006. Physical health and social services increased \$210,583, public safety and legal services increased \$702,394, governmental services to residents decreased \$481,191, mental health expenses grew \$1,671,203, roads and transportation expenses increased \$508,651, and administration expenses increased \$323,897.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and information as follows:

- ❑ **Management's Discussion and Analysis** - Introduces the basic financial statements and provides an analytical overview of the County's activities.
- ❑ **Government-wide financial statements** - Comprise the first two statements, providing both short-term and long-term information about Johnson County's overall financial position.
- ❑ **Fund financial statements** - Focus on reporting how government services were financed in the short term as well as what remains for future spending. Fund financial statements report operations in more detail by providing information about the most significant funds. The remaining statements provide financial information activities for which Johnson County acts solely as an agent or custodian for the benefit of those outside of county government (agency funds).

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Government-Wide Financial Statements

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

The two government-wide statements (Statement of Net Assets and the Statement of Activities) report the County's net assets and how they have changed. Net assets-the difference between the assets and liabilities- is one way to measure the County's financial health or position.

- ❑ Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in population, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the County include governmental activities such as public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long term debt, and non-program activities. Most of the County's basic services are included here, such as the Sheriff, County Attorney, Recorder, Treasurer, Auditor, Board of Supervisors, Ambulance, Public Health, Medical Examiner, Paratransit Services (SEATS), Planning & Zoning, Conservation, Human Services, Veteran Affairs, Juvenile Court Services, Mental Health/ Developmental Disabilities, Rural Funding to Libraries, Secondary Roads, and Court Services. Property Taxes and intergovernmental revenue fund most of these functions.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant funds-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Board of Supervisors establishes other funds to control and manage money for particular purposes or to show that the County is meeting legal responsibilities for using certain revenues. The County has three kinds of funds:

- ❑ Governmental funds - Most of the County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for future use. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental fund statements that explain the relationship (or differences) between them. Funds included are the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Funds (Rural Fund, Mental Health Fund, Secondary Roads Fund). The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures, and changes in fund balances.
- ❑ Fiduciary funds – the County is the trustee, or fiduciary, for assets that belong to others. Fiduciary funds for Johnson County include the E-911 Fund, the Empowerment Fund, The Iowa City & Johnson County Assessor Funds & Special Appraisal Funds, the Emergency Management Fund, and the Abandoned Storage Fund. The County is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the County-wide financial statements because the County cannot use the assets to finance its operations. The required financial statements for fiduciary funds include a statement of net assets and liabilities.
- ❑ Proprietary funds – The County has an internal service fund set up for the administration of its self-funded employee health insurance plans. Funds are paid into the health insurance fund from other county funds for payment of premiums, claims and administration costs. The internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The required statements include a statement of net assets, a statement of revenue, expenses, and changes in fund net assets, and a statement of cash flows.

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

FINANCIAL ANALYSIS OF JOHNSON COUNTY -- Net Assets

The County's combined net assets increased from \$41,406,593 to \$65,829,768. See Table 1. Analysis will focus on changes in net assets for governmental activities.

Table 1:
Net Assets

	Governmental Activities		Total Percentage Change
	2007	2006	2007-2006
Assets			
Current Assets	\$57,859,308	\$52,022,282	11.2%
Capital Assets, Net of Accumulated Depreciation	\$47,441,837	\$25,193,602	88.3%
TOTAL ASSETS	<u>\$105,301,145</u>	<u>\$77,215,884</u>	36.4%
Liabilities			
Current Liabilities	\$37,380,663	\$33,840,694	10.5%
Long Term Liabilities	\$2,090,714	\$1,968,597	6.2%
TOTAL LIABILITIES	<u>\$39,471,377</u>	<u>\$35,809,291</u>	10.2%
Net Assets			
Invested in Capital Assets, Net of Related Debt, as restated	\$47,440,003	\$25,187,820	88.3%
Restricted	\$4,944,502	\$ 5,196,756	-4.9%
Unrestricted	\$13,445,263	\$11,022,017	22.0%
TOTAL NET ASSETS, as restated	<u>\$65,829,768</u>	<u>\$41,406,593</u>	59.0%

Changes in Net Assets

Total net assets of governmental activities increased by 59.0%. The large increase in Invested in Capital Assets, Net of Related Debt is largely due to the recording of infrastructure in accordance with GASB 34 (see note 13 for more information). The largest portion of the County's net assets are invested in capital assets (land, buildings, equipment), net of related debt. The debt related to investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets increased from approximately \$11.02 million in fiscal year 2006 to approximately \$13.45 million in fiscal year 2007, an increase of 22.0%.

**Table 2:
Changes in Net Assets**

	Governmental Activities		Total Percentage
	2007	2006	Change 2007-2006
Revenues			
Program Revenues			
Charges for Services	\$4,770,509	\$4,877,452	-2.2%
Operating Grants and Contributions	\$18,038,258	\$15,994,771	12.8%
Capital Grants and Contributions	\$3,491,230	\$1,084,659	221.9%
Property and other taxes levied for:			
General Purpose	\$27,899,749	\$26,646,204	4.7%
Debt Service	\$814,896	\$0	N/A
Other County Taxes	\$761,744	\$751,698	1.3%
Penalties and Interest on Taxes	\$354,254	\$366,090	-3.2%
State tax credits	\$674,801	\$677,010	-0.3%
Franchise tax	0	\$56,429	-100.0%
Unrestricted investment earnings	\$1,627,222	\$1,238,270	31.4%
Gain on sale of capital assets	\$15,269	\$3,339	357.3%
Miscellaneous	\$58,254	\$276,173	-78.9%
TOTAL REVENUES	\$58,506,186	\$51,972,095	12.6%
Expenditures			
Public Safety and Legal Services	\$13,615,598	\$12,913,204	5.4%
Physical Health and Social Services	\$7,406,393	\$7,195,810	2.9%
Mental Health, MR & DD	\$12,356,007	\$10,684,804	15.6%
County Environment and Education	\$2,725,010	\$2,658,630	2.5%
Roads & Transportation	\$7,761,866	\$7,253,215	7.0%
Government Services to Residents	\$1,952,203	\$2,433,394	-19.8%
Administration	\$6,516,376	\$6,192,479	5.2%
Nonprogram Current	\$1,866	\$2,486	-24.9%
Interest on long-term debt	\$11,802	\$0	N/A
TOTAL EXPENDITURES	\$52,347,121	\$49,334,022	6.1%
INCREASE IN NET ASSETS	\$6,159,065	\$2,638,073	133.5%
Beginning, as restated	<u>\$59,670,703</u>	<u>\$38,768,520</u>	53.9%
Ending	<u>\$65,829,768</u>	<u>\$41,406,593</u>	59.0%

The County increased property taxes levied for 2007 by 8.7%. This increase raised the County's property tax revenue by approximately \$2,100,000. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase by an additional \$3,300,000 for fiscal year 2008.

The cost of all government services this year was \$52,347,121 compared to \$49,334,022 last year. The amount financed by taxpayers was \$29,476,389 (See Statement of Activities). Some of the cost was paid for by those who benefited from programs or other government grants and contributions. The County's program revenues increased from \$21,956,882 to \$26,299,997 principally due to increased revenue from capital grants, operating grants and related contributions. These revenue increases were offset by a decrease in charges for services in 2007.

MAJOR FUND ANALYSIS

Governmental funds reported a combined fund balance of \$17,839,386 an increase of \$2,426,108. Mental Health Fund expenditures exceeded revenues by approximately \$463,493 and the Capital Projects Fund's expenditures exceeded its revenues and cash transfers in by approximately \$538,398.

- ❑ General Fund revenues increased approximately \$2,833,276 due largely to an increase in property and other taxes of \$1,456,363. Expenditures increased \$1,664,087 due largely to an increase in public safety and legal services of \$539,156 and an increase in administration of \$584,115.
- ❑ Rural Service Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a decrease of \$25,627 from the prior year to \$77,916.
- ❑ Secondary Roads Fund revenues decreased approximately \$176,493 largely due to a decrease in miscellaneous revenue of approximately \$267,985. Expenditures decreased in the Secondary Roads Fund by approximately \$129,367 largely due to a decrease in Secondary Roads' capital project expenditures of approximately \$463,357.
- ❑ Mental Health Fund revenues increased by approximately \$1,816,755 from the prior year, due largely to an increase in intergovernmental revenue of approximately \$1,843,882. Expenditures increased by \$1,678,348 due to an increasing demand for services, an increase in service unit costs, and an increase in departmental administration costs.
- ❑ Capital Projects Fund revenues decreased approximately \$645,158 and expenditures decreased approximately \$2,714,120. The revenues and expenditures vary depending on the timing of projects.

