ALLAMAKEE COUNTY
Waukon, Iowa

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2008

ALLAMAKEE COUNTY
Waukon, Iowa

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ALLAMAKEE COUNTY, IOWA

OFFICIALS

Name	Title	Term Expires
Kathy Campbell	Board of Supervisors	Jan 2011
William Clark*	Board of Supervisors	Jan 2009
Lennie Burke	Board of Supervisors	Jan 2011
Mary O'Neill	County Auditor	Jan 2009
Lori Hesse	County Treasurer	Jan 2011
Deb Winke	County Recorder	Jan 2011
Tim Heiderscheit	County Sheriff	Jan 2009
William Shafer	County Attorney	Jan 2011
Ann Burckart	County Assessor	Appointed

* retired 12-9-07, Dave Duncklee appointed

Gardiner Thomsen
Certified Public Accountants

Independent Auditors' Report

To the Officials of Allamakee County
Waukon, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allamakee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County at June 30, 2008, and the respective changes in financial position and cash flows where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with the *Government Auditing Standards*, we have also issued our report dated February 19, 2009 on our consideration of Allamakee County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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.

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Management's Discussion and Analysis and budgetary comparison information on pages 4-9 and 33-35 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Allamakee County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions for fiscal 2007, 2006, 2005 and 2004, and a qualified opinion for fiscal 2003, due to the lack of fixed asset records and material and supplies inventories pertaining to Special Revenue funds. 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 19, 2009

Gardiner Thomsen, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Allamakee County provides this Management's Discussion and Analysis of the Allamakee County FY2007-2008 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped that this section will assist you in understanding the events that significantly affected the financial position of Allamakee County as a whole.

This is the fifth year that Allamakee County was required to report all activities on a full accrual basis, as required by the reporting standards of GASB 34. A comprehensive comparison to fiscal year 2006-2007 is included.

2008 FINANCIAL HIGHLIGHTS

- Allamakee County governmental funds revenue increased by $976,972, or 10% compared to FY2007. Taxes levied on property and other County tax increased $89,905, or 1%, from FY2007.
- Allamakee County program expenditures increased $1,571,093, or 17%, compared to FY2007. Capital project expenditures were $357,880 less than in FY2007.
- Allamakee County's net assets increased approximately $106,471 from 2007.

USING THIS REPORT

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements and required and other supplementary information. The financial statements include two kinds of statements that present different views of Allamakee County.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about Allamakee County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Allamakee County, reporting Allamakee County's operations in more detail than the government-wide financial statements.
- The governmental funds statements explain how basic services, such as mental health and secondary road maintenance and construction, were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about financial relationships which Allamakee County acts solely as a trustee or agent to benefit others. Examples of these funds include the E911, Emergency Management Services, and other agency funds for collecting and distributing taxes to schools, cities, and other taxing authorities.

The financial statements also include notes to explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of Allamakee County's budget for FY2008. Other supplementary information provides detailed information about the nonmajor special revenue funds and agency funds.

REPORTING THE COUNTY AS A WHOLE

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

The two government-wide financial statements report Allamakee County's net assets and how they have changed. Net assets - the difference between Allamakee County's assets and liabilities – are one way to measure Allamakee County's financial health or position.

- Over time, increases or decreases in Allamakee County's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess Allamakee County's overall financial health, you need to consider Allamakee County's property tax base and the condition of its buildings and other facilities.

In the government-wide financial statements, Allamakee County's governmental activities are reported:

- Governmental activities: Allamakee County's basic services are included here, including public safety and legal services, physical health and social services, mental health, mental retardation, and developmental disabilities, county environment and education, roads and transportation, governmental services to residents, administration, and non-program activities.

Fund Financial Statements
The fund financial statements provide more detailed information about Allamakee County's funds, focusing on its most significant or "major" funds – not Allamakee County as a whole. Funds are accounting devices Allamakee County uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and bond covenants.
- Allamakee County establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues such as federal grants.
  Allamakee County has three types of funds:

1) Governmental Funds: Most of Allamakee County's basic services are included in governmental funds, which generally focus on: 1) How cash and other financial assets can readily be converted to cash flow in and out. 2) The balances left over at year-end that are available to provide spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine if there are more or fewer financial resources that can be spent in the near future to finance Allamakee County's programs. Because this information does not encompass the additional long term focus of government-wide financial statements, additional information on Exhibit D and Exhibit F explain the relationship or differences between the two statements. Allamakee County's governmental funds include the General Fund and Special Revenue Funds.

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

3) Fiduciary Funds: Allamakee County is the trustee, or fiduciary, for assets that belong to others, such as, Emergency Management Services, County Assessor, E911, and the agency funds necessary to collect and distribute property taxes to schools, cities, and all other taxing authorities. Allamakee County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Allamakee County excludes these activities from the government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds report a liability due to other governments and, therefore, the fiduciary funds do not report a fund balance.

ALLAMAKEE COUNTY FINANCIAL ANALYSIS AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Allamakee County's net assets for FY2008 totaled $20,563,933. Net assets on June 30, 2007 were $20,457,462. Net assets increased less than one percent as a result of FY2008 Allamakee County operations.

Net Assets of Allamakee County Governmental Activities
(Expressed in Thousands)

	2008	2007
Current and Other Assets	$10,442	$10,126
Capital Assets	15,511	15,624
Total Assets	25,953	25,750
Long-term Debt (Compensated Absences & Drainage Warrants)	198	167
Other Liabilities	5,191	5,126
Total Liabilities	5,389	5,293
Net Assets:		
Invested in Capital Assets, Net of Related Debt	15,511	15,624
Restricted	2,390	2,223
Unrestricted	2,663	2,610
Total Net Assets	$20,564	$20,457

Net assets increased by $106,471 compared to FY2007. The largest portion of Allamakee County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, legislation, or other legal requirements - is $2.6 million.

