

MAHASKA COUNTY

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

JUNE 30, 2007

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MAHASKA COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2007)		
Henry Van Weelden	Board of Supervisors	Jan. 2009
Lawrence Rouw	Board of Supervisors	Jan. 2007
Greg Gordy	Board of Supervisors	Jan. 2007
Kay Swanson	County Auditor	Jan. 2009
Sone Scott	County Treasurer	Jan. 2007
Diane Upton Crookham	County Recorder	Jan. 2007
Paul De Geest	County Sheriff	Jan. 2009
Rose Anne Mefford	County Attorney	Jan. 2007
Gary Smith	County Assessor	Jan. 2010
(After January 2007)		
Henry Van Weelden	Board of Supervisors	Jan. 2009
Lawrence Rouw	Board of Supervisors	Jan. 2011
Greg Gordy	Board of Supervisors	Jan. 2011
Kay Swanson	County Auditor	Jan. 2009
Sone Scott	County Treasurer	Jan. 2011
Diane Upton Crookham	County Recorder	Jan. 2011
Paul De Geest	County Sheriff	Jan. 2009
Rose Anne Mefford	County Attorney	Jan. 2011
Gary Smith	County Assessor	Jan. 2010

INDEPENDENT AUDITOR'S REPORT

To the Officials of Mahaska County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahaska 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 Mahaska 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Secondary Roads Fund of Mahaska County had a written and held warrant of \$155,743 in the prior year. Accordingly, Secondary Roads Fund expenditures were understated by \$155,743 for the year ended June 30, 2007, which resulted in an overstatement in the changes in financial position.

In our opinion, except for the effects of a prior year written and held warrant as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Secondary Roads Fund of Mahaska County as of June 30, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund, Mental Health Fund, Rural Services Fund, and the aggregate remaining fund information of Mahaska County as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, 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 7, 2008 on our consideration of Mahaska County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 48 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Mahaska County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein). For the year ended June 30, 2006, we expressed a qualified opinion on the Secondary Roads Fund due to the effects of a written and held warrant and unqualified opinions on the governmental activities, General Fund, Mental Health Fund, Rural Services Fund, and the aggregate remaining fund information. For the two years ended June 30, 2005, we expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in 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.

Oskaloosa, Iowa
March 7, 2008

Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- County governmental funds revenue totaled \$13,311,752 for 2007, a decrease of 3.73% from 2006, or \$515,236. This decrease was due primarily to the fact that intergovernmental revenue in the Mental Health fund dropped \$331,634 from 2006. The Mental Health fund was not eligible for State MH/DD Community Services and MH/DD Allowed Growth Factor funds for fiscal year 2007. With solid interest rates, revenue in Use of Money and Property increased over 2006 by \$237,383. Property and other county taxes totaled \$6,841,706 for 2007, which was a slight decrease of \$109,265 from 2006.
- County governmental funds functional expenditures totaled \$15,727,392 for 2007, an increase of \$1,244,369, or 8.6% over the 2006 expenditures. This was due to Secondary Road capital projects expense increasing \$1,059,158. County paving projects were done and transfer of jurisdiction money from the state was used to put asphalt on Hwy. 102.
- The County's governmental fund balances at June 30, 2007 were \$10,326,182, a decrease of \$2,415,640 due primarily to the above noted factors.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements.

- The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances.
- Fund financial statements immediately follow this report. For governmental activities these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.
- The remaining statements provide financial information about activities for which the County acts solely as an agent or custodian for the benefit of those outside the government (Agency Funds).

The County as a Whole Reporting

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Most of the County's basic services are accounted for in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information 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. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Supplementary Information

The supplementary information provides detailed information about the non-major governmental funds and the individual agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position.

STATEMENT OF NET ASSETS –GOVERNMENTAL ACTIVITIES

	2007	2006	2005
Current and other Assets	\$ 18,600,834	\$ 20,591,070	\$ 20,753,725
Capital assets	30,103,755	26,052,527	25,352,251
Total Assets	48,704,589	46,643,597	46,105,976
Long term debt outstanding	397,182	359,302	373,517
Other liabilities	7,692,795	7,286,752	7,037,351
Total liabilities	8,089,977	7,646,054	7,410,868
Net Assets			
Invested in capital assets	30,082,755	26,031,527	25,318,251
Restricted	6,847,190	9,965,507	10,836,265
Unrestricted	3,684,667	3,000,509	2,540,592
Total net assets	\$40,614,612	\$38,997,543	\$38,695,108

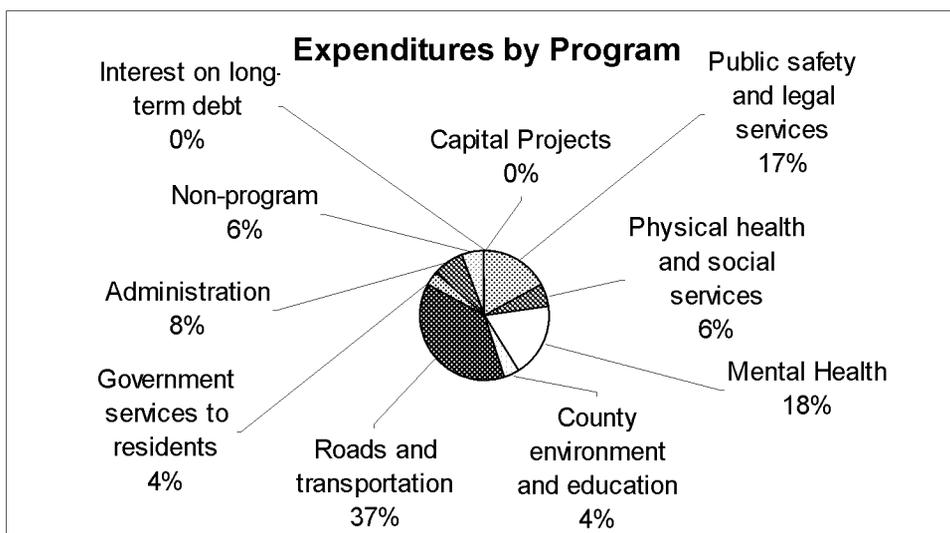
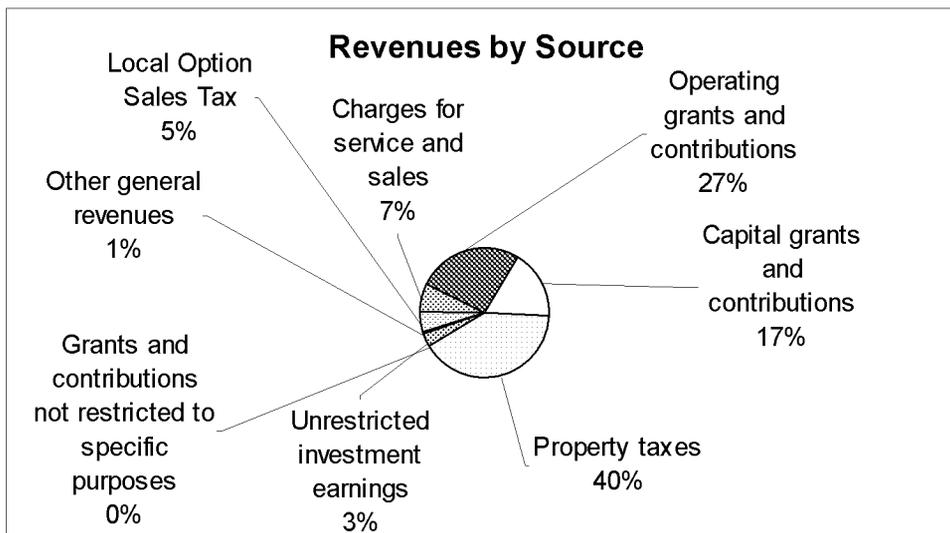
The County's combined net assets showed a 4.1% increase from a year ago from \$38,997,543 to \$40,614,612. The largest portion of the County's net assets is the Invested in Capital Assets (that is, infrastructure, buildings and equipment). Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The increase in net assets of \$1,617,069 for governmental activities is mostly due to the following factors: The County's capital asset infrastructure additions were \$1,854,844 more than depreciation on all capital assets. This had a positive effect on net assets.

