



JOHNSON COUNTY
IOWA CITY, IOWA

FINANCIAL STATEMENTS
JUNE 30, 2005

JOHNSON COUNTY

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JOHNSON COUNTY

JOHNSON COUNTY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sally Stutsman	Board of Supervisors	December 2006
Mike Lehman	Board of Supervisors	December 2006
Rod Sullivan	Board of Supervisors	December 2008
Pat Harney	Board of Supervisors	December 2008
Terrence Neuzil	Board of Supervisors	December 2008
Tom Slockett	County Auditor	December 2008
Tom Kriz	County Treasurer	December 2006
Kim Painter	County Recorder	December 2006
Lonny Pulkrabek	County Sheriff	December 2008
J. Patrick White	County Attorney	December 2006
Bill Greazel	County Assessor	Appointed
Dennis Baldrige	City Assessor	Appointed

INDEPENDENT AUDITOR'S REPORT

To the Officials of Johnson County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Johnson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2005, on our consideration of Johnson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Johnson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Dubuque, Iowa
December 14, 2005

**Johnson County, Iowa
Management's Discussion and Analysis (MD&A)
June 30, 2005**

INTRODUCTION

Our discussion and analysis of financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2005. It should be read in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$39,835,137 at June 30, 2005. This was an increase of \$4,106,973 (11%) over the prior year. The County took over the jurisdiction of former city roads and farm to market funds from the state were used for road projects, which accounts for much of the change.
- ❑ Overall revenues of governmental activities decreased 3% or \$1,346,586 from fiscal year 2004. Property tax increased \$1,075,092, operating grants and contributions increased \$1,101,324, and capital grants and contributions decreased \$3,853,355.
- ❑ Program expenses grew 4% or \$1,649,067 from fiscal year 2004. Public safety and legal services increased \$415,606, mental health expenses grew \$548,863, roads and transportation expenses increased \$422,166, and administration expenses increased \$453,735.

OVERVIEW OF FINANCIAL STATEMENTS

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

- ❑ **Management's Discussion and Analysis** - Introduces the basic financial statements and provides an analytical overview of the County's activities.
- ❑ **Government-wide financial statements** – The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Johnson County as a whole and present an overall view of the County's finances.
- ❑ **Fund financial statements** - Focus on reporting how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report operations in more detail by providing information about the most significant funds. The remaining statements provide financial information about activities for which Johnson County acts solely as an agent or custodian for the benefit of those outside of County government (agency funds).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF JOHNSON COUNTY -- Net Assets

The County's combined net assets increased from \$35,841,966 to \$39,835,137. See Table 1. Analysis will focus on changes in net assets for governmental activities.

**Table 1:
Net Assets**

	Governmental Activities		Total Percentage
	2005	2004	Change 2005-2004
Assets			
Current Assets	\$50,690,568	\$49,963,888	1%
Capital Assets, Net of Accumulated Depreciation	\$21,657,080	\$20,669,488	5%
TOTAL ASSETS	<u>72,347,648</u>	<u>\$70,633,376</u>	2%
Liabilities			
Current Liabilities	\$30,935,332	\$29,316,176	6%
Long Term Liabilities	\$1,577,179	\$5,475,324	-71%
TOTAL LIABILITIES	<u>\$32,512,511</u>	<u>\$34,791,410</u>	-7%
Net Assets			
Invested in Capital Assets, Net of Related Debt, as restated	\$21,641,670	\$20,642,208	5%
Restricted	\$5,843,786	\$4,648,416	26%
Unrestricted	\$12,349,681	\$10,551,342	17%
TOTAL NET ASSETS, as restated	<u>\$39,835,137</u>	<u>\$35,841,966</u>	11%

Changes in Net Assets

Net assets of governmental activities increased by 11%. The largest portion of the County's net assets are invested in capital assets (land, buildings, equipment), net of related debt. The debt related to investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net assets increased from approximately \$10.6 million in fiscal year 2004 to approximately \$12.3 million in fiscal year 2005 an increase of 16%. Much of this is due to better than expected non-tax revenue collections from ambulance call fees and governmental reimbursements, better than expected interest earnings from investments, increased motor vehicle and tax sale fees in the Treasurer's office, increased grant proceeds and fee collections in the sheriff's department, and increased other governmental reimbursements related to child support in the attorney's office.