Changes In Net Assets of Allamakee County Governmental Activities
(Expressed in Thousands)

	2008	2007
Revenues:		
Program Revenues:		
Charges for Service	$775	$741
Operating Grants and Contributions	3,459	3,197
Capital Grants and Contributions	708	236
General Revenues:		
Property Tax	4,811	4,725
Penalty and Interest on Property Taxes	50	49
State Tax Credits	241	259
Local Option Sales Tax	276	271
Unrestricted Investment Earnings	253	307
Gain (Loss) on Sale of Capital Assets	2	(164)
Miscellaneous	117	92
Total Revenues	$10,692	$9,713

	2008	2007
Program Expenses:		
Public Safety and Legal Services	$1,227	$1,181
Physical Health and Social Services	549	536
Mental Health	1,944	1,788
County Environment and Education	847	772
Roads and Transportation	4,732	3,531
Governmental Services to Residents	341	315
Administration	854	829
Non-Program	91	57
Total Expenses	10,585	9,009
Increase in Net Assets	107	704
Net Assets July 1, 2007	20,457	19,753
Net Assets June 30, 2008	$20,564	$20,457

Allamakee County increased property tax rates by $.14979 per $1,000 of valuation in the rural levy and increased property tax rates by $.14652 per $1,000 of valuation in the county-wide levy.

Governmental Activities

As stated earlier, this is the 5th year Allamakee County was required to prepare financial statements on a full accrual basis.

- Revenues for governmental activities were $10,691,575 while expenses amounted to $10,585,104. In a difficult budgeting year, Allamakee County was able to keep expenses under available revenues.
- The local option tax sales tax revenue totaled $276,333. Allamakee County uses 33% of the sales tax revenue for township financial responsibilities, 22% property tax relief (rural services), 25% E911 signs and equipment, and 20% construction and/or repair secondary roads.
- The cost of all governmental activities this year was $10,585,104.
- The portion of the cost financed by users of Allamakee County programs was $775,404.
- The federal and state government and private contributors subsidized certain programs with operating grants and contributions totaling $3,458,928 and capital grants of $708,337, which is farm to market funding that was used for road resurfacing projects whose expenditures were capitalized and depreciated. These funds did not flow through the county.
- The net cost portion of governmental activities was financed with property tax of $4,809,816, $276,333 of local option sales tax, and $253,398 of unrestricted investment earnings. Miscellaneous revenue totaled $116,023. Governmental activities revenues exceeded expenses by $106,471.

MAJOR GOVERNMENTAL FUND ANALYSIS AND HIGHLIGHTS

As previously noted, Allamakee County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The financial performance of Allamakee County as a whole is reflected in its governmental funds as well. As Allamakee County completed the year, its governmental funds reported combined fund balances of $5,240,725, 5% above last year's balance of $4,969,989.

General Fund

Total dollars from property and other county tax revenue increased .6%. It is estimated the increase is due to the increased levy rates. Several state grants and other state funding were reduced.

Permits and charges for service revenue increased slightly. Interest revenue decreases caused the decrease in the Use of Money and Property.

Total expenditures and uses increased by 3%, or $115,682, compared to FY2007. This increase was due primarily to the slight increases in operating programs.

Mental Health Fund

The Allamakee County Mental Health Fund balance was 8% of the FY2008 expenditures on June 30, 2008. During FY2008, revenues increased 11% and expenditures increased by 7%. Allamakee County's ending fund balance for FY2008, expressed as a percent of total expenditures, is 8%. Allamakee County should qualify for 100% distribution of growth and community services allocation dollars by meeting the criteria of levying at 100% of maximum levy allowed as well as having a fund balance of less than 10%.

Rural Services Fund

There was a 4.5% increase in revenues and slight changes in expenditures and ending fund balance (2.5%) in the Rural Services Fund in fiscal 2008.

Secondary Roads Fund

Secondary Roads Fund revenue decreased by 3% or $86,077. Transfers in were $1,200,000. Intergovernmental revenue decreased about $85,209 or 3%.

Secondary Roads Fund expenditures decreased approximately $96,325 or 2.5% overall. The decrease was in the general roadway expenses and capital projects.

Total ending fund balance compared to total uses increased to 41% in FY2008 from 37% in FY2007.

BUDGETARY HIGHLIGHTS

A budget amendment on May 12, 2008 resulted in the following changes:

- Increased revenue by $83,000.
- Expenditure increases totaling a net $230,577.

CAPITAL ASSETS

Allamakee County concluded FY2008 with $21,861,633 invested in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, and roads and bridges. GASB 34 required the addition of infrastructure assets and required depreciation of all capital assets.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)	2008	2007
Land	$845	$845
Buildings	1,648	1,648
Improvements Other Than Buildings	199	199
Machinery	3,963	3,979
Vehicles	2,151	2,032
Infrastructure	13,056	12,396
	$21,862	$21,099
This Year's Major Additions Include		
Capital Assets Contributed by the Iowa Department of Transportation	$610	$231
Secondary Road Vehicles	193	421
County Vehicles	65	103
	$868	$755

The county had depreciation expense of $1,047,899 in FY08 and total accumulated depreciation of $6,350,782 at June 30, 2008.

The county's fiscal year 2008 capital budget included $213,000 of which $50,000 was used for county roads and bridges.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The county begins the 2009 fiscal year with a balance of 25% when compared to expected expenditures. This balance is possible because departments have been fiscally responsible. The budgeted ending cash balance for FY2009 is $1.9 million less than the actual cash balance for FY2008. This is due to increased overall expenses for FY2008.

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, 110 Allamakee St., Waukon, Iowa 52172.