Changes in Net Assets of Governmental Activities

Revenues:	2007	2006
Program revenues:		
Charges for Service	\$1,128,921	\$1,055,028
Operating grants and contributions	4,277,748	4,945,374
Capital grants and contributions	2,756,607	603,092
General revenues:		
Property taxes	6,384,327	6,573,842
Grants and contributions not restricted to specific purposes		
Unrestricted investment earnings	510,359	356,570
Local Option sales and services tax	831,144	759,880
Other general revenues	85,504	48,883
Total Revenues	\$15,974,610	\$14,342,669

	2007	2006
Program expenses:		
Public safety and legal services	\$2,500,712	\$2,374,548
Physical health and social services	799,673	762,672
Mental health	2,619,662	2,341,845
County environment and education	549,647	995,522
Roads and transportation	5,426,711	5,069,056
Government services to residents	520,865	525,380
Administration	1,111,883	1,209,320
Non-program	826,746	759,880
Interest on long-term debt	1,642	2,011
Capital Projects		
Total expenses	\$14,357,541	\$14,040,234
Increase (decrease) in net assets	1,617,069	302,435
Net assets July 1, 2006	\$38,997,543	\$36,695,108
Net assets June 30, 2007	\$40,614,612	\$38,997,543



THE COUNTY'S INDIVIDUAL MAJOR FUNDS

As the County completed the year, its governmental funds reported combined fund balances of \$10,326,182. Revenue received in the County funds was \$2,415,640 less than was expended for the year. The following are the major reasons for the changes in fund balances for the year:

Expenditures in the General Fund decreased \$43,199 from \$4,724,418 to \$4,681,219 when compared to the prior year. Total revenues remained consistent with only an \$1,130 decrease from 2006. The ending fund balance showed an increase from the prior year of \$630,362.

Mental Health revenues did not meet expenditures by \$631,227 at year end. Expenditures for the year totaled \$2,616,932, up \$276,869 from the year before. The County was not eligible for state monies in fiscal year 2007, the levy was at the max and the fund balance at June 30, 2006 was not below the 25% level required to receive the funding. The levy for fiscal year 2007 was set \$.45 lower at 1.26994 and the fund balance was spent down over the course of the year.

Rural Services Fund revenues did not meet expenditures due to the full transfer to the Secondary Roads Fund. The property tax levy was raised to \$3.82 which remains below the maximum allowed of \$3.95. The ending fund balance showed a decrease of \$299,833.

Secondary Roads Fund capital project expenditures for the year were \$2,357,365, an increase of \$1,059,158 over the previous year. During fiscal year 2006-07 funds were expended for road projects. Paving on 220th St. and asphalt on Hwy. 102 accounted for most of the expense. These factors resulted in a \$2,220,356 decrease in the Secondary Road fund balance at the end of the year.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis.

Over the course of the year, the County amended its operating budget one time. The amendment was made on May 29, 2007 and resulted in an increase to Roads & Transportation for disbursement in road construction; an increase to Mental Health, MR & DD for services and an increase to Non-program for local option sales taxes distributed to schools, as well as other smaller changes. The amendment increased total budgeted expenditures for the County by \$2,854,255, and increased revenues by \$822,313. Disbursements exceeded the amount budgeted in the mental health and non-program functions prior to the amendment of the county budget. Disbursements exceeded the amount budgeted in the debt service function at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY07, the County had \$30,103,755 (net of depreciation) invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$4,051,228. Depreciation expense for the year ended June 30, 2007 was \$1,577,195 and total accumulated depreciation as of June 30, 2007 was \$19,823,944.

Capital Assets, Net of Accumulated Depreciation

	2007	2006
Land	\$877,724	\$652,224
Construction in progress	1,525,409	116,071
Buildings and Imp	3,999,644	4,074,612
Machinery & equip	2,068,513	2,084,890
Infrastructure	21,632,465	19,124,730
TOTALS	\$30,103,755	\$26,052,527

Debt

At year-end, the County had \$397,182 in notes and other indentures compared to \$359,302 a year ago, as shown below.

The overall increase in Debt is due to an increase in accrued vacation pay and accrued compensatory time. Annual payments continue to be made on the Intermediary Relending Program Loan from the USDA. In the year ended June 30, 2004 the County entered into an interest-free agreement with the Iowa Natural Heritage Foundation to purchase 51 acres of land for \$55,000. The agreement has no specific payment schedule. Payments of \$34,000 have been made thus far, leaving a balance of \$21,000.

Outstanding Debt at Year End

	2007	2006
Capital Loan Notes	\$ 0	\$ 0
Intermediary Relending Program Loan	160,078	166,898
Compensated Absences	216,104	171,404
Real Estate Purchase	21,000	21,000
TOTALS	\$397,182	\$359,302

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials and citizens considered many factors when setting the 2008 fiscal year budget, tax rates, and the fees that will be charged for the various County activities. Amounts available for appropriation in the operating budget are \$16,174,242, compared to \$17,129,449 in 2007, a decrease of approximately 5.6% over the final 2007 budget. The County has added no new major programs to the 2008 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Mahaska County, at 106 S. 1st St., Oskaloosa, IA 52577.

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Basic Financial Statements

MAHASKA COUNTY
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 10,772,816
Receivables:	
Property tax:	
Delinquent	13,094
Succeeding year	6,386,000
Interest and penalty on property tax	60,462
Accounts	102,418
Accrued interest	198,044
Due from other governments	392,089
Loans receivable (note 4)	346,592
Inventories	296,206
Prepaid expenses	33,113
Capital assets, net of accumulated depreciation (note 5)	<u>30,103,755</u>
 Total assets	 <u>48,704,589</u>
Liabilities	
Accounts payable	509,201
Salaries and benefits payable	151,825
Due to other governments (note 6)	382,622
Accrued interest payable	667
Incurred but not reported health claims	170,000
Deferred revenue:	
Succeeding year property tax	6,386,000
Other	92,480
Long-term liabilities (note 7):	
Portion due or payable within one year:	
Intermediary relending program loan	6,888
Compensated absences	216,104
Portion due or payable after one year:	
Intermediary relending program loan	153,190
Real estate purchase agreement	<u>21,000</u>
 Total liabilities	 <u>8,089,977</u>

MAHASKA COUNTY
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 30,082,755
Restricted for:	
Supplemental levy purposes	381,898
Mental health purposes	190,859
Rural services	439,709
Secondary roads	4,409,410
Other special revenue purposes	1,425,314
Unrestricted	<u>3,684,667</u>
Total net assets	<u>\$ 40,614,612</u>

See notes to financial statements.