General Fund Budgetary Highlights

Johnson County amended the budget five times during the fiscal year. The first amendment took place in August and was necessary due to the Systems Unlimited Block Grant being omitted from the Central Services budget. The Iowa City Public Library funding required adjusting due to calculations being made after the county's budget cycle was completed. The second amendment came in November and was brought about by various program changes in the Public Health and Human Services departments. The Sheriff also required changes due to overtime wages. The Technology Fund utilized reserve funds for completion of various projects. The third amendment was in February of 2007 and was necessitated by revenue and expense adjustments to the Insurance Fund resulting from the April, 2006 tornado that struck Iowa City. The fourth amendment was in April and this was due to the special election on the School Infrastructure Local Option tax. The final amendment took place in May was comprised of countywide merit pay adjustments, as well as notable budgetary increases within the departments of Public Health, Sheriff, Medical Examiner, Juvenile Justice, MHDD and the Technology Fund.

Information is available in the County Auditor's Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For fiscal year 2007 the County had a net increase of \$3,984,125 in a broad range of capital assets, including land, equipment and vehicles and infrastructure. This is due mainly to the acquisition of land for the Health and Human Services building, infrastructure additions and equipment and machinery purchases. See Table 3. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 3
Capital Assets

	Value of Capital Assets		Total Percentage
	2007	2006 as restated	Change 2007-2006
Non-Depreciated			
Land	\$8,184,568	\$6,936,604	18.0%
Construction in Progress	\$589,184	\$678,147	-13.1%
Total Not Being Depreciated	\$8,773,752	\$7,614,751	15.2%
Depreciable			
Buildings & Improvements	\$14,149,149	\$13,641,165	3.7%
Machinery and Equipment	\$12,973,014	\$12,540,115	3.5%
Infrastructure	\$47,891,520	\$43,615,944	9.8%
Total Depreciable Assets	\$75,013,683	\$69,797,224	7.5%
Total Accumulated Depreciation	\$36,345,598	\$33,954,263	7.0%
NET CAPITAL ASSETS	\$47,441,837	\$43,457,712	9.2%

The County has depreciation expense of \$3,176,235 in FY 2007 and total accumulated depreciation of \$36,345,598 on June 30, 2007.

The County's fiscal year 2008 budget projects spending of \$10,411,973 for capital projects, primarily for construction of the new Health & Human Services building and architectural services, Secondary Roads planned projects and technology upgrades. The County annually completes a Five Year Road Plan and Capital Improvement Plan (CIP). Both can be viewed by contacting management or are available on the County's web site www.johnson-county.com.

Long-Term Liabilities

At year end, the County had \$2,090,714 in long-term liabilities, consisting of compensated absences and capital lease purchase agreements (Table 4). The County added \$122,117 in long-term liabilities during the fiscal year. This is due mainly to an increase in the amount of compensated absences. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

**Table 4
Long-Term Liabilities**

	Total Year End Fiscal Year 2007 Long-Term Liabilities		Total Percentage Change
	2007	2006	2007-2006
Compensated Absences	\$2,088,880	\$1,962,815	6.4%
Capital Leases Payable	\$1,834	\$5,782	-68.3%
TOTAL LONG TERM LIABILITIES	\$2,090,714	\$1,968,597	6.2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the County was aware of several circumstances that could affect its future financial health:

- ❑ Real estate valuations continue to be strong in Johnson County. The budget remains streamlined but still able to accomplish capital projects and other county goals..
- ❑ Johnson County continues to enjoy a strong economy. Historically low interest rates on mortgages and a low unemployment rate make Johnson County fourth in the State of Iowa in per capita income.

- Johnson County grew from 96,000 residents in 1990 to 111,000 in 2000. The estimated current population is over 118,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, stakeholders, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact

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BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2007

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$ 21,718,925
Receivables	
Property tax	
Delinquent	135,312
Succeeding year	33,249,427
Interest, other	4,587
Accounts	448,021
Due from other governments	1,477,936
Prepaid expenses	482,107
Inventories	342,993
Land and construction in progress	8,773,752
Other capital assets (net of accumulated depreciation)	<u>38,668,085</u>
Total assets	<u>105,301,145</u>
LIABILITIES	
Accounts payable	2,253,532
Salaries and benefits payable	846,745
Due to other governments	1,030,959
Unearned revenue	
Succeeding year property tax	33,249,427
Long-term liabilities	
Portion due or payable within one year	
Capital lease purchase agreements	1,834
Compensated absences	464,965
Portion due or payable after one year	
Compensated absences	<u>1,623,915</u>
Total liabilities	<u>39,471,377</u>
NET ASSETS	
Invested in capital assets, net of related debt	47,440,003
Restricted for	
Supplemental levy purposes	235,490
Secondary roads purposes	3,603,563
Mental health purposes	568,290
Other purposes	537,159
Unrestricted	<u>13,445,263</u>
Total net assets	<u>\$ 65,829,768</u>

JOHNSON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Public safety and legal services	\$ 13,615,598	\$ 1,829,013	\$ 1,575,106	\$ 3,655	\$ (10,207,824)
Physical health and social services	7,406,393	202,970	3,311,891	312,156	(3,579,376)
Mental health	12,356,007	8,092	8,769,187	-	(3,578,728)
County environment and education	2,725,010	278,677	96,705	-	(2,349,628)
Roads and transportation	7,761,866	63,621	4,092,969	3,175,419	(429,857)
Governmental services to residents	1,952,203	1,697,009	122,347	-	(132,847)
Administration	6,516,376	691,127	70,053	-	(5,755,196)
Non-program	1,866	-	-	-	(1,866)
Interest on long-term debt	11,802	-	-	-	(11,802)
Total	\$ 52,347,121	\$ 4,770,509	\$ 18,038,258	\$ 3,491,230	(26,047,124)
General Revenues					
Property and other County tax levied for					
General purposes					27,899,749
Debt service					814,896
Other County taxes					761,744
Penalty and interest on property tax					354,254
State tax credits					674,801
Unrestricted investment earnings					1,627,222
Gain on sale of capital assets					15,269
Miscellaneous					58,254
Total general revenues					32,206,189
Change in net assets					6,159,065
Net assets beginning of year, as restated					59,670,703
Net assets end of year					\$ 65,829,768

**JOHNSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
ASSETS				
Cash and pooled investments	\$ 6,828,001	\$ 80,424	\$ 3,199,347	\$ 1,901,935
Receivables				
Property tax				
Delinquent	112,491	15,796	-	5,639
Succeeding year	25,799,452	3,480,496	-	3,138,395
Accounts	399,418	-	5,897	14,010
Interest, other	-	-	-	-
Due from other governments	797,565	-	333,850	345,879
Inventories	-	-	342,993	-
Prepays	354,795	-	5,390	-
	<u>34,291,722</u>	<u>3,576,716</u>	<u>3,887,477</u>	<u>5,405,858</u>
Total assets	<u>\$ 34,291,722</u>	<u>\$ 3,576,716</u>	<u>\$ 3,887,477</u>	<u>\$ 5,405,858</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 387,459	\$ -	\$ 165,209	\$ 717,875
Salaries and benefits payable	680,653	-	110,593	55,499
Due to other governments	183,652	3,129	5,503	838,675
Deferred revenue				
Succeeding year property tax	25,799,452	3,480,496	-	3,138,395
Other	704,153	15,175	2,609	87,124
	<u>27,755,369</u>	<u>3,498,800</u>	<u>283,914</u>	<u>4,837,568</u>
Total liabilities	<u>27,755,369</u>	<u>3,498,800</u>	<u>283,914</u>	<u>4,837,568</u>
Fund balances				
Reserved for				
Inventories	-	-	342,993	-
Prepays	354,795	-	5,390	-
Unreserved, reported in				
General fund	6,181,558	-	-	-
Special revenue funds	-	77,916	3,255,180	568,290
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
	<u>6,536,353</u>	<u>77,916</u>	<u>3,603,563</u>	<u>568,290</u>
Total fund balances	<u>6,536,353</u>	<u>77,916</u>	<u>3,603,563</u>	<u>568,290</u>
Total liabilities and fund balances	<u>\$ 34,291,722</u>	<u>\$ 3,576,716</u>	<u>\$ 3,887,477</u>	<u>\$ 5,405,858</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 3,462,588	\$ 3,707,398	\$ 19,179,693
-	1,386	135,312
-	831,084	33,249,427
3,066	-	422,391
-	4,587	4,587
642	-	1,477,936
-	-	342,993
<u>121,922</u>	<u>-</u>	<u>482,107</u>
<u>\$ 3,588,218</u>	<u>\$ 4,544,455</u>	<u>\$ 55,294,446</u>
\$ 176,798	\$ 3,591	\$ 1,450,932
-	-	846,745
-	-	1,030,959
-	831,084	33,249,427
<u>339</u>	<u>67,597</u>	<u>876,997</u>
<u>177,137</u>	<u>902,272</u>	<u>37,455,060</u>
-	-	342,993
121,922	-	482,107
-	-	6,181,558
-	3,603,807	7,505,193
-	38,376	38,376
<u>3,289,159</u>	<u>-</u>	<u>3,289,159</u>
<u>3,411,081</u>	<u>3,642,183</u>	<u>17,839,386</u>
<u>\$ 3,588,218</u>	<u>\$ 4,544,455</u>	<u>\$ 55,294,446</u>