Exhibit A

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Cash & Pooled Investments	$5,150,815
Receivables:	
Property Tax:	
Delinquent	4,003
Succeeding Year	4,464,232
Interest & Penalty On Property Tax	79
Accounts	23,961
Accrued Interest	17,327
Due From Other Governments	308,330
Notes Receivable	113,836
Inventories	332,155
Prepaid Insurance	27,759
Capital Assets (Net of Accumulated Depreciation)	15,510,852
TOTAL ASSETS	25,953,349
LIABILITIES	
Accounts Payable	343,684
Salaries & Benefits Payable	35,685
Due to Other Governments	233,649
Deferred Revenue:	
Succeeding Year Property Tax	4,464,232
Other	113,836
Long Term Liabilities:	
Portion Due Or Payable Within One Year:	
Compensated Absences	197,268
Stamped Drainage Warrants	1,062
TOTAL LIABILITIES	5,389,416
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	15,510,852
Restricted For:	
Mental Health Purposes	157,694
Secondary Roads Purposes	1,408,357
Other Purposes	824,281
Unrestricted	2,662,749
TOTAL NET ASSETS	$20,563,933

See Notes To Financial Statements

Exhibit B

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

		Program Revenues			Net (Expense)
	Expenses	Charges for Service	Operating Grants, Contributions, & Restricted Interest	Capital Grants, Contributions & Restricted Interest	Revenue & Changes In Net Assets
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Public Safety & Legal Services	$1,227,412	$81,409	$11,885	$0	$(1,134,118)
Physical Health & Social Services	549,348	22,702	46,162	0	(480,484)
Mental Health	1,943,411	294,447	787,623	0	(861,341)
County Environment & Education	847,182	59,798	14,467	0	(772,917)
Roads & Transportation	4,730,514	6,260	2,507,803	708,337	(1,508,114)
Governmental Services to Residents	341,117	237,612	0	0	(103,505)
Administration	854,280	29,182	8,488	0	(816,610)
Non-Program	91,840	43,994	82,500	0	34,654
	$10,585,104	$775,404	$3,458,928	$708,337	(5,642,435)

GENERAL REVENUES:	
Property and Other County Tax Levied For:	
General Purposes	4,809,816
Penalty & Interest on Property Tax	49,985
State Tax Credits	241,305
Local Option Sales Tax	276,333
Unrestricted Investment Earnings	253,398
Miscellaneous	116,023
Gain on Disposal of Capital Assets	2,046
TOTAL GENERAL REVENUES	5,748,906
CHANGE IN NET ASSETS	106,471
NET ASSETS BEGINNING OF YEAR	20,457,462
NET ASSETS END OF YEAR	$20,563,933

See Notes To Financial Statements

ALLAMAKEE COUNTY
Waukon, Iowa

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

		Special Revenue	
	General	Mental Health	Rural Services
ASSETS			
Cash & Pooled Investments	$2,714,289	$405,257	$433,071
Receivables:			
Property Tax:			
Delinquent	2,512	656	835
Succeeding Year	2,574,427	671,893	1,217,912
Interest & Penalty on Property Tax	79	0	0
Accounts	17,516	6,163	0
Notes	0	0	0
Accrued Interest	17,019	0	0
Due From Other Funds	10,902	0	0
Due From Other Governments	9,616	13,352	25,685
Inventories	0	0	0
Prepaid Insurance	20,715	0	0
TOTAL ASSETS	$5,367,075	$1,097,321	$1,677,503
LIABILITIES & FUND BALANCES			
Liabilities:			
Accounts Payable	$21,823	$39,426	$17,481
Salaries & Benefits Payable	10,366	437	616
Due To Other Governments	4,268	227,236	0
Deferred Revenue:			
Succeeding Year Property Tax	2,574,427	671,893	1,217,912
Other	9,246	635	805
Total Liabilities	2,620,130	939,627	1,236,814
Fund Balances			
Reserved For:			
Inventories	0	0	0
Unreserved, Reported In:			
General Fund	2,746,945	0	0
Special Revenue Funds	0	157,694	440,689
Capital Projects Fund	0	0	0
Total Fund Balances	2,746,945	157,694	440,689
TOTAL LIABILITIES & FUND BALANCES	$5,367,075	$1,097,321	$1,677,503

See Notes To Financial Statements

Special Revenue Secondary Roads	Nonmajor	Total
$1,224,941	$362,355	$5,139,913
0	0	4,003
0	0	4,464,232
0	0	79
0	282	23,961
0	113,836	113,836
0	308	17,327
0	0	10,902
234,458	25,219	308,330
332,155	0	332,155
7,044	0	27,759
$1,798,598	$502,000	$10,442,497
$261,253	$3,701	$343,684
24,266	0	35,685
2,145	0	233,649
0	0	4,464,232
0	113,836	124,522
287,664	117,537	5,201,772
332,155	0	332,155
0	0	2,746,945
1,178,779	347,326	2,124,488
0	37,137	37,137
1,510,934	384,463	5,240,725
$1,798,598	$502,000	$10,442,497

ALLAMAKEE COUNTY
Waukon, Iowa

RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2008

Total Governmental Fund Balances (Page 13, Exhibit C)	$5,240,725
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is $21,861,633 and the accumulated depreciation is $6,350,781.	15,510,852
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	10,686
Long-term liabilities, including bonds payable, compensated absences payable and accrued interest payable are not due in the current period and, therefore, are not reported in the funds.	(198,330)
Net Assets of Governmental Activities (Page 10, Exhibit A)	$20,563,933

See Notes to Financial Statements.