**Table 2:
Changes in Net Assets**

	Governmental Activities		Total Percentage Change
	2005	2004	2005-2004
Revenues			
Program Revenues			
Charges for Services	\$4,381,029	\$4,315,273	2%
Operating Grants and Contributions	\$15,338,014	\$14,236,690	8%
Capital Grants and Contributions	\$1,876,422	\$5,729,777	-67%
Property and other taxes levied for:			
General Purposes	\$21,645,887	\$20,296,055	7%
Debt Service	\$3,843,444	\$3,492,834	10%
Tax Increment Financing	\$158,957	\$784,307	-80%
Penalty and Interest on Property Tax	\$220,083	\$206,473	7%
State Tax Credits	\$671,416	\$693,017	-3%
Franchise Tax	\$65,322	\$192,747	-66%
Unrestricted Investment Earnings	\$732,299	\$362,008	102%
Gain on Sale of Capital Assets	\$8,908	\$0	100%
Miscellaneous	\$222,805	\$201,991	10%
TOTAL REVENUES	\$49,164,586	\$50,511,172	-3%
Expenses			
Public Safety and Legal Services	\$12,141,409	\$11,725,803	4%
Physical Health and Social Services	\$6,267,711	\$6,573,148	-5%
Mental Health, MR & DD	\$10,104,720	\$9,555,857	6%
County Environment and Education	\$2,448,380	\$2,340,310	5%
Roads and Transportation	\$6,691,076	\$6,268,910	7%
Governmental Services to Residents	\$1,748,296	\$1,717,723	2%
Administration	\$5,729,664	\$5,275,929	9%
Nonprogram Current	\$0	\$11,816	-100%
Interest on Long-term Debt	\$40,159	\$52,852	-24%
TOTAL EXPENSES	\$45,171,415	\$43,522,348	4%
INCREASE IN NET ASSETS	\$3,993,171	\$6,988,924	-43%
Beginning, as restated	<u>\$35,841,966</u>	<u>\$28,853,142</u>	24%
Ending	<u>\$39,835,137</u>	<u>\$35,841,966</u>	11%

The County increased property tax rates for 2005 by an average of 7.7%. This increase raised the County's property tax revenue by approximately \$1,075,000. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase by an additional \$1,405,355 for fiscal year 2006.

The cost of all government services this year was \$45,171,415 compared to \$43,522,348 last year. The amount financed by taxpayers was \$25,868,371 (See Statement of Activities). Some of the cost was paid for by those who benefited from programs or other government grants and contributions. The County's program revenues decreased approximately from \$24,282,000 to \$21,595,000 principally due to the transfer of jurisdiction of roads from the State of Iowa to the County of approximately \$5,726,000 in 2004 and only \$1,000,000 transferred in 2005.

MAJOR FUND ANALYSIS

Governmental funds reported a combined fund balance of \$17,587,249, a decrease of \$1,759,188. The General Fund expenditure levels exceeded actual revenue received during the fiscal year. Also, the County expended approximately \$1.5 million on capital projects during the fiscal year.

- ❑ General Fund revenues increased approximately \$1,142,000 due to an increase in property and other taxes of \$789,881. Expenditures increased \$1,786,773 due to an increase in public safety and legal services of \$940,402 and an increase in administration of \$460,072.
- ❑ Rural Service Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed an increase of \$572 from the prior year to \$100,912.
- ❑ Secondary Roads Fund revenues decreased approximately \$104,000 due to a decrease in intergovernmental revenue of approximately \$124,000. Expenditures increased in roads and transportation by \$333,754 and decreased in capital project expenditures by approximately \$505,000 due to timing of projects.
- ❑ Mental Health Fund revenues increased by approximately \$873,000 over the prior year, due to an increase in intergovernmental revenue of approximately \$867,000. Expenditures increased by \$721,767 due to an increasing demand for services, an increase in service unit costs, and an increase in departmental administration costs.
- ❑ Capital Projects Fund revenues increased approximately \$25,000 and expenditures decreased approximately \$471,000. The revenues and expenditures vary depending on the timing of projects.

General Fund Budgetary Highlights

Johnson County amended the budget twice in fiscal year 2005. The first amendment in January 2005 related to payroll clerk costs for the remainder of the year, unanticipated elections expenses, increased worker's compensation costs, additional expenses for document imaging, aerial photos and related software costs, and expenses for the GEMS accounting software, along with costs for courthouse furnishings, and adjustment for the EMS grant, development of the state-wide recorder system, and a cost of living adjustment for a conservationist position. The second amendment in May 2005 was mainly for the Public Health grant adjustments, additional block grants including the MECCA ISDA program, addition of a GIS specialist and related training, courthouse security, prisoner housing and inmate expenses, medical examiner expenses, costs of the North Corridor roads study, a comprehensive equipment maintenance program, and unexpected costs for postage and animal control. Also included were items relating to secondary roads equipment maintenance, acquisition and construction expense, merit pay increases, IPERS adjustments in various departments, and increased expenses for mental health service costs.