MAHASKA COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 2,500,712	\$ 243,964	\$ 249,498	\$ -	\$ (2,007,250)
Physical health and social services	799,673	13,307	158,108	-	(628,258)
Mental health	2,619,662	17,079	1,038,965	-	(1,563,618)
County environment and education	549,647	75,743	124,353	250,500	(99,051)
Roads and transportation	5,426,711	396,424	2,701,955	2,506,107	177,775
Government services to residents	520,865	360,120	3,022	-	(157,723)
Administration	1,111,883	22,284	1,847	-	(1,087,752)
Non-program	826,746	-	-	-	(826,746)
Interest on long-term debt	1,642	-	-	-	(1,642)
Total	\$ 14,357,541	\$ 1,128,921	\$ 4,277,748	\$ 2,756,607	(6,194,265)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,125,411
Mental health					886,222
Penalty and interest on property tax					73,151
State tax credits					299,543
Local option sales and services tax					831,144
Unrestricted investment earnings					510,359
Miscellaneous					85,504
Total general revenues					7,811,334
Change in net assets					1,617,069
Net assets beginning of year					38,997,543
Net assets end of year					\$ 40,614,612

See notes to financial statements.

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MAHASKA COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 3,858,452	\$ 535,546	\$ 477,030	\$ 4,251,147
Receivables:				
Property tax:				
Delinquent	8,259	2,649	2,186	-
Succeeding year	3,641,000	1,168,000	1,577,000	-
Interest and penalty on property tax	60,462	-	-	-
Accounts	60,708	846	500	37,632
Accrued interest	153,988	-	-	-
Due from other governments	19,339	3,397	9,100	220,325
Loans receivable (note 4)	-	-	-	-
Inventories	-	-	-	296,206
Prepaid expenses	-	-	-	33,113
Total assets	\$ 7,802,208	\$ 1,710,438	\$ 2,065,816	\$ 4,838,423

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,221,455	\$ 10,343,630
-	13,094
-	6,386,000
-	60,462
2,732	102,418
44,056	198,044
139,928	392,089
346,592	346,592
-	296,206
-	33,113
<u>\$ 1,754,763</u>	<u>\$ 18,171,648</u>

MAHASKA COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 78,069	\$ 92,038	\$ 11,156	\$ 299,678
Salaries and benefits payable	78,568	6,695	14,765	51,797
Due to other governments (note 6)	-	242,178	-	-
Deferred revenue:				
Succeeding year property tax	3,641,000	1,168,000	1,577,000	-
Other	65,115	2,430	1,681	-
Total liabilities	3,862,752	1,511,341	1,604,602	351,475
Fund balance:				
Reserved for:				
Inventories	-	-	-	296,206
Prepaid expenses	-	-	-	33,113
Supplemental levy purposes	384,079	-	-	-
Cemetery levy	2,564	-	-	-
Revolving loan	-	-	-	-
Unreserved:				
Designated for:				
Mapping	15,000	-	-	-
Technology	35,000	-	-	-
Maintenance for courthouse building and grounds	200,000	-	-	-
Undesignated, reported in:				
General fund	3,302,813	-	-	-
Special revenue funds	-	199,097	461,214	4,157,629
Total fund balances	3,939,456	199,097	461,214	4,486,948
Total liabilities and fund balances	\$ 7,802,208	\$ 1,710,438	\$ 2,065,816	\$ 4,838,423

See notes to financial statements.

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 28,260	\$ 509,201
-	151,825
140,444	382,622
-	6,386,000
346,592	415,818
<u>515,296</u>	<u>7,845,466</u>
-	296,206
-	33,113
-	384,079
-	2,564
226,566	226,566
-	15,000
-	35,000
-	200,000
-	3,302,813
1,012,901	5,830,841
<u>1,239,467</u>	<u>10,326,182</u>
<u>\$ 1,754,763</u>	<u>\$ 18,171,648</u>

MAHASKA COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total fund balances of governmental funds	\$ 10,326,182
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 as assets in the governmental funds. The cost of assets is \$49,927,699 and the accumulated depreciation is \$19,823,944.	30,103,755
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	415,818
The Internal Service Fund is used by management to charge the costs of the self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	166,706
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(667)
Long-term liabilities, including loans and purchase agreements payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(397,182)</u>
Net assets of governmental activities	<u>\$ 40,614,612</u>
See notes to financial statements.	

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MAHASKA COUNTY

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

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 3,583,736	\$ 885,487	\$ 1,541,339	\$ -
Interest and penalty on property tax	69,288	-	-	-
Intergovernmental	606,910	1,083,139	115,871	2,748,207
Licenses and permits	2,244	-	23,375	5,315
Charges for service	527,022	-	200	200
Use of money and property	596,529	-	-	-
Miscellaneous	49,263	17,079	6,616	390,909
Total revenues	<u>5,434,992</u>	<u>1,985,705</u>	<u>1,687,401</u>	<u>3,144,631</u>
Expenditures:				
Operating:				
Public safety and legal services	2,034,653	-	466,531	-
Physical health and social services	718,942	-	77,670	-
Mental health	-	2,616,932	-	-
County environment and education	415,492	-	162,098	-
Roads and transportation	-	-	8,243	4,397,175
Government services to residents	510,049	-	-	-
Administration	1,002,083	-	6,550	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	2,357,365
Total expenditures	<u>4,681,219</u>	<u>2,616,932</u>	<u>721,092</u>	<u>6,754,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>753,773</u>	<u>(631,227)</u>	<u>966,309</u>	<u>(3,609,909)</u>
Other financing sources (uses):				
Interfund transfers in (note 3)	-	-	-	1,389,553
Interfund transfers out (note 3)	(123,411)	-	(1,266,142)	-
Total other financing sources (uses)	<u>(123,411)</u>	<u>-</u>	<u>(1,266,142)</u>	<u>1,389,553</u>
Net change in fund balances	630,362	(631,227)	(299,833)	(2,220,356)
Fund balances beginning of year	<u>3,309,094</u>	<u>830,324</u>	<u>761,047</u>	<u>6,707,304</u>
Fund balances end of year	<u>\$ 3,939,456</u>	<u>\$ 199,097</u>	<u>\$ 461,214</u>	<u>\$ 4,486,948</u>

See notes to financial statements.

Nonmajor Governmental		
<u>Funds</u>		<u>Total</u>
\$ 831,144	\$	6,841,706
-		69,288
92,795		4,646,922
-		30,934
26,942		554,364
73,497		670,026
34,645		498,512
<u>1,059,023</u>		<u>13,311,752</u>
383		2,501,567
-		796,612
-		2,616,932
117,484		695,074
-		4,405,418
506		510,555
-		1,008,633
826,746		826,746
8,490		8,490
-		2,357,365
<u>953,609</u>		<u>15,727,392</u>
<u>105,414</u>		<u>(2,415,640)</u>
-		1,389,553
-		<u>(1,389,553)</u>
-		<u>-</u>
105,414		(2,415,640)
<u>1,134,053</u>		<u>12,741,822</u>
<u>\$ 1,239,467</u>	<u>\$</u>	<u>10,326,182</u>

MAHASKA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ (2,415,640)

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. The amount of capital outlay
expenditures and depreciation expense in the current year are as follows:

	Capital outlays	\$ 2,943,068	
Capital assets contributed by the Iowa Department of Transportation		2,459,855	
Capital assets contributed by others		225,500	
Depreciation expense		<u>(1,577,195)</u>	4,051,228

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

	Property tax	1,071	
	Loan payments	(36,024)	
	Other	<u>3,863</u>	(31,090)

Repayment of loan principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net
Assets. 6,820

Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in the governmental funds, as follows:

	Compensated absences	(44,700)	
	Interest on long-term debt	<u>28</u>	(44,672)

The Internal Service Fund is used by management to charge the costs of
employee health benefits to individual funds. The change in net assets
of the Internal Service Fund is reported with governmental activities. 50,423

Change in net assets of governmental activities \$ 1,617,069

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ <u>429,186</u>
Liabilities	
Incurred but not reported health claims	170,000
Deferred revenue	<u>92,480</u>
Total liabilities	<u>262,480</u>
Net Assets	
Unrestricted	\$ <u><u>166,706</u></u>

See notes to financial statements.