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

		Special Revenue	
	General	Mental Health	Rural Services
REVENUES:			
Property & Other County Tax	$2,734,150	$751,418	$1,467,971
Interest & Penalty on Property Tax	49,985	0	0
Intergovernmental	223,039	1,017,668	69,559
Licenses & Permits	51,398	0	0
Charges for Services	308,069	102,893	11,051
Use of Money & Property	273,208	0	0
Miscellaneous	96,893	100	0
Total Revenues	3,736,742	1,872,079	1,548,581
EXPENDITURES:			
Operating:			
Public Safety & Legal Services	1,229,658	0	0
Physical Health & Social Services	516,644	0	0
Mental Health	0	1,941,090	0
County Environment & Education	407,053	0	353,929
Roads & Transportation	172,140	0	0
Governmental Services to Residents	332,559	0	0
Administrative Services	863,707	0	0
Non-Program	72,364	0	0
Capital Projects	0	0	0
Total Expenditures	3,594,125	1,941,090	353,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,617	(69,011)	1,194,652
Other Financing Sources (Uses):			
Sale of Capital Assets	19,375	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(105,283)	0	(1,103,767)
Proceeds from Issuance of Stamped Warrants	0	0	0
Total Other Financing Sources (Uses)	(85,908)	0	(1,103,767)
Net Change in Fund Balances	56,709	(69,011)	90,885
Fund Balances – Beginning of Year	2,690,236	226,705	349,804
Decrease in Reserve For Inventories	0	0	0
Fund Balances – End of Year	$2,746,945	$157,694	$440,689

See Notes To Financial Statements

Special Revenue Secondary Roads	Nonmajor	Total
$131,587	$0	$5,085,126
0	0	49,985
2,606,053	118,594	4,034,913
1,015	0	52,413
567	12,447	435,027
10,300	43,193	326,701
10,413	12,840	120,246
2,759,935	187,074	10,104,411
0	5,840	1,235,498
0	23,256	539,900
0	0	1,941,090
0	52,500	813,482
3,603,418	0	3,775,558
0	180	332,739
0	0	863,707
0	13,431	85,795
50,000	45,363	95,363
3,653,418	140,570	9,683,132
(893,483)	46,504	421,279
21,850	1,501	42,726
1,200,000	9,050	1,209,050
0	0	(1,209,050)
0	1,062	1,062
1,221,850	11,613	43,788
328,367	58,117	465,067
1,376,898	326,346	4,969,989
(194,331)	0	(194,331)
$1,510,934	$384,463	$5,240,725

Exhibit F

ALLAMAKEE COUNTY
Waukon, Iowa

RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (Pages 15-16)		$465,067
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. Depreciation expense exceeded Capital outlay expenditures and contributed capital assets in the current year as follows:		
Expenditures for Capital Assets	$365,379	
Capital assets contributed by the Iowa Department of Transportation	610,085	
Depreciation Expense	(1,047,899)	(72,435)
In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.		(40,680)
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	1,022	
Other	(21,553)	(20,531)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds as follows:		
Drainage Warrants	(1,062)	
Compensated Absences	(29,557)	(30,619)
The change in the amount reserved for the Secondary Road inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase or decrease in Secondary Road expenses in the Statement of Activities.		(194,331)
Change in Net Assets of Governmental Activities (Page 11)		$106,471

See Notes to Financial Statements

Exhibit G

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2008

	Internal Service Employee Group Health
ASSETS	
Cash & Cash Equivalents	$0
Receivables	
Accrued Interest	0
TOTAL ASSETS	$0
LIABILITIES	
Accounts Payable	$0
NET ASSETS	
Unrestricted	$0

See Notes To Financial Statements

Exhibit H

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2008

	Internal Service Employee Group Health
OPERATING REVENUES:	
Reimbursements From Operating Funds	$436,498
Reimbursements From Employees	60,194
Insurance Reimbursements	24,623
Total Operating Revenues	521,315
OPERATING EXPENSES:	
Insurance Premiums	521,315
Operating Income	0
Net Assets Beginning of Year	0
Net Assets End of Year	$0

See Notes To Financial Statements

Exhibit I

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2008

	Internal Service Employee Group Health
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Operating Fund Reimbursements	$436,498
Cash Received From Employees & Others	84,817
Cash Payments To Suppliers For Services	(521,315)
Net Cash Used in Operating Activities	0
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	0
Net Decrease in Cash & Cash Equivalents	0
Cash & Cash Equivalents at Beginning of Year	0
Cash & Cash Equivalents at End of Year	$0
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	$0
Net Cash Used in Operating Activities	$0

See Notes To Financial Statements

Exhibit J

ALLAMAKEE COUNTY
Waukon, Iowa

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2008

ASSETS	
Cash & Pooled Investments:	
County Treasurer	$1,520,510
Other County Officials	28,202
Receivables:	
Property Tax:	
Delinquent	276
Succeeding Year	10,239,358
Accounts	2,529
TOTAL ASSETS	11,790,875
LIABILITIES	
Accounts Payable	2,940
Due To Other Governments	11,767,308
Trusts Payable	16,064
Compensated Absences	4,563
TOTAL LIABILITIES	11,790,875
NET ASSETS	$0

See Notes To Financial Statements

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

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

A. REPORTING ENTITY

For financial reporting purposes, Allamakee 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 Allamakee 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.

A drainage district has 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 this district is legally separate from the County, it is controlled, managed and supervised by the Allamakee County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the individual drainage district can be obtained from the Allamakee County Auditor's office.

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: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission, and Allamakee County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

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

The County reports the following major governmental funds:

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

Note 1: Summary of Significant Accounting Policies (Continued)

Special Revenue

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

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

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

Additionally the County reports the following funds:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected with 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, judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, these 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.

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 is charged 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 a cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. ASSETS, LIABILITIES AND FUND EQUITY

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable has been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-50
Building Improvements	20-50
Infrastructure	30-65
Equipment	2-20
Vehicles	3-10

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (CONTINUED)

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed amounts budgeted in any function, however disbursements in certain departments exceeded the amounts appropriated.

Note 2: Cash and Pooled Investments

The County's deposits in banks at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

Note 2: Cash and Pooled Investments (Continued)

Concentration of Credit Risk The County places no limit in the amount that may be invested in any one issuer.