JOHNSON COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Exhibit D

Total governmental fund balances \$ 17,839,386

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 \$83,787,435 and the accumulated depreciation is \$36,345,598.

Land	\$ 8,184,568	
Construction in progress	589,184	
Infrastructure	28,338,710	
Buildings and improvements	5,387,615	
Machinery and equipment	<u>4,941,760</u>	
Total capital assets, net		47,441,837

Other assets, such as County taxes, are not available to pay current period expenditures and therefore are deferred in the funds. 876,997

The Internal Service Fund is used by the County to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 1,762,262

Long-term liabilities, including capital lease purchase agreements and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Capital lease purchase agreements	(1,834)	
Compensated absences	<u>(2,088,880)</u>	
Total long-term liabilities		<u>(2,090,714)</u>

Net assets of governmental activities \$ 65,829,768

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
Revenues				
Property and other County tax	\$ 22,612,365	\$ 2,909,239	\$ -	\$ 3,079,007
Interest and penalty on property tax	374,642	-	-	-
Intergovernmental	6,389,589	87,802	4,112,663	8,838,445
Licenses and permits	403,230	-	1,500	-
Charges for service	2,993,899	-	-	7,342
Use of money and property	1,307,324	-	25,507	-
Miscellaneous	973,725	-	60,323	2,410
Total revenues	<u>35,054,774</u>	<u>2,997,041</u>	<u>4,199,993</u>	<u>11,927,204</u>
Expenditures				
Operating				
Public safety and legal services	13,247,735	-	-	-
Physical health and social services	7,371,545	-	-	-
Mental health	-	-	-	12,390,697
County environment and education	2,096,409	589,776	-	-
Roads and transportation	-	-	6,291,001	-
Governmental services to residents	1,838,482	-	-	-
Administration	5,958,352	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects	-	-	804,422	-
Total expenditures	<u>30,512,523</u>	<u>589,776</u>	<u>7,095,423</u>	<u>12,390,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,542,251</u>	<u>2,407,265</u>	<u>(2,895,430)</u>	<u>(463,493)</u>
Other financing sources (uses)				
Capital note proceeds	800,000	-	-	-
Sale of capital assets	9,939	-	-	1,750
Transfers in (out)	<u>(2,311,702)</u>	<u>(2,432,892)</u>	<u>2,990,393</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,501,763)</u>	<u>(2,432,892)</u>	<u>2,990,393</u>	<u>1,750</u>
Net change in fund balances	3,040,488	(25,627)	94,963	(461,743)
Fund balances beginning of year	<u>3,495,865</u>	<u>103,543</u>	<u>3,508,600</u>	<u>1,030,033</u>
Fund balances end of year	<u>\$ 6,536,353</u>	<u>\$ 77,916</u>	<u>\$ 3,603,563</u>	<u>\$ 568,290</u>

See notes to financial statements.

Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ 833,380	\$ 29,433,991
-	-	374,642
-	99,891	19,528,390
-	-	404,730
-	30,189	3,031,430
138,155	184,748	1,655,734
38,189	58,599	1,133,246
<u>176,344</u>	<u>1,206,807</u>	<u>55,562,163</u>
-	35,244	13,282,979
-	-	7,371,545
-	-	12,390,697
-	-	2,686,185
-	-	6,291,001
-	7,981	1,846,463
-	1,541	5,959,893
-	800,000	800,000
-	11,802	11,802
2,408,027	98,310	3,310,759
<u>2,408,027</u>	<u>954,878</u>	<u>53,951,324</u>
<u>(2,231,683)</u>	<u>251,929</u>	<u>1,610,839</u>
-	-	800,000
3,580	-	15,269
<u>1,689,705</u>	<u>64,496</u>	<u>-</u>
<u>1,693,285</u>	<u>64,496</u>	<u>815,269</u>
(538,398)	316,425	2,426,108
<u>3,949,479</u>	<u>3,325,758</u>	<u>15,413,278</u>
<u>\$ 3,411,081</u>	<u>\$ 3,642,183</u>	<u>\$ 17,839,386</u>

JOHNSON COUNTY

Exhibit F

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - Total governmental funds \$ 2,426,108

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	\$ 3,984,941	
Capital grants for capital assets	3,175,419	
Depreciation expense	<u>(3,176,235)</u>	3,984,125

Bond proceeds and capital leases provide current financial resources
to governmental funds, and thus contribute to the change in fund
balance. In the Statement of Net Assets, however, issuing debt
increases long-term liabilities and does not affect the Statement
of Activities. Similarly, repayment of principal is an expenditure in
the governmental funds but reduces the liability in the Statement of
Net Assets.

Debt issued	(800,000)	
Repayments	<u>803,948</u>	3,948

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. (246,665)

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:

Change in accrued compensated absences		(126,065)
--	--	-----------

The Internal Service Fund is used by the County to charge the costs
of health insurance to individual funds. The change in net assets of
the Internal Service Fund is reported with governmental activities.

117,614

Change in net assets of governmental activities		<u>\$ 6,159,065</u>
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JOHNSON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

Exhibit G

	<u>Internal Service - Employee Group Health</u>
ASSETS	
Cash and pooled investments	\$ 2,539,232
Accounts receivable	<u>25,630</u>
Total assets	2,564,862
LIABILITIES	
Accounts payable	<u>802,600</u>
NET ASSETS	
Unrestricted	<u><u>\$ 1,762,262</u></u>

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

Exhibit H

		Internal Service - Employee Group Health
Operating revenues		
Contributions and reimbursements from operating funds and other governmental units		\$ 4,129,780
Health fees - employees		<u>369,708</u>
Total operating revenues		4,499,488
Operating expenses		
Medical and health services	\$ 3,902,478	
Accounting, auditing, and clerical	623,213	
Miscellaneous	<u>100</u>	<u>4,525,791</u>
Operating loss		(26,303)
Non-operating revenues		
Interest income		<u>143,917</u>
Change in net assets		117,614
Net assets, beginning of year		<u>1,644,648</u>
Net assets, end of year		<u><u>\$ 1,762,262</u></u>

JOHNSON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

Exhibit I

	Internal Service - Employee Group Health
Cash flows from operating activities	
Cash received from operating fund reimbursements	\$ 4,129,780
Cash received from employees and others	395,012
Cash paid for administrative fees	(623,313)
Cash paid for medical claims and insurance premiums	<u>(3,647,658)</u>
Net cash provided by operating activities	253,821
Cash flows from investing activities	
Interest on investments	<u>143,917</u>
Net increase in cash and pooled investments	397,738
Cash and pooled investments at beginning of year	<u>2,141,494</u>
Cash and pooled investments at end of year	<u>\$ 2,539,232</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating loss	\$ (26,303)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Decrease in accounts receivable	25,304
Increase in accounts payable	<u>254,820</u>
Net cash provided by operating activities	<u>\$ 253,821</u>

JOHNSON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

Exhibit J

ASSETS

Cash and investments	
County Treasurer	\$ 4,422,178
Other County officials	366,382
Receivables	
Property tax	
Delinquent	188,030
Succeeding year	168,372,861
Accounts	64,394
Interest and penalties on special assessments	32,487
Prepays	7,338
Due from other governments	<u>18,138</u>
 Total assets	 <u>173,471,808</u>

LIABILITIES

Accounts payable	103,778
Salaries and benefits payable	36,438
Due to other governments	173,032,784
Trusts payable	189,912
Compensated absences	<u>108,896</u>
 Total liabilities	 <u>173,471,808</u>

NET ASSETS

\$ -

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Johnson 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Johnson 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

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. 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.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

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

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

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

The proprietary 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.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as 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, have a maturity date no longer than three months.