Information is available in the County Auditor's Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For fiscal year 2005 the County had a net increase of \$2,345,051 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles and infrastructure. This is due mainly to the transfer of roads from the state to the county. See Table 3. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 3
Capital Assets

	Value of Capital Assets		Total Percentage Change
	2005	2004	2005-2004
Non-Depreciated			
Land	\$2,804,032	\$2,500,364	12%
Construction in Progress	\$616,312	\$601,275	3%
Total Not Being Depreciated	\$3,420,344	\$3,101,639	10%
Depreciable			
Buildings & Improvements	\$13,622,081	\$13,622,081	-%
Machinery and Equipment	\$12,057,723	\$12,017,361	0.3%
Infrastructure	\$9,682,896	\$7,591,575	28%
Total Depreciable Assets	\$35,362,700	\$33,231,017	6%
Total Accumulated Depreciation	(\$17,125,964)	(\$15,663,168)	9%
NET CAPITAL ASSETS	\$21,657,080	\$20,669,488	5%

The County has depreciation expense of \$2,367,110 in FY 2005 and total accumulated depreciation of \$17,125,964 on June 30, 2005.

The County's fiscal year 2006 budget projects spending of \$3.7 million for capital projects, primarily for land acquisition and appraisal services. The County annually completes a Five Year Road Plan and Capital Improvement Plan (CIP). Both can be viewed by contacting management or are available on the County's web site www.johnson-county.com.

Long-Term Liabilities

At year end, the County had \$1,577,179 in long-term liabilities, consisting of compensated absences and capital lease purchase agreements (Table 4). The County retired \$3,908,042 in liabilities largely as the result of the retirement of the general obligation note outstanding during the fiscal year. More detailed information about the County's debt is presented in the notes to the financial statements.

Table 4
Long-Term Liabilities

	Long-Term Liabilities		Total Percentage Change
	2005	2004	2005-2004
General Obligation Notes	\$0	\$3,945,000	-100%
Accrued Interest on Notes	\$0	\$9,987	-100%
Compensated Absences	\$1,561,769	\$1,502,954	4%
Capital Leases Payable	\$15,410	\$27,280	-44%
TOTAL LONG-TERM LIABILITIES	\$1,577,179	\$5,485,221	-71%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- ❑ Interest rates rose, and seem to be increasing near the end of FY 2005. This could have an adverse affect on home construction and property tax base growth.
- ❑ The continuing increases in premiums for health care insurance and worker's compensation could have a significant effect on the future financial health of the County. The County has had double digit rate increases in both categories in recent years.
- ❑ The budget assumptions used to prepare the budget for 2005 included a range of 2.75% to 4.00% cost of living allowance (COLA) for employees and a 4.00% COLA for elected officials.
- ❑ Johnson County continues to enjoy a strong economy. Historically low interest rates on mortgages and a low unemployment rate make Johnson County fourth in the State of Iowa in per capita income.
- ❑ Johnson County grew from 96,000 residents in 1990 to 111,000 in 2000. The estimated current population is over 116,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Tom Slockett
 Johnson County Auditor
 913 South Dubuque Street
 Iowa City, Iowa 52240
 319-356-6004
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 Johnson County Treasurer
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 Iowa City, Iowa 52240
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Rich Claiborne
 Johnson County Budget Coordinator
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BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2005

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$ 19,644,657
Receivables	
Property tax	
Delinquent	185,829
Succeeding year	27,595,535
Interest and penalty on property tax	529,856
Interest, other	8,071
Accounts	1,007,652
Due from other governments	1,051,435
Prepaid expenses	366,714
Inventories	300,819
Land and construction in progress	3,420,344
Other capital assets (net of accumulated depreciation)	<u>18,236,736</u>
Total assets	<u>72,347,648</u>
LIABILITIES	
Accounts payable	1,656,946
Salaries and benefits payable	648,408
Due to other governments	1,034,443
Unearned revenue	
Succeeding year property tax	27,595,535
Long-term liabilities	
Portion due or payable within one year	
Capital lease purchase agreements	9,628
Compensated absences	314,185
Portion due or payable after one year	
Capital lease purchase agreements	5,782
Compensated absences	<u>1,247,584</u>
Total liabilities	<u>32,512,511</u>
NET ASSETS	
Invested in capital assets, net of related debt	21,641,670
Restricted for	
Supplemental levy purposes	337,989
Secondary roads purposes	3,447,385
Mental health purposes	1,631,083
Other purposes	427,329
Unrestricted	<u>12,349,681</u>
Total net assets	<u>\$ 39,835,137</u>

See notes to financial statements.