Note 3: Due from and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Agency:	
	Auto License and Use Tax	$10,902

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

Note 4: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2008 is as follows:

Transfer To	Transfer From	Amount
Special Revenue	Special Revenue	
Secondary Roads	Rural Services	$1,103,767
Secondary Roads	General	96,233
Emergency Medical Services	General	9,050
		$1,209,050

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

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$845,228	$0	$0	$845,228
Construction in Process	167,014	610,085	777,099	0
Total Capital Assets not being Depreciated	1,012,242	610,085	777,099	845,228
Capital assets being Depreciated:				
Buildings	1,646,902	0	0	1,646,902
Improvements Other than Buildings	199,436	0	0	199,436
Machinery and Equipment	3,978,907	55,611	71,651	3,962,867
Vehicles	2,032,337	259,768	140,805	2,151,300
Infrastructure, Road Network	12,228,801	827,099	0	13,055,900
Total Capital Assets being Depreciated	20,086,383	1,142,478	212,456	21,016,405
Less Accumulated Depreciation for:				
Buildings	847,094	26,284	0	873,378
Improvements Other than Buildings	69,803	9,972	0	79,775
Machinery and Equipment	2,004,902	325,993	44,889	2,286,006
Vehicles	1,467,563	197,065	126,888	1,537,740
Infrastructure, Road Network	1,085,298	488,586	0	1,573,884
Total Accumulated Depreciation	5,474,660	1,047,900	171,777	6,350,783
Total Capital Assets being Depreciated, Net	14,611,723	94,578	40,679	14,665,622
Governmental Activities Capital Assets, Net	$15,623,965	$704,663	$817,778	$15,510,850

Depreciation expense was charged to the following functions:

Public Safety and Legal Services	$42,501
Physical Health and Social Services	10,343
Mental Health	2,283
County Environment and Education	17,541
Roads and Transportation	949,819
Governmental Services to Residents	1,583
Administration	17,785
Non-Program	6,045
Total Depreciation Expense – Governmental Activities	$1,047,900

Note 6: Due to Other Governments

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

Fund	Description	Amount
General	Services	$4,268
Special Revenue		
Mental Health	Services	227,236
Secondary Roads		2,145
Total for Governmental Funds		$233,649
Agency		
Recorder		$14,247
Sheriff		138
Agricultural Extension	Collections	122,617
Assessor		287,016
Schools		6,654,715
Community Colleges		292,301
Corporations		3,021,150
Auto License & Use Tax		212,981
All Others		1,162,143
Total for Agency Funds		$11,767,308

Note 7: Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	Compensated Absence	Drainage Warrants	Total
Beginning Balance	$167,710	$0	$167,710
Increases	29,558	1,062	30,620
Decreases	0	0	0
Ending Balance	$197,268	$1,062	$198,330
Due Within One Year	$197,268	$1,062	$198,330

Sick Leave Conversion

During the year ended June 30, 2004, the County established a plan to allow employees who were retiring to convert accumulated sick leave to insurance premiums. During fiscal 2008, no sick leave was converted to insurance premiums, no premiums had been used at June 30, 2008.

Note 8: Loans Receivable

Loans receivable represent economic development loans from the County's Revolving Loan Fund made to qualifying businesses. These loans are to be paid back with interest over a period ranging from two to four years. Interest rates on the loans receivable range from 3.90% to 6.50%. The balance of the loans receivable at June 30, 2008 was $113,836 and is recorded in the Special Revenue Funds.

Note 9: 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 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were $197,249, $181,475, and $174,867, respectively, equal to the required contributions for each year.

Note 10: Risk Management

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance purchased from other insurers for coverage associated with these risks. During the year ended June 30, 2008, there were no significant changes in insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11: Employee Health Insurance Plan

The Allamakee County Group Health Fund was established to account for the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross.

Monthly payments of service fees and plan contributions to the Allamakee County Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark Blue Cross from the Allamakee County Group Health Fund. The County records the plan assets and related liabilities of the Allamakee County Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2008 was $436,498.

Note 12: Business Transactions

Business transactions between the County and County officials or employees were noted. Some of the transactions may represent conflicts of interest since total transactions were more than $1,500 during the fiscal year, in accordance with Chapter 331.342 of the Code of Iowa.

ALLAMAKEE COUNTY
Waukon, Iowa

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, 2008

	Actual	Less Funds Not Required to Be Budgeted	Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
RECEIPTS:						
Property & Other County Tax	$5,055,875	$0	$5,055,875	$5,024,022	$5,024,022	$31,853
Interest & Penalty on Property Tax	50,168	0	50,168	35,800	35,800	14,368
Intergovernmental	4,006,241	0	4,006,241	4,045,056	4,128,056	(121,815)
Licenses & Permits	52,807	0	52,807	44,686	44,686	8,121
Charges for Services	448,813	0	448,813	335,660	335,660	113,153
Use of Money & Property	337,361	8	337,353	232,675	232,675	104,678
Miscellaneous	119,739	12,529	107,210	55,650	55,650	51,560
Total Receipts	10,071,004	12,537	10,058,467	9,773,549	9,856,549	201,918
DISBURSEMENTS:						
Public Safety & Legal Services	1,233,746	0	1,233,746	1,252,829	1,292,547	58,801
Physical Health & Social Services	538,857	0	538,857	622,824	633,262	94,405
Mental Health	1,944,802	0	1,944,802	2,000,491	2,012,576	67,774
County Environment & Education	812,826	0	812,826	861,917	913,513	100,687
Roads & Transportation	3,975,526	0	3,975,526	3,739,280	4,069,880	94,354
Governmental Services to Residents	333,350	0	333,350	380,162	380,182	46,832
Administrative Services	860,903	0	860,903	964,183	964,298	103,395
Non-Program	86,323	13,431	72,892	57,283	80,288	7,396
Capital Projects	91,803	0	91,803	450,000	213,000	121,197
Total Disbursements	9,878,136	13,431	9,864,705	10,328,969	10,559,546	694,841
Excess (Deficiency) of Receipts Under Disbursements	192,868	(894)	193,762	(555,420)	(702,997)	896,759
Other Financing Sources, Net	44,785	1,062	43,723	7,800	7,800	35,923
Excess (Deficiency) of Receipts & Other Financing Sources Over (Under) Disbursements & Other Financing Uses	237,653	168	237,485	(547,620)	(695,197)	932,682
Balance Beginning of Year	4,902,260	23	4,902,237	3,707,801	3,707,801	1,194,436
Balance End of Year	$5,139,913	$191	$5,139,722	$3,160,181	$3,012,604	$2,127,118