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

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Special Assessments Receivable – Assessments receivable represent amounts assessed to individuals for work done which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty 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. 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 certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Prepaid Expenses – Prepaid expenses represent certain payments to vendors that reflect costs applicable to future accounting periods.

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 County), 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Other capital assets	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	15 – 40
Improvements	10 – 40
Infrastructure	20 – 65
Equipment	2 – 30

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services, Secondary Roads, and Mental Health Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts 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.

E. Budgets and Budgetary Accounting

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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.

The County held no investments as of June 30, 2007.

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

Credit Risk. The County's investment policy limits investment in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk. The County's investment policy does not allow for a prime bankers acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The County's deposits are 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.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any investments during the year.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – INTERFUND TRANSFERS

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

Transfer To	Transfer From	Amount
General	Capital Projects	\$ 1,048,150
Special Revenue		
Secondary Roads	General	557,501
Conservation Land Acquisition Trust	General	64,496
Secondary Roads	Rural Services	2,432,892
Capital Projects	General	<u>2,737,855</u>
Total		<u>\$ 6,840,894</u>

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

NOTE 4 – CAPITAL ASSETS

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

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,936,604	\$ 1,247,964	\$ -	\$ 8,184,568
Construction in progress	<u>678,147</u>	<u>4,305,554</u>	<u>(4,394,517)</u>	<u>589,184</u>
Total capital assets not being depreciated	<u>7,614,751</u>	<u>5,553,518</u>	<u>(4,394,517)</u>	<u>8,773,752</u>
Capital assets being depreciated				
Buildings and improvements	13,641,165	507,984	-	14,149,149
Machinery and equipment	12,540,115	1,256,422	(823,523)	12,973,014
Infrastructure	<u>43,615,944</u>	<u>4,275,576</u>	<u>-</u>	<u>47,891,520</u>
Total capital assets being depreciated	<u>69,797,224</u>	<u>6,039,982</u>	<u>(823,523)</u>	<u>75,013,683</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year
Less accumulated depreciation for				
Buildings and improvements	\$ 8,489,883	\$ 271,651	\$ -	\$ 8,761,534
Machinery and equipment	7,711,065	1,105,089	(784,900)	8,031,254
Infrastructure	<u>17,753,315</u>	<u>1,799,495</u>	<u>-</u>	<u>19,552,810</u>
Total accumulated depreciation	<u>33,954,263</u>	<u>3,176,235</u>	<u>(784,900)</u>	<u>36,345,598</u>
Total capital assets being depreciated, net	<u>35,842,961</u>	<u>2,863,747</u>	<u>(38,623)</u>	<u>38,668,085</u>
 Governmental activities capital assets, net	 <u>\$ 43,457,712</u>	 <u>\$ 8,417,265</u>	 <u>\$ (4,433,140)</u>	 <u>\$ 47,441,837</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	\$ 319,718
Physical health and social services	30,941
Mental health	4,013
County environment and education	78,241
Roads and transportation	2,474,586
Governmental services to residents	31,972
Administration	234,897
Nonprogram	<u>1,867</u>
 Total depreciation expense - governmental activities	 <u>\$ 3,176,235</u>

NOTE 5 – DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. 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	\$ 183,652
Special Revenue		
Rural Services		3,129
Secondary Roads		5,503
Mental Health		<u>838,675</u>
Total for governmental funds		<u>1,030,959</u>

(continued on next page)

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Fund	Description	Amount
Agency		
County Recorder	Collections	\$ 178,634
Agricultural Extension Education		312,355
County Assessor		1,068,930
City Assessor		779,944
Emergency Management		130,491
Brucellosis and Tuberculosis Eradication		134
Schools		106,201,849
Community Colleges		3,858,269
Corporations		56,895,047
Townships		646,810
City Special Assessments		41,001
E911 Surcharge		714,159
Auto License and Use Tax		1,734,788
Empowerment Board		375,343
Tax Sales		95,030
Total for agency funds		<u>173,032,784</u>
Total		<u>\$ 174,063,743</u>

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

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

	Obligation Capital Note	Compensated Absences	Capital Lease Purchase Agreements	Total
Balance beginning of year	\$ -	\$ 1,962,815	\$ 5,782	\$ 1,968,597
Increases	800,000	126,065	-	926,065
Decreases	<u>800,000</u>	<u>-</u>	<u>3,948</u>	<u>803,948</u>
Balance end of year	<u>\$ -</u>	<u>\$ 2,088,880</u>	<u>\$ 1,834</u>	<u>\$ 2,090,714</u>
Due within one year	<u>\$ -</u>	<u>\$ 464,965</u>	<u>\$ 1,834</u>	<u>\$ 466,799</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease equipment with historical costs of \$8,286. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 5.82% to 9.74% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2007:

<u>Year Ending June 30,</u>	<u>Copier Leases</u>
2008	\$ 1,925
Less amount representing interest	<u>(91)</u>
Present value of net minimum lease payments	<u>\$ 1,834</u>

Payments under capital lease purchase agreements totaled \$4,276 for the year ended June 30, 2007.

NOTE 7 – 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.

Plan members are required to contribute 3.70% of their annual covered salary, and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2007, are 8.37% and 8.37%, respectively, and conservation peace officers, in which case the percentages are 6.08% and 9.12%, respectively. For the year ended June 30, 2006, the contribution rates for law enforcement employees and the County were 8.2% and 8.2%, respectively, and conservation peace officers, in which case the percentages were 6.16% and 9.23%, respectively. For the year ended June 30, 2005, the contribution rates for law enforcement employees and the County were 5.10% and 7.66%, respectively, and conservation peace officers, in which case the percentages were 6.16% and 9.23%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$1,212,199, \$1,138,954, and \$1,070,978, respectively, equal to the required contributions for each year.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – RISK MANAGEMENT

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2007, were \$352,158.

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 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.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 9 – 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. Health benefits were self-insured up to a specific stop-loss amount of \$50,000 and an aggregate annual stop-loss amount of approximately \$3,835,000 for 2007. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop-loss amount.

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 to the fund for the year ended June 30, 2007, was \$4,129,780.

Amounts payable from the Employee Group Health Fund at June 30, 2007, total \$577,988, 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 \$1,762,262 at June 30, 2007, and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Changes in the fund's claims liability amount in fiscal 2007 and 2006 were:

Unpaid claims, June 30, 2005	\$ 501,853
Incurred claims (including IBNRs)	3,234,106
Claim payments	<u>(3,250,440)</u>
Unpaid claims, June 30, 2006	485,519
Incurred claims (including IBNRs)	3,902,478
Claim payments	<u>(3,810,009)</u>
Unpaid claims, June 30, 2007	<u>\$ 577,988</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 – CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2007, there were three issues of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,319,302.

NOTE 11 – CONSTRUCTION COMMITMENTS

The County has entered into four contracts totaling \$12,043,905 for road construction and bridge replacements. As of June 30, 2007, costs of \$74,755 on the projects have been incurred. The balance remaining on the projects at June 30, 2007, \$11,969,150, will be paid as work on the projects progress.

NOTE 12 – LITIGATION

The County Attorney reported that as of June 30, 2007, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 13 – RESTATEMENT OF BEGINNING BALANCES

In fiscal year 2006-2007 the County capitalized public infrastructure assets acquired between 1981 and 2000 which had previously not been capitalized. These assets have a historical cost of \$33,378,011 and accumulated depreciation of \$15,113,901, which yields a book value of \$18,264,110.