MAHASKA COUNTY

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

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Charges to County operating funds and others	\$ 1,311,954
Stop loss insurance reimbursements	29,308
Miscellaneous	<u>9,695</u>
Total operating revenues	<u>1,350,957</u>
Operating expenses:	
Medical claims	973,929
Dental claims	57,031
Vision claims	11,151
Insurance premiums	222,444
Service fees	35,010
Miscellaneous	<u>9,562</u>
Total operating expenses	<u>1,309,127</u>
Operating income	41,830
Non-operating revenues:	
Interest on investments	<u>8,593</u>
Net income	50,423
Net assets beginning of year	<u>116,283</u>
Net assets end of year	<u>\$ 166,706</u>

See notes to financial statements.

MAHASKA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2007

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from charges to operating funds and others	\$ 1,317,931
Cash received from stop loss reimbursements	29,308
Cash received from miscellaneous operating activities	9,695
Cash payments to suppliers for services	<u>(1,289,127)</u>
Net cash provided by operating activities	<u>67,807</u>
Cash flows from investing activities:	
Interest on investments	<u>8,593</u>
Net increase in cash and cash equivalents	76,400
Cash and cash equivalents at beginning of year	<u>352,786</u>
Cash and cash equivalents at end of year	<u>\$ 429,186</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 41,830
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in incurred but unpaid health claims	20,000
Increase in deferred revenue	<u>5,977</u>
Net cash provided by operating activities	<u>\$ 67,807</u>

See notes to financial statements.

MAHASKA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2007

Assets	
Cash and pooled investments:	
County Treasurer	\$ 1,116,903
Other County officials	152,182
Receivables:	
Property tax:	
Delinquent	48,782
Succeeding year	18,612,000
Accounts	30,404
Accrued interest	6,289
Due from other governments	<u>6,956</u>
 Total assets	 <u>19,973,516</u>
 Liabilities	
Accounts payable	83,826
Salaries and benefits payable	20,557
Due to other governments (note 6)	19,756,960
Trusts payable	80,000
Compensated absences	<u>32,173</u>
 Total liabilities	 <u>19,973,516</u>
 Net assets	 \$ <u><u>-</u></u>

See notes to financial statements.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies

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

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

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

Three drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Mahaska County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Mahaska County Auditor's office. The drainage districts had no assets or liabilities at June 30, 2007.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Mahaska County Assessor's Conference Board, Mahaska County Emergency Management Commission, and Mahaska County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

MAHASKA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

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

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

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

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

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

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

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

The 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 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.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Special Revenue (continued):

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.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is used 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

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 liabilities and acquisitions under capital leases are reported as other financing sources.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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 non-negotiable certificates of deposit, which are stated at cost.

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

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

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

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

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

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

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

MAHASKA COUNTY
 NOTES TO FINANCIAL STATEMENTS
 Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50
Improvements other than buildings	10-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

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

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 in the governmental funds consists of the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the proprietary fund consists of prepaid health insurance charges.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and health insurance charges that will not be recognized as revenue until the year for which the related premiums are due.

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 recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund 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 Balances – 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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the debt service function at year end and exceeded the amounts budgeted in the mental health and non-program functions prior to the amendment of the County budget. In addition, disbursements in five departments exceeded the amounts appropriated prior to the amendment of the County appropriations.

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. The 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's funds are all deposited in financial institution depository accounts.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 123,411
	Special Revenue: Rural Services	<u>1,266,142</u>
		<u>\$ 1,389,553</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. Loans Receivable

The County has \$573,158 available to use for revolving loans for economic development within the County, of which \$346,592 was loaned at June 30, 2007. The original amounts were previously provided through a Community Development Block Grant and a Community Economic Betterment Account Grant. Additional amounts were made available through an Intermediary Relending Program Loan (see note 7). The County may make new loans from repayments of both principal and interest. As of June 30, 2007, there were five outstanding loans. All payments are current.

Oskaloosa Area Chamber and Development Group – 4% interest loan payable in monthly installments of \$334, including interest.

Pro-Line Company, Inc. – 3.9% interest loan payable in monthly installments of \$3,677, including interest.

Beyond Elegance – 4% loan payable in monthly installments of \$818.07, including interest, with an \$80,124 balloon payment on April 1, 2016.

Randau Family Agency – 4% interest loan payable in monthly installments of \$184.92, including interest.

Limo 4 U – 5.75% interest loan payable in monthly installments of \$111.57, including interest.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 4. Loans Receivable (continued)

The following is a schedule of payments showing amounts to be collected over the life of the loans:

Year Ending June 30,	Oskaloosa Area Chamber and Development Group	Pro-Line Company	Beyond Elegance	Randau Family Agency	Limo 4 U	Less: Amount Representing Interest	Total
2008	\$ 4,011	\$ 44,125	\$ 9,816	\$ 2,219	\$ 1,338	\$ (13,019)	\$ 48,490
2009	4,010	44,125	9,817	2,219	1,339	(11,043)	50,467
2010	4,010	44,125	9,817	2,219	1,339	(9,012)	52,498
2011	4,010	3,677	9,817	2,219	1,339	(7,560)	13,502
2012	4,010	-	9,817	2,219	1,339	(7,139)	10,246
2013-2017	20,051	-	117,755	11,095	2,231	(25,532)	125,600
2018-2022	20,051	-	-	9,431	-	(6,861)	22,621
2023-2027	20,051	-	-	-	-	(3,027)	17,024
2028-2029	6,351	-	-	-	-	(207)	6,144
	<u>\$ 86,555</u>	<u>\$ 136,052</u>	<u>\$ 166,839</u>	<u>\$ 31,621</u>	<u>\$ 8,925</u>	<u>\$ (83,400)</u>	<u>\$ 346,592</u>

MAHASKA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 5. Capital Assets

A summary of capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 652,224	\$ 225,500	\$ -	\$ 877,724
Construction in progress	116,071	1,583,224	173,886	1,525,409
Total capital assets not being depreciated	<u>768,295</u>	<u>1,808,724</u>	<u>173,886</u>	<u>2,403,133</u>
Capital assets being depreciated:				
Buildings	7,658,047	77,000	-	7,735,047
Machinery and equipment	6,194,214	484,546	363,568	6,315,192
Infrastructure	30,042,288	3,432,039	-	33,474,327
Total capital assets being depreciated	<u>43,894,549</u>	<u>3,993,585</u>	<u>363,568</u>	<u>47,524,566</u>
Less accumulated depreciation for:				
Buildings	3,583,435	151,968	-	3,735,403
Machinery and equipment	4,109,324	500,923	363,568	4,246,679
Infrastructure	10,917,558	924,304	-	11,841,862
Total accumulated depreciation	<u>18,610,317</u>	<u>1,577,195</u>	<u>363,568</u>	<u>19,823,944</u>
Total capital assets being depreciated, net	<u>25,284,232</u>	<u>2,416,390</u>	<u>-</u>	<u>27,700,622</u>
Governmental activities capital assets, net	<u>\$ 26,052,527</u>	<u>\$ 4,225,114</u>	<u>\$ 173,886</u>	<u>\$ 30,103,755</u>