See Accompanying Independent Auditors' Report

ALLAMAKEE COUNTY
Waukon, Iowa

BUDGETARY COMPARISON SCHEDULE –
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$10,071,004	$32,410	$10,103,414
Expenditures	9,878,136	(195,004)	9,683,132
Net	192,868	227,414	420,282
Other financing sources, net	44,785	0	44,785
Beginning Fund Balances	4,902,260	67,729	4,969,989
Decrease in Reserve For: Inventories	0	(194,331)	(194,331)
Ending Fund Balances	$5,139,913	$100,812	$5,240,725

See Accompanying Independent Auditors' Report

Allamakee County
Waukon, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds 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 $230,577. 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 E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted in any function, however disbursements in certain departments exceeded the amounts appropriated.

ALLAMAKEE COUNTY
Waukon, Iowa

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Well Grant	Prisoner Room & Board	Recorder's Records Management	Resource Enhancement & Protection	Conservation Special Projects	Attorney's Forfeiture
ASSETS						
Cash & Pooled Investments	$50,844	$35,790	$15,649	$124,962	$14,432	$1,424
Receivables:						
Accounts	0	0	282	0	0	0
Due from Other Governments	0	0	0	0	0	0
Notes	0	0	0	0	0	0
Accrued Interest	0	0	0	308	0	0
TOTAL ASSETS	$50,844	$35,790	$15,931	$125,270	$14,432	$1,424
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$141	$0	$0	$0	$0	$0
Deferred Revenue	0	0	0	0	0	0
Total Liabilities	141	0	0	0	0	0
Fund Equity:						
Fund Balance						
Unreserved	50,703	35,790	15,931	125,270	14,432	1,424
TOTAL LIABILITIES AND FUND BALANCES	$50,844	$35,790	$15,931	$125,270	$14,432	$1,424

See Accompanying Independent Auditors' Report

Schedule 1

Drainage Districts	Revolving Loan Fund	Emergency Medical Services	Conservation Reserve	Capital Project	Total
$191	$97,166	$12	$6,407	$15,478	$362,355
0	0	0	0	0	282
0	0	0	0	25,219	25,219
0	113,836	0	0	0	113,836
0	0	0	0	0	308
$191	$211,002	$12	$6,407	$40,697	$502,000
$0	$0	$0	$0	$3,560	$3,701
0	113,836	0	0	0	113,836
0	113,836	0	0	3,560	117,537
191	97,166	12	6,407	37,137	384,463
$191	$211,002	$12	$6,407	$40,697	$502,000

ALLAMAKEE COUNTY
Waukon, Iowa

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	Well Grant	Prisoner Room & Board	Recorders Records Management	Resource Enhancement & Protection	Conservation Special Project	Attorney's Forfeiture
Revenues:						
Intergovernmental	$21,627	$0	$0	$14,467	$0	$0
Charges for Services	0	8,739	3,708	0	0	0
Use of Money & Property	0	0	29	4,383	0	0
Miscellaneous	0	0	0	0	250	0
Total Revenues	21,627	8,739	3,737	18,850	250	0
Expenditures:						
Operating:						
Public Safety and Legal Services	0	5,840	0	0	0	0
Physical Health & Social Services	14,208	0	0	0	0	0
County Environment & Education	0	0	0	0	0	0
Governmental Services to Residents	0	0	180	0	0	0
Non–Program	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	14,208	5,840	180	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,419	2,899	3,557	18,850	250	0
Other Financing Sources(Uses):						
Sale of Capital Assets	0	0	0	0	0	0
Stamped Warrant Proceeds	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
	0	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	7,419	2,899	3,557	18,850	250	0
Fund Balances – Beginning of Year	43,284	32,891	12,374	106,420	14,182	1,424
Fund Balances – End of Year	$50,703	$35,790	$15,931	$125,270	$14,432	$1,424

See Accompanying Independent Auditors' Report

Schedule 2

Drainage Districts	Revolving Loan Fund	Emergency Medical Services	Conservation Reserve Trust	Capital Projects	Total
$0	$0	$0	$0	$82,500	$118,594
0	0	0	0	0	12,447
8	38,773	0	0	0	43,193
12,529	0	0	61	0	12,840
12,537	38,773	0	61	82,500	187,074
0	0	0	0	0	5,840
0	0	9,048	0	0	23,256
0	52,500	0	0	0	52,500
0	0	0	0	0	180
13,431	0	0	0	0	13,431
0	0	0	0	45,363	45,363
13,431	52,500	9,048	0	45,363	140,570
(894)	(13,727)	(9,048)	61	37,137	46,504
0	0	0	1,501	0	1,501
1,062	0	0	0	0	1,062
0	0	9,050	0	0	9,050
1,062	0	9,050	1,501	0	11,613
168	(13,727)	2	1,562	37,137	58,117
23	110,893	10	4,845	0	326,346
$191	$97,166	$12	$6,407	$37,137	$384,463