**JOHNSON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Governmental activities					
Public safety and legal services	\$ 12,141,409	\$ 1,527,191	\$ 1,286,989	\$ 9,174	\$ (9,318,055)
Physical health and social services	6,267,711	220,340	2,706,231	-	(3,341,140)
Mental health	10,104,720	12,170	7,164,858	-	(2,927,692)
County environment and education	2,448,380	367,346	49,728	-	(2,031,306)
Roads and transportation	6,691,076	47,306	3,974,843	1,867,248	(801,679)
Governmental services to residents	1,748,296	1,774,712	28,173	-	54,589
Administration	5,729,664	431,964	127,192	-	(5,170,508)
Interest on long-term debt	40,159	-	-	-	(40,159)
Total	\$ 45,171,415	\$ 4,381,029	\$ 15,338,014	\$ 1,876,422	(23,575,950)
General Revenues					
Property and other County tax levied for					
General purposes					21,645,887
Debt service					3,843,444
Tax increment financing					158,957
Penalty and interest on property tax					220,083
State tax credits					671,416
Franchise tax					65,322
Unrestricted investment earnings					732,299
Gain on sale of capital assets					8,908
Miscellaneous					222,805
Total general revenues					27,569,121
Change in net assets					3,993,171
Net assets beginning of year, as restated					35,841,966
Net assets end of year					\$ 39,835,137

**JOHNSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
ASSETS				
Cash and pooled investments	\$ 3,945,192	\$ 103,101	\$ 3,197,405	\$ 2,253,657
Receivables				
Property tax				
Delinquent	102,148	40,789	-	19,685
Succeeding year	21,544,248	2,912,892	-	3,138,395
Accounts	548,455	-	3,217	428,160
Interest and penalty on property tax	529,856	-	-	-
Interest, other	-	-	-	-
Advances from other funds	126,000	-	-	-
Due from other governments	597,433	-	296,912	128,564
Inventories	-	-	300,819	-
Prepays	277,974	-	-	-
	<u>27,671,306</u>	<u>3,056,782</u>	<u>3,798,353</u>	<u>5,968,461</u>
Total assets	<u>\$ 27,671,306</u>	<u>\$ 3,056,782</u>	<u>\$ 3,798,353</u>	<u>\$ 5,968,461</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 417,471	\$ -	\$ 223,428	\$ 404,221
Salaries and benefits payable	520,264	-	92,485	35,659
Advances to other funds	-	-	-	-
Due to other governments	258,324	2,356	34,262	739,501
Deferred revenue				
Succeeding year property tax	21,544,248	2,912,892	-	3,138,395
Other	1,215,995	40,622	793	19,602
	<u>23,956,302</u>	<u>2,955,870</u>	<u>350,968</u>	<u>4,337,378</u>
Total liabilities	<u>23,956,302</u>	<u>2,955,870</u>	<u>350,968</u>	<u>4,337,378</u>
Fund balances				
Reserved for				
Inventories	-	-	300,819	-
Prepays	277,974	-	-	-
Unreserved, reported in				
General fund	3,437,030	-	-	-
Special revenue funds	-	100,912	3,146,566	1,631,083
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
	<u>3,715,004</u>	<u>100,912</u>	<u>3,447,385</u>	<u>1,631,083</u>
Total fund balances	<u>3,715,004</u>	<u>100,912</u>	<u>3,447,385</u>	<u>1,631,083</u>
	<u>\$ 27,671,306</u>	<u>\$ 3,056,782</u>	<u>\$ 3,798,353</u>	<u>\$ 5,968,461</u>
Total liabilities and fund balances	<u>\$ 27,671,306</u>	<u>\$ 3,056,782</u>	<u>\$ 3,798,353</u>	<u>\$ 5,968,461</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 5,396,161	\$ 3,374,851	\$ 18,270,367
-	23,207	185,829
-	-	27,595,535
2,608	860	983,300
-	-	529,856
-	8,071	8,071
-	-	126,000
28,455	71	1,051,435
-	-	300,819
<u>88,740</u>	<u>-</u>	<u>366,714</u>
<u>\$ 5,515,964</u>	<u>\$ 3,407,060</u>	<u>\$ 49,417,926</u>
\$ 75,648	\$ 2,040	\$ 1,122,808
-	-	648,408
-	126,000	126,000
-	-	1,034,443
-	-	27,595,535
<u>1,118</u>	<u>25,353</u>	<u>1,303,483</u>
<u>76,766</u>	<u>153,393</u>	<u>31,830,677</u>
-	-	300,819
88,740	-	366,714
-	-	3,437,030
-	3,272,012	8,150,573
-	(18,345)	(18,345)
<u>5,350,458</u>	<u>-</u>	<u>5,350,458</u>
<u>5,439,198</u>	<u>3,253,667</u>	<u>17,587,249</u>
<u>\$ 5,515,964</u>	<u>\$ 3,407,060</u>	<u>\$ 49,417,926</u>