MAHASKA COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 5. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	45,080
Physical health and social services		3,230
County environment and education		45,171
Roads and transportation		1,331,014
Government services to residents		13,136
Administration		<u>139,564</u>
Total depreciation expense - governmental activities	\$	<u><u>1,577,195</u></u>

Note 6. Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ 242,178
Local Option Sales and Services Tax Revenue	Collections	<u>140,444</u>
Total for governmental funds		<u><u>\$ 382,622</u></u>
Agency:		
County Hospital	Collections	\$ 1,850,283
County Assessor		394,908
Townships		235,622
Corporations		5,039,578
Schools		10,815,035
Area Schools		566,352
Auto License and Use Tax		407,593
E-911		202,389
All Other		<u>245,200</u>
Total for agency funds		<u><u>\$ 19,756,960</u></u>

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 7. Long-Term Liabilities

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

	Intermediary Relending Program Loan	Real Estate Purchase Agreement	Compensated Absences	Total
Balance beginning of year	\$ 166,898	\$ 21,000	\$ 171,404	\$ 359,302
Increases	-	-	216,104	216,104
Decreases	6,820	-	171,404	178,224
Balance end of year	<u>\$ 160,078</u>	<u>\$ 21,000</u>	<u>\$ 216,104</u>	<u>\$ 397,182</u>
Due within one year	<u>\$ 6,888</u>	<u>\$ -</u>	<u>\$ 216,104</u>	<u>\$ 222,992</u>

Intermediary Relending Program Loan

In January 1998, the County entered into an agreement with the U.S. Department of Agriculture whereby the County will receive up to \$200,000 through the Intermediary Relending Program. The money will be relented by the County to eligible local businesses for the purpose of economic development. The County must repay the loan to the Department of Agriculture, interest only, at a fixed rate of 1% per annum, for the first three years, with subsequent payment of principal and interest in 27 equal annual amortized installments beginning on the fourth anniversary of the date the County began the program.

Details of the County's June 30, 2007 intermediary relending program loan indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 6,888	\$ 1,601	\$ 8,489
2009	6,957	1,532	8,489
2010	7,027	1,462	8,489
2011	7,097	1,392	8,489
2012	7,168	1,321	8,489
2013-2017	36,930	5,515	42,445
2018-2022	38,814	3,631	42,445
2023-2027	40,792	1,653	42,445
2028	8,405	84	8,489
	<u>\$ 160,078</u>	<u>\$ 18,191</u>	<u>\$ 178,269</u>

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 7. Long-Term Liabilities (continued)

Real Estate Purchase Agreement

During the year ended June 30, 2004, the County entered into an interest-free agreement with the Iowa Natural Heritage Foundation (Foundation) to purchase 51 acres of land for \$55,000. The County made a down payment of \$5,500 at the outset of the agreement. The Foundation purchased the land and held it for one year before selling it to the County during the year ended June 30, 2005. The balance remaining on the agreement at June 30, 2007 was \$21,000. The agreement has no specific payment schedule.

Note 8. Pension and Retirement Benefits

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$235,087, \$222,724 and \$224,013, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Mahaska County is a member in the Heartland Insurance Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool with over ten member Counties throughout the State of Iowa. The Pool was formed in July 1987 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, and workers compensation. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The Pool also provides property 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.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 9. Risk Management (continued)

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 \$365,213.

Initial risk of loss is retained by the Pool. The risk pool is reinsured through commercial companies for 100% of claims in excess of \$400,000 per occurrence for general, automobile, law enforcement and public officials liabilities, \$750,000 per occurrence for workers compensation, and \$100,000 per occurrence for property losses. The risk pool fund includes reserves established to account for the liability for claims reported but not yet paid. A liability is also factored in for claims incurred but not reported (referred to as IBNR claims). As of June 30, 2007, the Pool maintained a surplus over the reserves and IBNR claims.

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 company coverage since the pool's inception.

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

Note 10. Employee Health Insurance Plan

The Mahaska County Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is administered through a service agreement with Employee Group Services, Ltd. The agreement, which was effective June 1, 1983, is subject to automatic renewal provisions.

The County purchased commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of \$25,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in the 2007 fiscal plan year.

Monthly payments of service fees and plan contributions to the Mahaska County 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 Midwest One Bank, trustee for the plan, from the Mahaska County Employee Group Health Fund. The trustee administers the funds of the plan in accordance with the provision of a trust agreement entered into by Mahaska County and Midwest One Bank. The County records the plan assets and related liabilities of the Mahaska County Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2007 was \$1,311,954.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 10. Employee Health Insurance Plan (continued)

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$170,000 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 \$166,706 at June 30, 2007 and is reported as net assets of the Employee Group Health Fund. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2006	\$ <u>150,000</u>
Incurred claims (including claims incurred but not reported at June 30, 2007):	
Current year events	1,018,933
Prior year events	<u>23,178</u>
Total incurred claims	<u>1,042,111</u>
Payments:	
Current year events	848,933
Prior year events	<u>173,178</u>
Total payments	<u>1,022,111</u>
Unpaid claims at June 30, 2007	\$ <u><u>170,000</u></u>

Note 11. Construction Commitment

The County has entered into contracts totaling \$1,612,235 for roadway paving. As of June 30, 2007, costs of \$1,487,102 have been incurred against the contracts. The balance remaining at June 30, 2007 of \$125,133 will be paid as work on the projects progresses.

Note 12. Mahaska County Care Facility

The Mahaska County Care Facility is managed and operated by Country Life Health Care, Inc. The County is leasing the Care Facility site to Country Life Health Care, Inc. for a one year period which ends June 30, 2007. The County provides financial support for the operation of the Care Facility. The lease is reviewed on an annual basis and has been renewed for the upcoming year.

MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

Note 13. Contingent Liabilities

Hospital Notes

The County Hospital has issued General Obligation Refunding Notes in accordance with Chapter 331.402 of the Code of Iowa. The notes are payable primarily from revenue of the Hospital. The Hospital and the County entered into a Revenue Maintenance and Payment Agreement pursuant to which the Hospital agreed to maintain rates at levels high enough to produce sufficient revenues to pay the debt service on the notes. The County itself is only contingently liable for the payment of the notes pending default by the Hospital.

Hospital Revenue Bonds

The County Hospital has also issued Hospital Revenue Bonds in accordance with Chapters 331.402, 384.24A, and 331.443 of the Code of Iowa. These bonds are payable primarily from revenue generated by the Hospital, which has agreed to maintain rates which will generate sufficient revenues to make all principal and interest payments. The County itself is only liable upon default on the issue by the County Hospital.