ALLAMAKEE COUNTY
Waukon, Iowa

COMBINING SCHEDULE OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
ASSETS				
Cash & Pooled Investments:				
County Treasurer	$0	$2,539	$145,148	$135,708
Other County Officials	28,202	0	0	0
Receivables:				
Property Tax:				
Delinquent	0	3	4	190
Succeeding Year	0	120,075	146,613	6,518,817
Accounts	2,247	0	0	0
TOTAL ASSETS	$30,449	$122,617	$291,765	$6,654,715
LIABILITIES				
Accounts Payable	$0	$0	$186	$0
Due to Other Governments	14,385	122,617	287,016	6,654,715
Trusts Payable	16,064	0	0	0
Compensated Absences	0	0	4,563	0
TOTAL LIABILITIES	$30,449	$122,617	$291,765	$6,654,715

See Accompanying Independent Auditors' Report

Schedule 3

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Total
$6,572	$46,745	$21,419	$1,610	$212,981	$947,788	$1,520,510
0	0	0	0	0	0	28,202
9	62	5	0	0	3	276
285,720	2,974,343	89,075	0	0	104,715	10,239,358
0	0	0	0	0	282	2,529
$292,301	$3,021,150	$110,499	$1,610	$212,981	$1,052,788	$11,790,875
$0	$0	$0	$0	$0	$2,754	$2,940
292,301	3,021,150	110,499	1,610	212,981	1,050,034	11,767,308
0	0	0	0	0	0	16,064
0	0	0	0	0	0	4,563
$292,301	$3,021,150	$110,499	$1,610	$212,981	$1,052,788	$11,790,875

ALLAMAKEE COUNTY
Waukon, Iowa

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS

Year Ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances Beginning of Year	$39,172	$116,904	$239,937	$6,273,412
Additions:				
Property & Other County Tax	0	134,456	163,876	7,239,091
E911 Surcharge	0	0	0	0
State Tax Credits	0	6,469	7,766	346,921
Drivers License Fees	0	0	0	0
Office Fees & Collections	318,686	0	0	0
Electronic Transaction Fee	0	0	0	0
Auto Licenses, Use Tax & Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	121,929	0	0	0
Miscellaneous	0	213	1,410	10,787
Total Additions	440,615	141,138	173,052	7,596,799
Deductions:				
Agency Remittances:				
To Other Funds	161,286	0	0	0
To Other Governments	162,030	135,425	121,224	7,215,496
Trusts Paid Out	126,022	0	0	0
Total Deductions	449,338	135,425	121,224	7,215,496
Balances End of Year	$30,449	$122,617	$291,765	$6,654,715

See Accompanying Independent Auditors' Report

Schedule 4

Community Colleges	Corporations	Townships	City Special Assessments	Auto License & Use Tax	Other	Totals
$302,770	$2,811,123	$129,550	$1,658	$237,078	$1,110,208	$11,261,812
322,937	3,068,901	299,749	0	0	242,466	11,471,476
0	0	0	0	0	135,296	135,296
16,742	125,385	4,201	0	0	7,668	515,152
0	0	0	0	71,257	0	71,257
0	0	0	0	0	0	318,686
0	0	0	0	0	3,708	3,708
0	0	0	0	2,801,967	0	2,801,967
0	0	0	23,260	0	0	23,260
0	0	0	0	0	0	121,929
551	0	451	0	0	322,718	336,130
340,230	3,194,286	304,401	23,260	2,873,224	711,856	15,798,861
0	0	0	0	127,347	0	288,633
350,699	2,984,259	323,452	23,308	2,769,974	764,278	14,850,145
0	0	0	0	0	4,998	131,020
350,699	2,984,259	323,452	23,308	2,897,321	769,276	15,269,798
$292,301	$3,021,150	$110,499	$1,610	$212,981	$1,052,788	$11,790,875

ALLAMAKEE COUNTY
Waukon, Iowa

SCHEDULE OF REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS

For the Last Six Years

	Modified Accrual Basis	
	2008	2007
Revenues:		
Property & other County Tax	$5,085,126	$4,995,000
Interest & Penalty on Property Tax	49,985	49,838
Intergovernmental	4,034,913	3,970,501
Licenses & Permits	52,413	42,871
Charges for Service	435,027	392,180
Use of Money & Property	326,701	389,971
Miscellaneous	119,249	90,975
Total	$10,103,414	$9,931,336
Expenditures:		
Operating:		
Public Safety & Legal Services	$1,235,498	$1,213,881
Physical Health & Social Services	539,900	534,490
Mental Health	1,941,090	1,806,281
County Environment & Education Services	813,482	791,667
Roads and Transportation	3,775,558	3,443,693
Governmental Services to Residents	332,739	325,189
Administrative Services	863,707	833,405
Non-Program	85,795	52,270
Debt Service	0	0
Capital Projects	95,363	453,243
Total	$9,683,132	$9,454,119

See Accompanying Independent Auditors' Report

Modified Accrual Basis			
2006	2005	2004	2003
$4,372,320	$4,343,017	$3,327,392	$3,126,425
52,497	54,286	28,902	30,227
4,001,987	4,051,657	2,788,622	2,664,971
44,272	44,341	3,895	4,733
376,677	357,358	356,000	314,652
303,211	260,670	64,405	94,381
964,671	139,065	193,443	182,480
$10,115,635	$9,250,394	$6,762,659	$6,417,869
$1,142,122	$1,088,415	$879,651	$887,697
512,612	567,575	450,526	465,631
1,655,661	1,559,726	1,099,206	1,004,410
2,007,914	687,490	641,948	641,870
3,544,348	3,496,989	2,655,035	2,382,111
419,335	346,985	211,876	214,051
816,362	728,677	696,011	579,142
54,085	131,532	4,110	7,870
0	0	30,408	113,408
694,131	959,555	29,817	124,409
$10,846,570	$9,566,944	$6,698,588	$6,420,599

Gardiner Thomsen
Certified Public Accountants

Independent Auditors' 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 Allamakee County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 19, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Allamakee 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 A, B, and C are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 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.

Allamakee County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Allamakee 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 Allamakee County and other parties to whom Allamakee County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Allamakee 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.

February 19, 2009

Gardiner Thomsen, P.C.