JOHNSON COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Exhibit D

Total governmental fund balances		\$ 17,587,249
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The cost of assets is \$38,783,044 and the accumulated depreciation is \$17,125,964.		21,657,080
Other assets, such as County taxes, are not available to pay current period expenditures and therefore are deferred in the funds.		1,303,483
The Internal Service Fund is used by the County to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		864,504
Long-term liabilities, including capital lease purchase agreements and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease purchase agreements	\$ (15,410)	
Compensated absences	<u>(1,561,769)</u>	
Total long-term liabilities		<u>(1,577,179)</u>
Net assets of governmental activities		<u>\$ 39,835,137</u>

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
Revenues				
Property and other County tax	\$ 15,948,172	\$ 2,761,177	\$ -	\$ 3,071,885
Interest and penalty on property tax	278,470	-	-	-
Intergovernmental	5,056,740	93,966	3,994,819	7,243,341
Licenses and permits	477,066	-	1,170	-
Charges for service	2,854,006	-	-	12,170
Use of money and property	517,311	-	5,462	-
Miscellaneous	399,575	-	44,440	10,989
Total revenues	<u>25,531,340</u>	<u>2,855,143</u>	<u>4,045,891</u>	<u>10,338,385</u>
Expenditures				
Operating				
Public safety and legal services	11,940,848	-	-	-
Physical health and social services	6,332,194	-	-	-
Mental health	-	-	-	10,140,316
County environment and education	1,801,688	523,315	-	-
Roads and transportation	-	-	5,838,452	-
Governmental services to residents	1,679,480	-	-	-
Administration	5,165,145	-	-	-
Non-program	600	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects				
	-	-	348,445	-
Total expenditures	<u>26,919,955</u>	<u>523,315</u>	<u>6,186,897</u>	<u>10,140,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,388,615)</u>	<u>2,331,828</u>	<u>(2,141,006)</u>	<u>198,069</u>
Other financing sources (uses)				
Sale of capital assets	17,254	-	-	-
Transfers in (out)	<u>(3,352,336)</u>	<u>(2,331,256)</u>	<u>2,827,743</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,335,082)</u>	<u>(2,331,256)</u>	<u>2,827,743</u>	<u>-</u>
Net change in fund balances	(4,723,697)	572	686,737	198,069
Fund balances beginning of year	<u>8,438,701</u>	<u>100,340</u>	<u>2,760,648</u>	<u>1,433,014</u>
Fund balances end of year	<u>\$ 3,715,004</u>	<u>\$ 100,912</u>	<u>\$ 3,447,385</u>	<u>\$ 1,631,083</u>

See notes to financial statements.

Capital Projects	Other Nonmajor Governmental Funds	Total
\$ -	\$ 3,862,030	\$ 25,643,264
-	-	278,470
-	194,192	16,583,058
-	-	478,236
-	47,531	2,913,707
54,395	157,140	734,308
505	50,053	505,562
<u>54,900</u>	<u>4,310,946</u>	<u>47,136,605</u>
-	951	11,941,799
-	-	6,332,194
-	-	10,140,316
-	166	2,325,169
-	-	5,838,452
-	42,724	1,722,204
-	2,954	5,168,099
-	-	600
-	3,945,000	3,945,000
-	50,146	50,146
1,042,750	57,873	1,449,068
<u>1,042,750</u>	<u>4,099,814</u>	<u>48,913,047</u>
<u>(987,850)</u>	<u>211,132</u>	<u>(1,776,442)</u>
-	-	17,254
2,784,858	70,991	-
<u>2,784,858</u>	<u>70,991</u>	<u>17,254</u>
1,797,008	282,123	(1,759,188)
<u>3,642,190</u>	<u>2,971,544</u>	<u>19,346,437</u>
<u>\$ 5,439,198</u>	<u>\$ 3,253,667</u>	<u>\$ 17,587,249</u>

JOHNSON COUNTY

Exhibit F

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - Total governmental funds \$ (1,759,188)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate
those expenditures over the life of the assets. Capital outlays
exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,495,799	
Capital grants for capital assets	1,867,248	
Depreciation expense	<u>(2,367,110)</u>	995,937

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

Repayments		3,956,871
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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.