Required Supplementary Information

MAHASKA COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2007

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS:				
Property and other County tax	\$ 6,827,869	\$ 6,937,717	\$ 7,325,614	\$ (497,745)
Interest and penalty on property tax	66,563	9,700	95,125	(28,562)
Intergovernmental	4,784,523	5,257,052	5,262,952	(478,429)
Licenses and permits	30,604	15,650	74,526	(43,922)
Charges for service	553,970	492,250	712,176	(158,206)
Use of money and property	576,891	344,460	408,749	168,142
Miscellaneous	520,665	159,750	159,750	360,915
Total receipts	<u>13,361,085</u>	<u>13,216,579</u>	<u>14,038,892</u>	<u>(677,807)</u>
DISBURSEMENTS:				
Public safety and legal services	2,477,422	2,528,879	2,547,911	70,489
Physical health and social services	827,724	881,091	955,591	127,867
Mental health	2,747,484	2,315,547	2,765,547	18,063
County environment and education	660,267	642,356	703,056	42,789
Roads and transportation	4,507,244	4,380,000	4,630,000	122,756
Government services to residents	511,423	559,059	581,310	69,887
Administration	1,010,696	1,215,862	1,238,454	227,758
Non-program	928,900	737,400	942,580	13,680
Debt service	8,490	-	-	(8,490)
Capital projects	2,149,172	1,015,000	2,765,000	615,828
Total disbursements	<u>15,828,822</u>	<u>14,275,194</u>	<u>17,129,449</u>	<u>1,300,627</u>
Excess (deficiency) of receipts over (under) disbursements	(2,467,737)	(1,058,615)	(3,090,557)	622,820
Balance beginning of year	<u>12,811,367</u>	<u>12,905,303</u>	<u>12,905,303</u>	<u>(93,936)</u>
Balance end of year	<u>\$ 10,343,630</u>	<u>\$ 11,846,688</u>	<u>\$ 9,814,746</u>	<u>\$ 528,884</u>

See accompanying independent auditor's report.

MAHASKA COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,361,085	\$ (49,333)	\$ 13,311,752
Expenditures	15,828,822	(101,430)	15,727,392
Net	(2,467,737)	52,097	(2,415,640)
Beginning fund balances	12,811,367	(69,545)	12,741,822
Ending fund balances	<u>\$ 10,343,630</u>	<u>\$ (17,448)</u>	<u>\$ 10,326,182</u>

See accompanying independent auditor's report.

MAHASKA COUNTY

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

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

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

Formal and legal budgetary control is based upon 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, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. 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, a budget amendment increased budgeted disbursements by \$2,854,255. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the debt service function at year end and exceeded the amounts budgeted in the mental health and non-program functions prior to the amendment of the County budget. In addition, disbursements in certain departments exceeded the amounts appropriated prior to the amendment of the County appropriations.

Other Supplementary Information

MAHASKA COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection	Conservation Land Acquisition
Assets				
Cash and pooled investments	\$ 15,818	\$ -	\$ 48,126	\$ 190,663
Receivables:				
Accounts	1,192	-	-	1,540
Accrued interest	629	18	2,050	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
Total assets	\$ 17,639	\$ 18	\$ 50,176	\$ 192,203
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 28,260
Due to other governments	-	-	-	-
Deferred revenue:				
Other	-	-	-	-
Total liabilities	-	-	-	28,260
Fund equity:				
Fund balances:				
Reserved for:				
Revolving loan	-	-	-	-
Unreserved	17,639	18	50,176	163,943
Total fund equity	17,639	18	50,176	163,943
Total liabilities and fund equity	\$ 17,639	\$ 18	\$ 50,176	\$ 192,203

See accompanying independent auditor's report.

<u>Revolving Loan</u>	<u>Local Option Sales and Services Tax Revenue</u>	<u>Law Enforcement Center Improvement</u>	<u>County Sheriff's Forfeiture</u>	<u>Total</u>
\$ 218,067	\$ 4,914	\$ 739,855	\$ 4,012	\$ 1,221,455
-	-	-	-	2,732
8,499	-	32,860	-	44,056
-	139,928	-	-	139,928
346,592	-	-	-	346,592
<u>\$ 573,158</u>	<u>\$ 144,842</u>	<u>\$ 772,715</u>	<u>\$ 4,012</u>	<u>\$ 1,754,763</u>
\$ -	\$ -	\$ -	\$ -	28,260
-	140,444	-	-	140,444
346,592	-	-	-	346,592
346,592	140,444	-	-	515,296
226,566	-	-	-	226,566
-	4,398	772,715	4,012	1,012,901
226,566	4,398	772,715	4,012	1,239,467
<u>\$ 573,158</u>	<u>\$ 144,842</u>	<u>\$ 772,715</u>	<u>\$ 4,012</u>	<u>\$ 1,754,763</u>

MAHASKA COUNTY

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

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection	Conservation Land Acquisition
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	15,174	8,889
Charges for service	4,617	-	-	22,325
Use of money and property	628	18	2,050	14,812
Miscellaneous	-	-	-	30,250
Total revenues	<u>5,245</u>	<u>18</u>	<u>17,224</u>	<u>76,276</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	3,235	81,549
Government services to residents	-	506	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>-</u>	<u>506</u>	<u>3,235</u>	<u>81,549</u>
Excess (deficiency) of revenues over (under) expenditures	5,245	(488)	13,989	(5,273)
Fund balances beginning of year	<u>12,394</u>	<u>506</u>	<u>36,187</u>	<u>169,216</u>
Fund balances end of year	<u>\$ 17,639</u>	<u>\$ 18</u>	<u>\$ 50,176</u>	<u>\$ 163,943</u>

See accompanying independent auditor's report.

<u>Revolving Loan</u>	<u>Local Option Sales and Services Tax Revenue</u>	<u>Law Enforcement Center Improvement</u>	<u>County Sheriff's Forfeiture</u>	<u>Total</u>
\$ -	\$ 831,144	\$ -	\$ -	\$ 831,144
68,732	-	-	-	92,795
-	-	-	-	26,942
23,129	-	32,860	-	73,497
-	-	-	4,395	34,645
<u>91,861</u>	<u>831,144</u>	<u>32,860</u>	<u>4,395</u>	<u>1,059,023</u>
-	-	-	383	383
32,700	-	-	-	117,484
-	-	-	-	506
-	826,746	-	-	826,746
8,490	-	-	-	8,490
<u>41,190</u>	<u>826,746</u>	<u>-</u>	<u>383</u>	<u>953,609</u>
50,671	4,398	32,860	4,012	105,414
<u>175,895</u>	<u>-</u>	<u>739,855</u>	<u>-</u>	<u>1,134,053</u>
<u>\$ 226,566</u>	<u>\$ 4,398</u>	<u>\$ 772,715</u>	<u>\$ 4,012</u>	<u>\$ 1,239,467</u>

MAHASKA COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2007

	County Offices			City Special Assessments
	County Auditor	County Recorder	County Sheriff	
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ -	1,159
Other County officials	7,500	55,211	89,471	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	253	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 7,500	\$ 55,464	\$ 89,471	\$ 1,159
LIABILITIES				
Accounts payable	\$ -	\$ 39,128	\$ 17,253	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	16,336	-	1,159
Trusts payable	7,500	-	72,218	-
Compensated absences	-	-	-	-
Total liabilities	\$ 7,500	\$ 55,464	\$ 89,471	\$ 1,159

<u>Emergency Management Services</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>	<u>Stephens Memorial Animal Shelter</u>	<u>County Assessor</u>	<u>Townships</u>
\$ 23,402	\$ 43	\$ 2,331	\$ 27,158	\$ 50,258	\$ 131,253	\$ 3,294
-	-	-	-	-	-	-
-	6	344	4,125	-	630	328
-	2,000	152,000	1,819,000	-	278,000	232,000
-	-	-	-	1,695	-	-
-	-	-	-	1,434	-	-
-	-	-	-	-	-	-
<u>\$ 23,402</u>	<u>\$ 2,049</u>	<u>\$ 154,675</u>	<u>\$ 1,850,283</u>	<u>\$ 53,387</u>	<u>\$ 409,883</u>	<u>\$ 235,622</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,215	\$ 8,540	\$ -
574	-	-	-	3,834	3,880	-
22,828	2,049	154,675	1,850,283	46,233	394,908	235,622
-	-	-	-	-	-	-
-	-	-	-	1,105	2,555	-
<u>\$ 23,402</u>	<u>\$ 2,049</u>	<u>\$ 154,675</u>	<u>\$ 1,850,283</u>	<u>\$ 53,387</u>	<u>\$ 409,883</u>	<u>\$ 235,622</u>