	<u>Governmental Activities</u>
Balance June 30, 2006, as previously reported	\$ 41,406,593
Adjustments for capitalization of infrastructure in accordance with GASB 34	<u>18,264,110</u>
Total, as restated	<u>\$ 59,670,703</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 14 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued seven statements not yet implemented by Johnson County. The statements, which might impact Johnson County, are as follows:

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the County for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in Statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this statement is effective for the fiscal year ended June 30, 2006.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the fiscal year ending June 30, 2008. This statement establishes standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also establishes standards that apply to all intra-entity transfers of assets and future revenues.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for accounting and financial reporting for obligations to address the current or potential detrimental effects of existing pollution.

Statement No. 50, *Pension Disclosures*, issued May 2007, will be effective for the fiscal year ending June 30, 2008. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES – BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS BUDGET TO
GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance-	Actual as %
	Original	Final		Favorable	of Final
				(Unfavorable)	Budget
Receipts					
Property and other County tax	\$ 29,410,056	\$ 29,410,056	\$ 29,437,537	\$ 27,481	100%
Interest and penalty on property tax	317,379	317,379	316,063	(1,316)	100
Intergovernmental	17,608,905	19,726,682	19,165,271	(561,411)	97
Licenses and permits	486,860	493,855	400,720	(93,135)	81
Charges for service	2,663,150	2,713,100	3,024,757	311,657	111
Use of money and property	853,799	862,799	1,678,201	815,402	195
Miscellaneous	1,815,621	2,125,994	1,168,621	(957,373)	55
Total receipts	<u>53,155,770</u>	<u>55,649,865</u>	<u>55,191,170</u>	<u>(458,695)</u>	<u>99</u>
Disbursements					
Public safety and legal services	13,846,019	14,361,068	13,412,198	948,870	93%
Physical health and social services	7,106,101	7,893,931	7,559,967	333,964	96
Mental health	10,968,430	12,846,078	11,969,379	876,699	93
County environment and education	2,760,165	2,819,080	2,717,572	101,508	96
Roads and transportation	7,201,871	7,206,131	6,218,898	987,233	86
Governmental services to residents	2,038,302	2,150,667	1,851,155	299,512	86
Administration	6,153,346	6,478,051	5,960,998	517,053	92
Non-program	1,950	1,950	-	1,950	-
Debt service	848,000	848,000	811,802	36,198	96
Capital projects	<u>4,374,578</u>	<u>4,790,936</u>	<u>3,297,049</u>	<u>1,493,887</u>	<u>69</u>
Total disbursements	<u>55,298,762</u>	<u>59,395,892</u>	<u>53,799,018</u>	<u>5,596,874</u>	<u>91</u>
Excess (deficiency) of receipts over (under) disbursements	(2,142,992)	(3,746,027)	1,392,152		
Other financing sources					
Capital note proceeds	800,000	800,000	800,000		
Sale of capital assets	<u>2,400</u>	<u>4,150</u>	<u>15,269</u>		
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(1,340,592)	(2,941,877)	2,207,421		
Balance beginning of year	<u>16,495,782</u>	<u>16,495,782</u>	<u>16,495,782</u>		
Balance end of year	<u>\$ 15,155,190</u>	<u>\$ 13,553,905</u>	<u>\$ 18,703,203</u>		

Budget to GAAP Reconciliation

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 55,191,170	\$ 370,993	\$ 55,562,163
Expenditures	<u>53,799,018</u>	<u>152,306</u>	<u>53,951,324</u>
Net	1,392,152	218,687	1,610,839
Other financing sources	815,269	-	815,269
Beginning fund balances	<u>16,495,782</u>	<u>(1,082,504)</u>	<u>15,413,278</u>
Ending fund balances	<u>\$ 18,703,203</u>	<u>\$ (863,817)</u>	<u>\$ 17,839,386</u>

JOHNSON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2007

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except internal service 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 ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, five budget amendments increased budgeted disbursements by \$4,097,130. The budget amendments are reflected in the final budgeted amounts.

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

JOHNSON COUNTY

JOHNSON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special					
	County Sheriff Law Enforcement Proceeds	County Attorney Law Enforcement Proceeds	Resources Enhancement and Protection	Road Construction Escrow	Historical Preservation	County Recorder's Records Management
ASSETS						
Cash and pooled investments	\$ 91,836	\$ 26,404	\$ 119,034	\$ 3,056,968	\$ 1,569	\$ 64,917
Receivables						
Property tax						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Interest, other	-	-	-	4,587	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 91,836</u>	<u>\$ 26,404</u>	<u>\$ 119,034</u>	<u>\$ 3,061,555</u>	<u>\$ 1,569</u>	<u>\$ 64,917</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	-	66,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,000</u>	<u>-</u>	<u>-</u>
Fund balances						
Unreserved, reported in						
Special revenue funds	91,836	26,404	119,034	2,995,555	1,569	64,917
Debt service fund	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>91,836</u>	<u>26,404</u>	<u>119,034</u>	<u>2,995,555</u>	<u>1,569</u>	<u>64,917</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 91,836</u>	<u>\$ 26,404</u>	<u>\$ 119,034</u>	<u>\$ 3,061,555</u>	<u>\$ 1,569</u>	<u>\$ 64,917</u>

Revenue Funds

<u>Ambulance</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Courthouse Centenary Trust</u>	<u>Conservation Land Acquisition Trust</u>	<u>SIH Consortium Trust</u>	<u>Debt Service</u>	<u>Total</u>
\$ 1,343	\$ -	\$ 3,264	\$ 302,276	\$ 1,431	\$ 38,356	\$ 3,707,398
-	-	-	-	-	1,386	1,386
-	-	-	-	-	831,084	831,084
-	-	-	-	-	-	4,587
<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ 3,264</u>	<u>\$ 302,276</u>	<u>\$ 1,431</u>	<u>\$ 870,826</u>	<u>\$ 4,544,455</u>
\$ -	\$ -	\$ -	\$ 3,591	\$ -	\$ -	\$ 3,591
-	-	-	-	-	831,084	831,084
-	-	-	-	231	1,366	67,597
-	-	-	3,591	231	832,450	902,272
1,343	-	3,264	298,685	1,200	-	3,603,807
-	-	-	-	-	38,376	38,376
<u>1,343</u>	<u>-</u>	<u>3,264</u>	<u>298,685</u>	<u>1,200</u>	<u>38,376</u>	<u>3,642,183</u>
<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ 3,264</u>	<u>\$ 302,276</u>	<u>\$ 1,431</u>	<u>\$ 870,826</u>	<u>\$ 4,544,455</u>

JOHNSON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	County Sheriff Law Enforcement Proceeds	County Attorney Law Enforcement Proceeds	Resources Enhancement and Protection	Road Construction Escrow	Historical Preservation	Special County Recorder's Records Management
Revenues						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	41,882	-	41,333	-	-	-
Charges for service	-	-	-	-	-	30,189
Use of money and property	5,629	-	5,484	155,251	-	2,525
Miscellaneous	-	3,054	-	-	-	-
Total revenues	<u>47,511</u>	<u>3,054</u>	<u>46,817</u>	<u>155,251</u>	<u>-</u>	<u>32,714</u>
Expenditures						
Operating						
Public safety and legal services	35,105	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	7,978
Administration	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>35,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,978</u>
Excess (deficiency) of revenues over (under) expenditures	12,406	3,054	46,817	155,251	-	24,736
Other financing sources						
Transfers in	-	-	-	-	-	-
Net change in fund balances	12,406	3,054	46,817	155,251	-	24,736
Fund balances beginning of year	<u>79,430</u>	<u>23,350</u>	<u>72,217</u>	<u>2,840,304</u>	<u>1,569</u>	<u>40,181</u>
Fund balances end of year	<u>\$ 91,836</u>	<u>\$ 26,404</u>	<u>\$ 119,034</u>	<u>\$ 2,995,555</u>	<u>\$ 1,569</u>	<u>\$ 64,917</u>