139,953

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

Change in accrued compensated absences	(58,815)	
Change in accrued interest on debt	<u>9,987</u>	(48,828)

In the Statement of Activities, only the loss on the sale of the capital
assets is recognized, whereas in the governmental funds, the
proceeds from the sale increased financial resources. Thus, the
change in net assets differs from the change in fund balance by
the cost of the capital assets sold.

(8,346)
(continued)

JOHNSON COUNTY

Exhibit F

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
YEAR ENDED JUNE 30, 2005**

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

\$ 716,772

Change in net assets of governmental activities

\$ 3,993,171

JOHNSON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2005

Exhibit G

	<u>Internal Service - Employee Group Health</u>
ASSETS	
Cash and pooled investments	\$ 1,374,290
Accounts receivable	<u>24,352</u>
Total assets	1,398,642
LIABILITIES	
Accounts payable	<u>534,138</u>
NET ASSETS	
Unrestricted	<u>\$ 864,504</u>

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005

Exhibit H

		Internal Service - Employee Group Health
Operating revenues		
Contributions and reimbursements from operating funds and other governmental units		\$ 3,973,829
Health fees - employees		<u>292,928</u>
Total operating revenues		4,266,757
Operating expenses		
Medical and health services	\$ 2,813,801	
Accounting, auditing, and clerical	767,557	
Miscellaneous	<u>1,900</u>	<u>3,583,258</u>
Operating income		683,499
Non-operating revenues		
Interest income		<u>33,273</u>
Change in net assets		716,772
Net assets, beginning of year		<u>147,732</u>
Net assets, end of year		<u><u>\$ 864,504</u></u>

JOHNSON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005

Exhibit I

	Internal Service - Employee Group Health
Cash flows from operating activities	
Cash received from operating fund reimbursements	\$ 3,973,829
Cash received from employees and others	361,024
Cash paid for administrative fees	(769,457)
Cash paid for medical claims and insurance premiums	<u>(3,013,976)</u>
Net cash provided by operating activities	551,420
Cash flows from investing activities	
Interest on investments	<u>33,273</u>
Net increase in cash and pooled investments	584,693
Cash and pooled investments at beginning of year	<u>789,597</u>
Cash and pooled investments at end of year	<u><u>\$ 1,374,290</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 683,499
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable	68,096
Decrease in accounts payable	<u>(200,175)</u>
Net cash provided by operating activities	<u>\$ 551,420</u>

JOHNSON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2005

Exhibit J

ASSETS

Cash and investments	
County Treasurer	\$ 4,275,714
Other County officials	584,855
Receivables	
Property tax	
Delinquent	535,882
Succeeding year	144,673,753
Accounts	70,307
Interest and penalties on special assessments	60,935
Special assessments	35,116
Prepays	794
Due from other governments	<u>2,820</u>
 Total assets	 <u>150,240,176</u>

LIABILITIES

Accounts payable	171,329
Salaries and benefits payable	28,824
Due to other governments	149,554,880
Trusts payable	416,954
Compensated absences	<u>68,189</u>
 Total liabilities	 <u>150,240,176</u>

NET ASSETS

\$ -

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

For financial reporting purposes, Johnson County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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 imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the 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 the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003, assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2004.

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services, Secondary Roads, and Mental Health Funds.

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

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

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

E. Budgets and Budgetary Accounting

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2005, 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 state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County held no investments as of June 30, 2005.

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

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

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

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The County's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 3 – ADVANCES FROM AND TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2005, is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 86,000
	Special Revenue	
	County Recorder's Records Management	<u>40,000</u>
Total		<u>\$ 126,000</u>

These balances represent an advance to the County recorder's records management fund to allow sufficient cash to complete a software purchase and installation and an advance to the debt service fund to aid in payment of a previous bond issuance due to tax revenues falling short of the amount needed to extinguish the debt. The advances will be paid when funds are available.