MAHASKA COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2007

	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Auto License and Use Tax</u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 80,131	\$ 161,416	\$ 8,069	\$ 423,579
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	17,447	24,619	1,283	-
Succeeding year	4,942,000	10,629,000	557,000	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
	<hr/>			
Total assets	<u>\$ 5,039,578</u>	<u>\$ 10,815,035</u>	<u>\$ 566,352</u>	<u>\$ 423,579</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 15,986
Salaries and benefits payable	-	-	-	-
Due to other governments	5,039,578	10,815,035	566,352	407,593
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
	<hr/>			
Total liabilities	<u>\$ 5,039,578</u>	<u>\$ 10,815,035</u>	<u>\$ 566,352</u>	<u>\$ 423,579</u>

See accompanying independent auditor's report.

<u>Lynndana Sanitary Sewer District</u>	<u>Bankruptcy Trust</u>	<u>Unclaimed Property</u>	<u>E-911</u>	<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 4	\$ 84	\$ 198	\$ 204,031	\$ 10	\$ 483	\$ 1,116,903
-	-	-	-	-	-	152,182
-	-	-	-	-	-	48,782
1,000	-	-	-	-	-	18,612,000
-	-	-	28,033	-	423	30,404
-	-	-	4,855	-	-	6,289
-	-	-	6,956	-	-	6,956
<u>\$ 1,004</u>	<u>\$ 84</u>	<u>\$ 198</u>	<u>\$ 243,875</u>	<u>\$ 10</u>	<u>\$ 906</u>	<u>\$ 19,973,516</u>
\$ -	\$ -	\$ -	\$ 704	\$ -	\$ -	\$ 83,826
-	-	-	12,269	-	-	20,557
1,004	-	-	202,389	10	906	19,756,960
-	84	198	-	-	-	80,000
-	-	-	28,513	-	-	32,173
<u>\$ 1,004</u>	<u>\$ 84</u>	<u>\$ 198</u>	<u>\$ 243,875</u>	<u>\$ 10</u>	<u>\$ 906</u>	<u>\$ 19,973,516</u>

MAHASKA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2007

	County Offices			City Special Assessments
	County Auditor	County Recorder	County Sheriff	
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 7,500	\$ 57,689	\$ 51,108	\$ 509
Additions:				
Property and other County tax	-	-	-	-
E-911 surcharge	-	-	-	-
E-911 local contributions	-	-	-	-
State tax credits	-	-	-	-
State and federal grants	-	-	-	-
Office fees and collections	3,100	375,498	205,243	-
Drivers license fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Interest	-	-	-	-
Assessments	-	-	-	14,315
Trusts	-	-	663,058	-
Miscellaneous	-	-	-	-
Total additions	3,100	375,498	868,301	14,315
Deductions:				
Agency remittances:				
To other funds	3,100	158,915	185,731	-
To other governments	-	218,808	2,259	13,665
Trusts paid out	-	-	641,948	-
Total deductions	3,100	377,723	829,938	13,665
Balances end of year	\$ 7,500	\$ 55,464	\$ 89,471	\$ 1,159

<u>Emergency Management Services</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>	<u>Stephens Memorial Animal Shelter</u>	<u>County Assessor</u>	<u>Townships</u>
\$ 23,186	\$ 3,041	\$ 154,276	\$ 1,792,302	\$ 45,920	\$ 333,465	\$ 231,472
-	1,786	152,381	1,828,271	-	278,959	237,584
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	139	7,601	88,546	-	12,715	11,743
6,643	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,176	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,303	-	-	-	161,349	495	-
<u>22,946</u>	<u>1,925</u>	<u>159,982</u>	<u>1,916,817</u>	<u>164,525</u>	<u>292,169</u>	<u>249,327</u>
-	-	-	-	-	-	-
22,730	2,917	159,583	1,858,836	157,058	215,751	245,177
-	-	-	-	-	-	-
<u>22,730</u>	<u>2,917</u>	<u>159,583</u>	<u>1,858,836</u>	<u>157,058</u>	<u>215,751</u>	<u>245,177</u>
\$ <u>23,402</u>	\$ <u>2,049</u>	\$ <u>154,675</u>	\$ <u>1,850,283</u>	\$ <u>53,387</u>	\$ <u>409,883</u>	\$ <u>235,622</u>

MAHASKA COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2007

	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Auto License and Use Tax</u>	<u>Lynndana Sanitary Sewer District</u>
ASSETS AND LIABILITIES					
Balances beginning of year	\$ 4,932,639	10,651,574	\$ 530,756	\$ 394,856	\$ 1,004
Additions:					
Property and other County tax	4,848,388	10,669,884	559,596	-	964
E-911 surcharge	-	-	-	-	-
E-911 local contributions	-	-	-	-	-
State tax credits	224,159	525,090	26,222	-	57
State and federal grants	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Drivers license fees	-	-	-	45,113	-
Auto licenses, use tax and postage	-	-	-	4,907,975	-
Interest	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	<u>5,072,547</u>	<u>11,194,974</u>	<u>585,818</u>	<u>4,953,088</u>	<u>1,021</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	192,509	-
To other governments	4,965,608	11,031,513	550,222	4,731,856	1,021
Trusts paid out	-	-	-	-	-
Total deductions	<u>4,965,608</u>	<u>11,031,513</u>	<u>550,222</u>	<u>4,924,365</u>	<u>1,021</u>
Balances end of year	<u>\$ 5,039,578</u>	<u>10,815,035</u>	<u>\$ 566,352</u>	<u>\$ 423,579</u>	<u>\$ 1,004</u>

See accompanying independent auditor's report.

<u>Bankruptcy Trust</u>	<u>Unclaimed Property</u>	<u>Tax Sale Redemption Trust</u>	<u>E-911</u>	<u>Anatomical Gift, Public Awareness and Transportation</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Total</u>
\$ 84	\$ 129	\$ -	\$ 159,719	\$ 5	\$ 922	\$ 19,372,156
-	-	-	-	-	-	18,577,813
-	-	-	193,030	-	-	193,030
-	-	-	359,547	-	-	359,547
-	-	-	-	-	-	896,272
-	-	-	-	-	-	6,643
-	-	-	-	-	4,617	588,458
-	-	-	-	-	-	45,113
-	-	-	-	-	-	4,907,975
-	-	-	4,854	-	16	8,046
-	-	-	-	-	-	14,315
-	112	23,708	-	-	-	686,878
-	-	-	93	262	-	178,502
-	112	23,708	557,524	262	4,633	26,462,592
-	-	-	-	12	-	540,267
-	-	-	473,368	245	4,649	24,655,266
-	43	23,708	-	-	-	665,699
-	43	23,708	473,368	257	4,649	25,861,232
\$ 84	\$ 198	\$ -	\$ 243,875	\$ 10	\$ 906	\$ 19,973,516