ALLAMAKEE COUNTY
Waukon, Iowa

Schedule of Findings
Year ended June 30, 2008

Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

A **Segregation of Duties** – During our review of the internal control, 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.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, County officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by each office will be separated and spread among the Official, Deputy and Clerk.

Conclusion – Response accepted.

B **Financial Reporting** – During the audit, we identified material amounts of receivables, payables and capital assets not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include theses amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital assets are identified and included in the County's financial statements.

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

Conclusion – Response accepted.

C **Preparation of Full Disclosure Financial Statements** – Internal controls over financial reporting include the actual preparation and review of financial statements, including footnote disclosure, for external reporting, as required by generally accepted accounting principles. Allamakee County does not have the internal resources to prepare the full – disclosure financial statements required by GAAP for external reporting. While this circumstance is not uncommon for most governmental entities, it is the responsibility of management and those charged with governance, to prepare reliable financial data, or accept the risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles and preparing full disclosure financial statements for external reporting purposes is difficult. However, we recommend that County officials continue to review operating procedures and obtain the internal expertise needed to handle all the aspects of external financial reporting, rather than rely on external assistance.

Response – We recognize our limitations, however it is not fiscally responsible to add additional staff at this time.

Conclusion – Response acknowledged.

INSTANCES OF NONCOMPLIANCE

No matters were reported.

Other Findings Related to Required Statutory Reporting

1 **Certified Budget** – Disbursements during the year ended June 30, 2008 did not exceed the amount budgeted. Disbursements in certain departments exceeded the amounts appropriated. The E911 Budget Notice was not published in accordance with Chapter 331.434 of the Code of Iowa.

Recommendation – Chapter 331.434(b) 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 function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Chapter 331.434 of the Code of Iowa requires notice of a budget hearing to be published not less than 10 nor more than 20 days before the hearing. Such notices should be published before all budget hearings.

Response –Appropriations will be watched more closely by the departments. Notice of budget hearings will be published as required.

Conclusion – Response accepted.

2 **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 :

Paid to	Purpose	Amount
Gus 'n Tony's	Food for EMA Training	$74

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The public purpose served by these expenditures will be documented in the future before they are authorized.

Conclusion – Response accepted.

Schedule of Findings (Continued)
Year ended June 30, 2008

3 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

4 **Business Transactions** – The following business transactions between the County and County officials or employees were noted.

Name, Title & Business Connection	Description	Amount
Bill Clark, Supervisor Owner Clark Tire Center	Tires and tire services	$2,078
Laurie Welch, Recorder's Office Husband Owns Welch Inc.	Propane and County Farm Supplies	6,409
Phil Young Transport Officer for Sheriff, does carpentry on the side	Small Construction work	384
Mary Severson – Sheriff's Office Husband owns Severson Video	Video tapes and copying	258
Linda Zuercher, County Assessor Daughter owns Kaylee's Cleaning Service	Office Cleaning	52
Linda Kruse – Relief Director Son owns R&K Auto Repair	Vehicle Repairs	1,047
Rev Lonning – Sheriff's Office Jerry Donahue is Son-in Law	Flag Pole Painting	260

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Clark Tire Center and Welch Inc. do not appear to represent conflicts of interest since neither Bill Clark nor Laurie Welch were directly involved in acquiring the above services.

The transactions with Phil Young, Severson Video, Kaylee's Cleaning Service, R & K Auto Repair, and Jerry Donahue do not appear to represent conflicts of interest since the amounts were not in excess of $1,500 for the year.

Recommendation – The County should refrain from business transactions with County officials or employees whenever possible. If the county wishes to do business with officials or employees, bids should be taken for the work to be done.

Response – The County will comply with the Code of Iowa in the future.

Conclusion – Response accepted.

5 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed periodically to ensure that coverage is adequate for current operations.

Schedule of Findings (Continued)
Year ended June 30, 2008

6 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

7 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

8 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

9 **County Extension Office** – The County Extension Office is operated under 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, 2008 for the County Extension Office did not exceed the amounts budgeted.

10 **Economic Development** – During the year ended June 30, 2008, the County spent $112,500 for economic development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

11 **Credit Card Disbursements** – Not all claims for purchases by credit card were supported by a detailed invoice.

Recommendation – Claims for payment should be accompanied by an invoice, showing the basis of the claim and whether for property sold or furnished for services rendered or for another purpose according to Chapter 331.504 of the Code of Iowa. All credit and gas card statements should be accompanied by detailed receipts.

Response – The department feels that adequate documentation is being supplied for payment of purchases using gas cards.

Conclusion – Response acknowledged.

12 **Separately Maintained Accounts** – The Sheriff's Office maintains a forfeiture account within the office. The receipts and disbursements of this account were not reflected in the County's accounting system and were not included in the County's annual budget or financial report.

Recommendation – In accordance with the Code of Iowa, a Special Revenue Fund should be established for this account. All collections should be remitted to the County Treasurer and all expenditures should be approved by the Board of Supervisors and reflected in the County's accounting system, annual budget and financial report.

Response – We will consider this recommendation.

Conclusion – Response acknowledged.

News Release

Gardiner Thomsen, P.C. today released an audit report on Allamakee County, Iowa.

The County had local tax revenue of $17,314,082 for the year ended June 30, 2008, which included $756,457 in tax credits from the state. The County forwarded $11,581,468 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $5,327,454 of the local tax revenue to finance County operations, a 1% increase from the prior year. Other revenues included charges for service of $775,404, operating grants, contributions and restricted interest of $3,458,928, unrestricted investment earnings of $253,398 and other general revenues of $118,069.

Expenses for County operations totaled $10,585,104, a 17% increase from the prior year. Expenses included $4,730,514 for Roads and Transportation, $1,943,411 for Mental Health and $1,227,412 for Public Safety & Legal Services.

The significant increase/decrease in revenues and expenses is due primarily to property tax revenue and Roads and Transportation expenses, respectively.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

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