Revenue Funds

Ambulance	County Recorder's Electronic Transaction Fee	Courthouse Centenary Trust	Conservation Land Acquisition Trust	SIH Consortium Trust	Debt Service	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 833,380	\$ 833,380
-	-	-	-	-	16,676	99,891
-	-	-	-	-	-	30,189
1	-	10	15,848	-	-	184,748
174	-	-	55,371	-	-	58,599
<u>175</u>	<u>-</u>	<u>10</u>	<u>71,219</u>	<u>-</u>	<u>850,056</u>	<u>1,206,807</u>
139	-	-	-	-	-	35,244
-	3	-	-	-	-	7,981
-	-	1,541	-	-	-	1,541
-	-	-	-	-	800,000	800,000
-	-	-	-	-	11,802	11,802
-	-	-	98,310	-	-	98,310
<u>139</u>	<u>3</u>	<u>1,541</u>	<u>98,310</u>	<u>-</u>	<u>811,802</u>	<u>954,878</u>
36	(3)	(1,531)	(27,091)	-	38,254	251,929
-	-	-	64,496	-	-	64,496
36	(3)	(1,531)	37,405	-	38,254	316,425
<u>1,307</u>	<u>3</u>	<u>4,795</u>	<u>261,280</u>	<u>1,200</u>	<u>122</u>	<u>3,325,758</u>
<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ 3,264</u>	<u>\$ 298,685</u>	<u>\$ 1,200</u>	<u>\$ 38,376</u>	<u>\$ 3,642,183</u>

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
COUNTY AUDITOR				
Assets				
Cash and investments	\$ 3,297	\$ 132,010	\$ 135,307	\$ -
Liabilities				
Due to other funds	-	\$ 37,932	\$ 37,932	\$ -
Due to other governments	3,297	-	3,297	-
Total liabilities	<u>\$ 3,297</u>	<u>\$ 37,932</u>	<u>\$ 41,229</u>	<u>\$ -</u>
COUNTY RECORDER				
Assets				
Cash and investments	\$ 175,305	\$ 1,448,981	\$ 1,447,816	\$ 176,470
Accounts receivable	2,164	2,164	2,164	2,164
Total assets	<u>\$ 177,469</u>	<u>\$ 1,451,145</u>	<u>\$ 1,449,980</u>	<u>\$ 178,634</u>
Liabilities				
Due to other governments	<u>\$ 177,469</u>	<u>\$ 1,451,145</u>	<u>\$ 1,449,980</u>	<u>\$ 178,634</u>
COUNTY SHERIFF				
Assets				
Cash and investments	\$ 489,126	\$ 3,111,970	\$ 3,411,184	\$ 189,912
Liabilities				
Due to other funds	\$ -	\$ 271,862	\$ 271,862	\$ -
Due to other governments	21	227	248	-
Trusts payable	489,105	2,839,881	3,139,074	189,912
Total liabilities	<u>\$ 489,126</u>	<u>\$ 3,111,970</u>	<u>\$ 3,411,184</u>	<u>\$ 189,912</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
AGRICULTURAL EXTENSION EDUCATION				
Assets				
Cash and investments	\$ 1,425	\$ 310,197	\$ 309,811	\$ 1,811
Property tax receivable				
Delinquent	703	557	703	557
Succeeding year	<u>309,973</u>	<u>309,987</u>	<u>309,973</u>	<u>309,987</u>
Total assets	<u>\$ 312,101</u>	<u>\$ 620,741</u>	<u>\$ 620,487</u>	<u>\$ 312,355</u>
Liabilities				
Due to other governments	<u>\$ 312,101</u>	<u>\$ 620,741</u>	<u>\$ 620,487</u>	<u>\$ 312,355</u>
COUNTY ASSESSOR				
Assets				
Cash and investments	\$ 427,733	\$ 826,100	\$ 906,917	\$ 346,916
Property tax receivable				
Delinquent	2,673	2,236	2,673	2,236
Succeeding year	749,256	789,030	749,256	789,030
Prepays	<u>-</u>	<u>5,203</u>	<u>-</u>	<u>5,203</u>
Total assets	<u>\$ 1,179,662</u>	<u>\$ 1,622,569</u>	<u>\$ 1,658,846</u>	<u>\$ 1,143,385</u>
Liabilities				
Accounts payable	\$ 757	\$ 239	\$ 757	\$ 239
Salaries and benefits payable	16,093	19,420	16,093	19,420
Due to other governments	1,115,071	1,548,114	1,594,255	1,068,930
Compensated absences	<u>47,741</u>	<u>54,796</u>	<u>47,741</u>	<u>54,796</u>
Total liabilities	<u>\$ 1,179,662</u>	<u>\$ 1,622,569</u>	<u>\$ 1,658,846</u>	<u>\$ 1,143,385</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
CITY ASSESSOR				
Assets				
Cash and investments	\$ 217,407	\$ 530,265	\$ 515,736	\$ 231,936
Receivables				
Property tax				
Delinquent	617	434	617	434
Succeeding year	529,687	608,700	529,687	608,700
Accounts	112	-	112	-
Prepays	2,075	536	2,075	536
	<u>749,898</u>	<u>1,139,935</u>	<u>1,048,227</u>	<u>841,606</u>
Total assets	<u>\$ 749,898</u>	<u>\$ 1,139,935</u>	<u>\$ 1,048,227</u>	<u>\$ 841,606</u>
Liabilities				
Accounts payable	\$ 80	\$ 379	\$ 80	\$ 379
Salaries and benefits payable	13,601	14,076	13,601	14,076
Due to other governments	695,918	1,078,273	994,247	779,944
Compensated absences	40,299	47,207	40,299	47,207
	<u>749,898</u>	<u>1,139,935</u>	<u>1,048,227</u>	<u>841,606</u>
Total liabilities	<u>\$ 749,898</u>	<u>\$ 1,139,935</u>	<u>\$ 1,048,227</u>	<u>\$ 841,606</u>
EMERGENCY MANAGEMENT				
Assets				
Cash and investments	\$ 217,070	\$ 181,234	\$ 250,549	\$ 147,755
Accounts receivable	49	312	49	312
Prepays	-	372	-	372
	<u>217,119</u>	<u>181,918</u>	<u>250,598</u>	<u>148,439</u>
Total assets	<u>\$ 217,119</u>	<u>\$ 181,918</u>	<u>\$ 250,598</u>	<u>\$ 148,439</u>
Liabilities				
Accounts payable	\$ 14,786	\$ 8,113	\$ 14,786	\$ 8,113
Salaries and benefits payable	3,365	2,942	3,365	2,942
Due to other governments	192,634	163,970	226,113	130,491
Compensated absences	6,334	6,893	6,334	6,893
	<u>217,119</u>	<u>181,918</u>	<u>250,598</u>	<u>148,439</u>
Total liabilities	<u>\$ 217,119</u>	<u>\$ 181,918</u>	<u>\$ 250,598</u>	<u>\$ 148,439</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
BRUCellosIS AND TUBERCULOSIS ERADICATION				
Assets				
Cash and investments	\$ 92	\$ 44,249	\$ 44,237	\$ 104
Property tax receivable				
Delinquent	42	30	42	30
Total assets	<u>\$ 134</u>	<u>\$ 44,279</u>	<u>\$ 44,279</u>	<u>\$ 134</u>
Liabilities				
Due to other governments	<u>\$ 134</u>	<u>\$ 44,279</u>	<u>\$ 44,279</u>	<u>\$ 134</u>
SCHOOLS				
Assets				
Cash and investments	\$ 326,730	\$ 63,537,892	\$ 63,492,900	\$ 371,722
Property tax receivable				
Delinquent	149,508	118,400	149,508	118,400
Succeeding year	100,455,090	105,711,727	100,455,090	105,711,727
Total assets	<u>\$ 100,931,328</u>	<u>\$ 169,368,019</u>	<u>\$ 164,097,498</u>	<u>\$ 106,201,849</u>
Liabilities				
Due to other governments	<u>\$ 100,931,328</u>	<u>\$ 169,368,019</u>	<u>\$ 164,097,498</u>	<u>\$ 106,201,849</u>
COMMUNITY COLLEGES				
Assets				
Cash and investments	\$ 14,853	\$ 3,958,019	\$ 3,949,839	\$ 23,033
Property tax receivable				
Delinquent	8,360	7,038	8,360	7,038
Succeeding year	3,761,235	3,828,198	3,761,235	3,828,198
Total assets	<u>\$ 3,784,448</u>	<u>\$ 7,793,255</u>	<u>\$ 7,719,434</u>	<u>\$ 3,858,269</u>
Liabilities				
Due to other governments	<u>\$ 3,784,448</u>	<u>\$ 7,793,255</u>	<u>\$ 7,719,434</u>	<u>\$ 3,858,269</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
CORPORATIONS				
Assets				
Cash and investments	\$ 352,961	\$ 71,415,797	\$ 71,413,212	\$ 355,546
Property tax receivable				
Delinquent	91,742	56,742	91,742	56,742
Succeeding year	<u>54,186,414</u>	<u>56,482,759</u>	<u>54,186,414</u>	<u>56,482,759</u>
Total assets	<u>\$ 54,631,117</u>	<u>\$ 127,955,298</u>	<u>\$ 125,691,368</u>	<u>\$ 56,895,047</u>
Liabilities				
Due to other governments	<u>\$ 54,631,117</u>	<u>\$ 127,955,298</u>	<u>\$ 125,691,368</u>	<u>\$ 56,895,047</u>
TOWNSHIPS				
Assets				
Cash and investments	\$ 4,861	\$ 639,919	\$ 643,023	\$ 1,757
Property tax receivable				
Delinquent	3,145	2,593	3,145	2,593
Succeeding year	<u>639,587</u>	<u>642,460</u>	<u>639,587</u>	<u>642,460</u>
Total assets	<u>\$ 647,593</u>	<u>\$ 1,284,972</u>	<u>\$ 1,285,755</u>	<u>\$ 646,810</u>
Liabilities				
Due to other governments	<u>\$ 647,593</u>	<u>\$ 1,284,972</u>	<u>\$ 1,285,755</u>	<u>\$ 646,810</u>
CITY SPECIAL ASSESSMENTS				
Assets				
Cash and investments	\$ 9,259	\$ 518,453	\$ 519,198	\$ 8,514
Special assessments receivable	<u>47,820</u>	<u>32,487</u>	<u>47,820</u>	<u>32,487</u>
Total assets	<u>\$ 57,079</u>	<u>\$ 550,940</u>	<u>\$ 567,018</u>	<u>\$ 41,001</u>
Liabilities				
Due to other governments	<u>\$ 57,079</u>	<u>\$ 550,940</u>	<u>\$ 567,018</u>	<u>\$ 41,001</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
STATE TAX CREDITS				
Assets				
Cash and investments	\$ -	\$ 52,763	\$ 52,763	\$ -
Liabilities				
Due to other governments	\$ -	\$ 52,763	\$ 52,763	\$ -
E911 SURCHARGE				
Assets				
Cash and investments	\$ 424,459	\$ 409,229	\$ 195,271	\$ 638,417
Accounts receivable	63,921	61,918	63,921	61,918
Due from other governments	12,598	18,138	12,598	18,138
Total assets	<u>\$ 500,978</u>	<u>\$ 489,285</u>	<u>\$ 271,790</u>	<u>\$ 718,473</u>
Liabilities				
Accounts payable	\$ 21,326	\$ 4,314	\$ 21,326	\$ 4,314
Due to other governments	479,652	484,971	250,464	714,159
Total liabilities	<u>\$ 500,978</u>	<u>\$ 489,285</u>	<u>\$ 271,790</u>	<u>\$ 718,473</u>
AUTO LICENSE AND USE TAX				
Assets				
Cash and investments	\$ 1,817,590	\$ 24,830,524	\$ 24,913,326	\$ 1,734,788
Liabilities				
Due to other governments	\$ 1,817,590	\$ 24,830,524	\$ 24,913,326	\$ 1,734,788