MAHASKA COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

	Years Ended June 30.			
	2007	2006	2005	2004
Revenues				
Property and other County tax	\$ 6,841,706	\$ 6,950,971	\$ 6,249,202	\$ 5,522,922
Interest and penalty on property tax	69,288	69,879	61,651	65,096
Intergovernmental	4,646,922	5,368,724	6,489,935	6,187,895
Licenses and permits	30,934	22,931	15,963	14,978
Charges for service	554,364	540,405	528,465	559,880
Use of money and property	670,026	432,643	251,624	230,849
Miscellaneous	498,512	441,435	332,090	261,880
Total revenues	\$ 13,311,752	\$ 13,826,988	\$ 13,928,930	\$ 12,843,500
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,501,567	\$ 2,335,596	\$ 2,237,833	\$ 2,521,125
Physical health and social services	796,612	767,501	809,841	767,076
Mental health	2,616,932	2,340,063	2,307,713	2,242,470
County environment and education	695,074	967,373	572,451	639,503
Roads and transportation	4,405,418	4,287,635	4,068,474	4,155,566
Government services to residents	510,555	641,544	468,244	429,726
Administration	1,008,633	1,068,734	913,191	983,083
Non-program	826,746	759,880	764,545	686,370
Debt service	8,490	8,490	-	-
Capital projects	2,357,365	1,306,207	534,746	206,555
Total expenditures	\$ 15,727,392	\$ 14,483,023	\$ 12,677,038	\$ 12,631,474

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Mahaska County:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahaska County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 7, 2008. The report on the Secondary Roads Fund was qualified due to the effects on changes in financial position of a warrant written and held in the prior year. 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 Mahaska County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mahaska County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mahaska County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Mahaska 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 Mahaska County's financial statements that is more than inconsequential will not be prevented or detected by Mahaska County's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

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

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

Oskaloosa, Iowa
March 7, 2008

MAHASKA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-07 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County’s financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Auditor, Recorder, Sheriff, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Auditor, Recorder, Sheriff

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

MAHASKA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2007

Part I: Findings Related to the Basic Financial Statements (continued):

SIGNIFICANT DEFICIENCIES (continued):

I-A-07 Segregation of Duties (continued)

Responses –

County Auditor – We will review procedures and try to make any necessary changes to improve internal control. However, the limited number of office employees does not allow for much further segregation of duties.

County Recorder – We will review procedures and try to make any necessary changes to improve internal control. However, the limited number of office employees does not allow for much further segregation of duties.

County Sheriff – We will review procedures and try to make any necessary changes to improve internal control. However, the limited number of office employees does not allow for much further segregation of duties.

County Treasurer – We will review procedures and try to make any necessary changes to improve internal control. However, the limited number of office employees does not allow for much further segregation of duties.

Conclusion – Responses accepted.

I-B-07 Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the County's financial statements. In addition, the June motor vehicle transactions were not recorded in the general ledger. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and motor vehicle transactions are identified and included in the County's financial statements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

I-C-07 Sheriff's Office Reconciling Difference – We noted that the Sheriff's Office underpaid the General Fund \$17,253 for fees during the year ended June 30, 2007.

Recommendation – The Sheriff's Office should pay the General Fund \$17,253 and implement procedures to ensure the fees reports are accurately filed.

Response – We will file a corrected fees report and pay the General Fund \$17,253. We will make sure the fees reports are accurate in the future.

Conclusion – Response accepted.

MAHASKA COUNTY
 SCHEDULE OF FINDINGS
 Year Ended June 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

II-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amount budgeted in the debt service function at year end and exceeded the amounts budgeted in the mental health and non-program functions prior to the amendment of the County budget. Disbursements in five departments exceeded the amounts appropriated prior to the amendment of the County appropriations.

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

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

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

II-B-07 Questionable Expenditures – Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Elan Financial Services	Credit card interest and fees	\$283

Recommendation – The County should pay the monthly balance due on the credit cards to avoid interest and late fees. All charges on the cards should be reconciled monthly to the supporting receipts or invoices and any discrepancies should be investigated immediately. The County may need to stress the importance of turning in credit card receipts timely to employees.

Response – We will consider these recommendations.

Conclusion – Response accepted.

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

II-D-07 Business Transactions – No business transactions between the County and County officials or employees were noted.

II-E-07 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.

MAHASKA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2007

Part II: Other Findings Related to Required Statutory Reporting (continued):

- II-F-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- II-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).
- II-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 amount budgeted.

The County Extension organization has grant agreements with Community Action of Eastern Iowa to provide child care resource and referral services. Revenues from these grants totaled \$89,932 for the year ended June 30, 2007. They included an operational grant of \$61,932, an Educational Opportunities for Family Child Care Providers Grant of \$8,000, and a Parent Expansion Grant of \$20,000.

We noted the following items:

- 1) The minutes of one Council meeting were not signed as required by Chapter 176A.14(3) of the Code of Iowa.
- 2) Two receipts out of ten tested were not deposited timely, but were held undeposited for as long as twelve days.
- 3) One disbursement out of fifteen tested may not have met the requirements of public purpose. This disbursement included a \$9.70 finance charge on a credit card.
- 4) The Council approval for the November disbursements was not documented in the minutes.

Recommendations – All Council minutes should be signed to comply with Chapter 176A.14(3) of the Code of Iowa. All receipts should be deposited as soon as possible to safeguard the asset and avoid any possible irregularities and to earn the interest revenue on the public funds. Deposits should be made weekly at a minimum. The balance on the County Extension credit cards should be paid in full each month to avoid finance charges. All disbursements should be approved by the Council and the approval should be documented in the minutes.

Response – We will properly sign all Council minutes in the future. We are now depositing receipts weekly or daily if total cash and checks exceed \$200. We will make sure that the credit cards are fully paid each month to avoid any further finance charges. We will also make sure that the approval for all disbursements is properly documented in the minutes.

Conclusion – Response accepted.

MAHASKA COUNTY
SCHEDULE OF FINDINGS
Year Ended June 30, 2007

Part II: Other Findings Related to Required Statutory Reporting (continued):

II-J-07 Treasurer's Semi-annual Report – The County Treasurer's semi-annual report for the six months ended June 30, 2007 was not published as required by Chapter 349.16(3) of the Code of Iowa.

Recommendation – The Treasurer's semi-annual reports should be published as required by Chapter 349.16(3) of the Code of Iowa.

Response – This was an oversight for the six month period ended June 30, 2007. We will make sure the semi-annual reports are properly published in the future.

Conclusion – Response accepted.

II-K-07 Credit Cards – The County has credit cards and charge cards for use by County employees. However, the County does not have a written policy regarding credit card usage.

Recommendation – The County should prepare and implement a credit card usage policy.

Response – We approved a credit card policy in February 2008.

Conclusion – Response accepted.

II-L-07 Vacation and Compensatory Time Hours – We noted that the unused vacation and compensatory time hours for some employees exceeded the maximum allowed carryover as stated in the County policy.

Recommendation – The County should enforce the vacation and compensatory time policies or consider adopting revised policies. Any unused hours over the maximum allowed carryover would be forfeited.

Response – We will look into this situation.

Conclusion – Response accepted.

II-M-07 Economic Development Expenditures – We noted in our testing of expenditures for County economic development that no documentation was made as to the public purpose served by the expenditures as required by Chapter 15A of the Code of Iowa.

Recommendation – All future expenditures made for economic development should require documentation of the public purpose being served, such as job growth expectations, tourism promotion, or business prospects research.

Response – We have corrected our documentation procedures for the fiscal year ending June 30, 2008.

Conclusion – Response accepted.