NOTE 4 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005, is as follows:

Transfer To	Transfer From	Amount
General	Special Revenue	
	Leinfelder Trust	\$ 117
Special Revenue		
Secondary Roads	General	496,487
	Special Revenue	
	Rural Services	2,331,256
Conservation Land Acquisition Trust	General	71,108
Capital Projects	General	<u>2,784,858</u>
Total		<u>\$ 5,683,826</u>

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005, was as follows:

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,500,364	\$ 303,668	\$ -	\$ 2,804,032
Construction in progress	601,275	1,187,527	(1,172,490)	616,312
Total capital assets not being depreciated	<u>3,101,639</u>	<u>1,491,195</u>	<u>(1,172,490)</u>	<u>3,420,344</u>
Capital assets being depreciated				
Buildings and improvements	13,622,081	-	-	13,622,081
Machinery and equipment	12,017,361	1,000,919	(960,557)	12,057,723
Infrastructure	7,591,575	2,091,321	-	9,682,896
Total capital assets being depreciated	<u>33,231,017</u>	<u>3,092,240</u>	<u>(960,557)</u>	<u>35,362,700</u>
Less accumulated depreciation for				
Buildings and improvements	7,928,472	280,032	-	8,208,504
Machinery and equipment	6,909,822	1,198,027	(904,314)	7,203,535
Infrastructure	824,874	889,051	-	1,713,925
Total accumulated depreciation	<u>15,663,168</u>	<u>2,367,110</u>	<u>(904,314)</u>	<u>17,125,964</u>
Total capital assets being depreciated, net	<u>17,567,849</u>	<u>725,130</u>	<u>(56,243)</u>	<u>18,236,736</u>
Governmental activities capital assets, net	<u>\$ 20,669,488</u>	<u>\$ 2,216,325</u>	<u>\$ (1,228,733)</u>	<u>\$ 21,657,080</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	\$ 339,625
Physical health and social services	30,837
Mental health	1,322
County environment and education	79,576
Roads and transportation	1,618,773
Governmental services to residents	25,784
Administration	270,250
Nonprogram	<u>943</u>
Total depreciation expense – governmental activities	<u>\$ 2,367,110</u>

(continued on next page)

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 258,324
Rural Services		2,356
Secondary Roads		34,262
Mental Health		739,501
Total for governmental funds		<u>1,034,443</u>
Agency		
County Auditor	Collections	11,528
County Recorder		157,956
County Sheriff		40
Agricultural Extension Education		255,329
County Assessor		1,106,981
City Assessor		687,245
Emergency Management		150,232
Brucellosis and Tuberculosis Eradication		195
Schools		91,175,248
Community Colleges		2,661,916
Corporations		50,107,098
Townships		608,729
City Special Assessments		97,248
E911 Surcharge		367,215
Auto License and Use Tax		1,958,749
Abandoned Storage		500
Empowerment Board		208,671
Total for agency funds		<u>149,554,880</u>
Total		<u>\$ 150,589,323</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2005, is as follows:

	General Obligation Capital Note	Compensated Absences	Capital Lease Purchase Agreements	Total
Balance beginning of year	\$ 3,945,000	\$ 1,502,954	\$ 27,280	\$ 5,475,234
Increases	-	363,204	-	363,204
Decreases	<u>3,945,000</u>	<u>304,389</u>	<u>11,870</u>	<u>4,261,259</u>
Balance end of year	<u>\$ -</u>	<u>\$ 1,561,769</u>	<u>\$ 15,410</u>	<u>\$ 1,577,179</u>
Due within one year	<u>\$ -</u>	<u>\$ 314,185</u>	<u>\$ 9,628</u>	<u>\$ 323,813</u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease various equipment with historical costs of \$36,722. The following is a schedule of the future minimum lease payments, including interest ranging from 5.82% to 9.74% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2005:

<u>Year Ending June 30,</u>	<u>Three Leases for Various Office Equipment</u>
2006	\$ 10,715
2007	4,276
2008	<u>1,925</u>
Total minimum lease payments	16,916
Less amount representing interest	<u>(1,506)</u>
Present value of net minimum lease payments	<u>\$ 15,410</u>

Payments under capital lease purchase agreements totaled \$13,761 for the year ended June 30, 2005.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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.

Plan members are required to contribute 3.70% of their annual covered salary, and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2005, are 5.10% and 7.66%, respectively, and conservation peace officers, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively, and conservation peace officers, in which case the percentages were 5.93% and 8.90%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and conservation peace officers, in which case the percentages were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$1,070,978, \$988,069, and \$949,414, respectively, equal to the required contributions for each year.

NOTE 9 – RISK MANAGEMENT

Johnson County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005, were \$319,674.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

NOTE 10 – EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. Health benefits were self-insured up to a specific stop-loss amount of \$50,000 and an aggregate annual stop-loss amount of approximately \$3,850,000 for 2005. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop-loss amount.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2005, was \$3,973,829.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

Amounts payable from the Employee Group Health Fund at June 30, 2005, total \$501,853, 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 \$864,504 at June 30, 2005, and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Changes in the fund's claims liability amount in fiscal 2005 and 2004 were:

Unpaid claims, June 30, 2003	\$ 376,642
Incurred claims (including IBNRs)	3,576,675
Claim payments	<u>(3,284,711)</u>
Unpaid claims, June 30, 2004	668,606
Incurred claims (including IBNRs)	2,813,801
Claim payments	<u>(2,980,554)</u>
Unpaid claims, June 30, 2005	<u>\$ 501,853</u>

NOTE 11 – CONDUIT DEBT OBLIGATIONS

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

As of June 30, 2005, there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,257,599.