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
EMPOWERMENT BOARD				
Assets				
Cash and investments	\$ 330,176	\$ 1,363,014	\$ 1,228,341	\$ 464,849
Prepays	-	1,227	-	1,227
Total assets	<u>\$ 330,176</u>	<u>\$ 1,364,241</u>	<u>\$ 1,228,341</u>	<u>\$ 466,076</u>
Liabilities				
Accounts payable	\$ 76,926	\$ 90,733	\$ 76,926	\$ 90,733
Due to other governments	253,250	1,273,508	1,151,415	375,343
Total liabilities	<u>\$ 330,176</u>	<u>\$ 1,364,241</u>	<u>\$ 1,228,341</u>	<u>\$ 466,076</u>
TAX SALES				
Assets				
Cash and investments	<u>\$ 154,264</u>	<u>\$ 1,192,555</u>	<u>\$ 1,251,789</u>	<u>\$ 95,030</u>
Liabilities				
Due to other governments	<u>\$ 154,264</u>	<u>\$ 1,192,555</u>	<u>\$ 1,251,789</u>	<u>\$ 95,030</u>
FLOOD CONTROL				
Assets				
Cash and investments	<u>\$ -</u>	<u>\$ 59,085</u>	<u>\$ 59,085</u>	<u>\$ -</u>
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 59,085</u>	<u>\$ 59,085</u>	<u>\$ -</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2007

Schedule 3
(continued)

	Balance June 30 2006	Additions	Deletions	Balance June 30 2007
TOTAL COMBINED FUNDS				
Assets				
Cash and investments				
County Treasurer	\$ 4,298,880	\$ 169,869,295	\$ 169,745,997	\$ 4,422,178
Other County officials	667,728	4,692,961	4,994,307	366,382
Receivables				
Property tax				
Delinquent	256,790	188,030	256,790	188,030
Succeeding year	160,631,242	168,372,861	160,631,242	168,372,861
Accounts	66,246	64,394	66,246	64,394
Special assessments	47,820	32,487	47,820	32,487
Prepays	2,075	7,338	2,075	7,338
Due from other governments	12,598	18,138	12,598	18,138
	<u>\$ 165,983,379</u>	<u>\$ 343,245,504</u>	<u>\$ 335,757,075</u>	<u>\$ 173,471,808</u>
Liabilities				
Accounts payable	\$ 113,875	\$ 103,778	\$ 113,875	\$ 103,778
Salaries and benefits payable	33,059	36,438	33,059	36,438
Due to other funds	-	309,794	309,794	-
Due to other governments	165,252,966	339,752,639	331,972,821	173,032,784
Trusts payable	489,105	2,839,881	3,139,074	189,912
Compensated absences	94,374	108,896	94,374	108,896
	<u>\$ 165,983,379</u>	<u>\$ 343,151,426</u>	<u>\$ 335,662,997</u>	<u>\$ 173,471,808</u>

JOHNSON COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST SIX YEARS

Schedule 4

	2007	2006	2005	2004	2003	2002
Revenues						
Property and other County tax	\$ 29,433,991	\$ 27,085,150	\$ 25,643,264	\$ 24,596,847	\$ 24,006,429	\$ 21,780,617
Interest and penalty on property tax	374,642	375,395	278,470	311,322	284,957	329,416
Intergovernmental	19,528,390	17,668,730	16,583,058	15,628,260	15,027,205	14,986,922
Licenses and permits	404,730	528,659	478,236	424,448	439,361	377,714
Charges for service	3,031,430	3,035,389	2,913,707	3,138,414	3,030,099	2,551,094
Use of money and property	1,655,734	1,185,885	734,308	379,088	671,680	811,279
Miscellaneous	1,133,246	885,704	505,562	370,696	389,089	275,627
Total revenues	<u>\$ 55,562,163</u>	<u>\$ 50,764,912</u>	<u>\$ 47,136,605</u>	<u>\$ 44,849,075</u>	<u>\$ 43,848,820</u>	<u>\$ 41,112,669</u>
Expenditures						
Operating						
Public safety and legal services	\$ 13,282,979	\$ 12,797,233	\$ 11,941,799	\$ 11,111,743	\$ 10,197,204	\$ 9,814,074
Physical health and social services	7,371,545	7,132,324	6,332,194	6,368,969	5,938,444	6,970,493
Mental health	12,390,697	10,712,349	10,140,316	9,529,981	8,896,526	9,153,902
County environment and education	2,686,185	2,461,700	2,325,169	2,183,913	2,078,719	1,378,232
Roads and transportation	6,291,001	5,957,011	5,838,452	5,504,698	5,244,849	5,395,074
Governmental services to residents	1,846,463	1,716,886	1,722,204	1,602,117	1,600,354	1,398,147
Administration	5,959,893	5,374,237	5,168,099	4,705,144	4,847,683	4,086,067
Non-program	-	600	600	11,816	600	600
Debt service	811,802	-	3,995,146	3,617,328	9,198,554	160,000
Capital projects	3,310,759	6,491,702	1,449,068	2,411,700	2,138,624	3,873,079
Total expenditures	<u>\$ 53,951,324</u>	<u>\$ 52,644,042</u>	<u>\$ 48,913,047</u>	<u>\$ 47,047,409</u>	<u>\$ 50,141,557</u>	<u>\$ 42,229,668</u>

**INFORMATION PROVIDED TO COMPLY WITH
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

JOHNSON COUNTY



CPAs & BUSINESS ADVISORS

**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 Johnson County:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated March 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe item II-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson 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*.

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 and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. 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.

The County's response to a finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit the County's response, and accordingly, we express no opinion on it.

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
March 28, 2008



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Officials of Johnson County:

Compliance

We have audited the compliance of Johnson County, Iowa, 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 each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Johnson County's management. Our responsibility is to express an opinion on Johnson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Johnson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Johnson County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Johnson 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 Johnson 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 the County's internal control over compliance.

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
March 28, 2008

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct			
Department of the Interior Payments in Lieu of Taxes	15.226		\$ <u>35,186</u>
Department of Justice State Criminal Alien Assistance Program	16.606	2006-F3074-IA-AP	<u>26,255</u>
Bulletproof Vest Partnership Program	16.607		<u>3,568</u>
Total Direct			<u>65,009</u>
Indirect			
Department of Agriculture Iowa Department of Public Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5886A051	84,967
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5887A051	<u>298,910</u>
			<u>383,877</u>
Iowa Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561		<u>35,104</u>
Department of Defense Iowa State Treasurer's Office Payments to States in Lieu of Real Estate Taxes	12.112		<u>78,779</u>
Department of Housing and Urban Development Iowa Department of Economic Development Community Development Block Grants/State's Program	14.228	05-CF-017	<u>219,504</u>
Department of Justice Iowa Department of Human Rights Juvenile Accountability Incentive Block Grants	16.523	28-JD05-F505	<u>18,232</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	28-JD05-F505	<u>13,163</u>
Title V – Delinquency Prevention Program	16.548	28-JD05-F505	<u>2,611</u>
Iowa Department of Public Safety Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		<u>3,338</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Justice (continued)			
Iowa Department of Human Rights			
Public Safety Partnership and Community Policing Grants	16.710	04-COPS-28	\$ <u>35,743</u>
Enforcing Underage Drinking Laws Program	16.727	28-JD05-F505	12,099
Enforcing Underage Drinking Laws Program	16.727	28-JD04-F505	<u>1,024</u>
			<u>13,123</u>
Governor's Office of Drug Control Policy			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	06JAG-A34	<u>47,719</u>
Department of Labor			
Kirkwood Community College			
WIA Dislocated Workers	17.260	WIA-OJT-15	<u>5,429</u>
Department of Transportation			
East Central Iowa Council of Governments			
Formula Grants for Other Than Urbanized Areas	20.509	TF-2000-XXX	1,392
Formula Grants for Other Than Urbanized Areas	20.509		<u>26,540</u>
			<u>27,932</u>
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	PAP 07-04, Task 24	2,153
State and Community Highway Safety	20.600	PAP 06-04, Task 24	<u>3,839</u>
			<u>5,992</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 07-163, Task 42	<u>746</u>
Iowa Department of Public Defense			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>960</u>
Elections Assistance Commission			
Woodbury County Auditor			
Help America Vote Act Requirements Payments	90.401		<u>3,150</u>
Department of Health and Human Services			
Iowa Department of Human Services			
Human Services Administrative Reimbursement Child Care Block Grant	93.037		<u>17</u>
Iowa Department of Public Health			
Immunization Grants	93.268	5887I416	22,266
Immunization Grants	93.268	5886I416	<u>28,021</u>
			<u>50,287</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Public Health (continued)			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887NB14	\$ 14,490
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887WW08	2,820
Linn County Public Health			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5207	45,505
			<u>62,815</u>
Iowa Department of Human Services			
Child Support Enforcement	93.563	BOC-07-015	<u>370,451</u>
Human Services Administrative Reimbursements			
Temporary Assistance for Needy Families	93.558	DCAT-06-273	109,300
Temporary Assistance for Needy Families	93.558		<u>47,485</u>
			<u>156,785</u>
Refugee and Entrant Assistance – State			
Administered Programs	93.566		<u>83</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund			
Foster Care – Title IV-E	93.596		<u>10,395</u>
Adoption Assistance	93.658		<u>26,483</u>
Adoption Assistance	93.659		<u>5,303</u>
State Children's Insurance Program	93.767		<u>329</u>
Medical Assistance Program	93.778		<u>62,046</u>
Social Services Block Grant			
Social Services Block Grant	93.667	V2005-01-07	2,385
Social Services Block Grant	93.667		642,642
Social Services Block Grant	93.667		<u>31,214</u>
			<u>676,241</u>
Hawkeye Area Community Action Program			
Head Start	93.600		<u>20,760</u>
Iowa Department of Human Rights			
Basic Center Grant	93.623	04-COPS-28	26,924
Basic Center Grant	93.623	04-COPS-28	<u>36,049</u>
			<u>62,973</u>
Iowa Department of Public Health			
HIV Care Formula Grants	93.917	5887HC02	23,586
HIV Care Formula Grants	93.917	5886HC02	<u>193,873</u>
			<u>217,459</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Public Health (continued)			
HIV Prevention Activities – Health Department Based	93.940	5887AP08	\$ 860
HIV Prevention Activities – Health Department Based	93.940	5886AP11	113,706
HIV Prevention Activities - Health Department Based	93.940	5887AP18	<u>91,615</u>
			<u>206,181</u>
Preventive Health and Health Services Block Grant	93.991	5886AP11	3,775
Preventive Health and Health Services Block Grant	93.991	5887AP08	<u>5,361</u>
			<u>9,136</u>
Maternal and Child Health Services Block Grant to the States	93.994	5886MH14	8,901
Maternal and Child Health Services Block Grant to the States	93.994	5887MH14	<u>75,897</u>
			<u>84,798</u>
Department of Homeland Security:			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	295200--013	<u>3,629</u>
Iowa Department of Public Defense			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-U2V3C-00	<u>6,372</u>
Emergency Management Performance Grants	97.042	2007-GE-T4-0046	<u>9,939</u>
Homeland Security Grant Program	97.067	2005-GE-T5-56	49,577
Homeland Security Grant Program	97.067	00-0511-15	<u>58,000</u>
			<u>107,577</u>
Total Indirect			<u>3,045,461</u>
Total			<u>\$ 3,110,470</u>

JOHNSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Johnson County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 2,158
Payments to States in Lieu of Real Estate Taxes	12.112	59,085
Community Development Block Grants/State's Program	14.228	219,504
Immunization Grants	93.268	17,920
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	17,310
HIV Care Formula Grants	93.917	129,845
HIV Prevention Activities – Health Department Based	93.940	11,815
Maternal and Child Health Services Block Grant to the States	93.994	23,988
Homeland Security Grant Program	97.067	8,956

**JOHNSON 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) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and was also a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Johnson County qualified as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

II-A-07 Preparation of Financial Statements – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, preparation of the financial statements is difficult. However, we recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances.

Response – This finding and recommendation is not a result of any change in County procedures, rather it is due to a new auditing standard implemented by the American Institute of Certified Public Accountants. The County will continue to seek additional training and experience and evaluate the need for additional resources to enable our staff to achieve the goal of drafting our financial statements internally.

Conclusion – Response accepted.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2007

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

- III-A-07 Certified Budget – Disbursements during the year ended June 30, 2007, did not exceed the amounts budgeted by function.
- III-B-07 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.
- III-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-D-07 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
James Waldschmidt, Deputy Sheriff	Snow removal	\$ 530

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since the total transaction with the individual was less than \$1,500 during the fiscal year.

- III-E-07 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 the coverage is adequate for current operations.
- III-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- III-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- III-H-07 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).
- III-I-07 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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