NOTE 12 – CONSTRUCTION COMMITMENTS

The County has entered into five contracts totaling \$2,131,906 for road bridge replacements. As of June 30, 2005, costs of \$752,381 on the projects have been incurred. The balance remaining on the projects at June 30, 2005, (\$1,379,525) will be paid as work on the projects progresses.

The County has also entered into a contract totaling \$74,382 for a culvert. As of June 30, 2005, no costs have been incurred against the contract. The balance remaining on the project at June 30, 2005, will be paid as work on the project progresses.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 13 – LITIGATION

The County Attorney reported that as of June 30, 2005, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 14 – DEFICIT FUND EQUITY

The Debt Service Fund had a deficit fund balance as of June 30, 2005, of \$18,345.

NOTE 15 – RESTATEMENT OF BEGINNING BALANCES

The County restated capital assets beginning balances due to the addition or removal of capital assets purchased or disposed in prior years.

	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infra- structure</u>	<u>Total</u>
Capital assets balance June 30, 2004, as previously reported	\$ 2,500,364	\$ 601,275	\$ 13,547,081	\$ 12,120,353	\$ 7,375,275	\$ 36,144,348
Adjustments						
Prior year additions and deletions	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>(102,992)</u>	<u>216,300</u>	<u>188,308</u>
Total, as restated	<u>2,500,364</u>	<u>601,275</u>	<u>13,622,081</u>	<u>12,017,361</u>	<u>7,591,575</u>	<u>36,332,656</u>
Accumulated depreciation balance June 30, 2004, as previously reported	-	-	7,853,472	6,901,987	833,203	15,588,662
Adjustments						
Prior year additions and deletions	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>7,835</u>	<u>(8,329)</u>	<u>74,506</u>
Total, as restated	<u>-</u>	<u>-</u>	<u>7,928,472</u>	<u>6,909,822</u>	<u>824,874</u>	<u>15,663,168</u>
Governmental activities capital assets, net, as restated	<u>\$ 2,500,364</u>	<u>\$ 601,275</u>	<u>\$ 5,693,609</u>	<u>\$ 5,107,539</u>	<u>\$ 6,766,701</u>	<u>\$ 20,669,488</u>

NOTE 16 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the County for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the County for the fiscal year ending June 30, 2006. This statement amends previous guidance regarding preparation of the statistical section for governments that issue a comprehensive annual financial report.

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

Statement No. 46, *Net Assets Restricted by Enabling Legislation*, issued December 2004, will be effective for the County for the fiscal year ending June 30, 2006. This statement clarifies the definition of a legally enforceable enabling legislation restriction. It also specifies the accounting and financial reporting requirements for the restrictions and for any changes in them.

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

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES – BUDGET AND ACTUAL (CASH BASIS) AND BUDGET TO GAAP RECONCILIATION
ALL GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)	Actual as % of Final Budget
	Original	Final			
Receipts					
Property and other County tax	\$ 25,299,681	\$ 25,299,681	\$ 25,644,863	\$ 345,182	101%
Interest and penalty on property tax	317,379	317,379	275,659	(41,720)	87
Intergovernmental	15,030,919	16,362,881	16,663,444	300,563	102
Licenses and permits	351,300	383,140	478,144	95,004	125
Charges for service	2,678,020	2,780,870	2,973,098	192,228	107
Use of money and property	422,318	422,318	723,060	300,742	171
Miscellaneous	1,463,754	1,473,754	519,985	(953,769)	35
Total receipts	<u>45,563,371</u>	<u>47,040,023</u>	<u>47,278,253</u>	<u>238,230</u>	<u>101</u>
Disbursements					
Public safety and legal services	12,099,098	12,560,973	11,827,767	733,206	94%
Physical health and social services	6,542,329	6,626,734	6,277,722	349,012	95
Mental health	9,992,350	10,224,387	9,946,275	278,112	97
County environment and education	2,323,939	2,386,359	2,320,287	66,072	97
Roads and transportation	6,258,731	6,353,406	5,671,505	681,901	89
Governmental services to residents	1,773,380	1,956,860	1,726,758	230,102	88
Administration	5,237,127	5,435,458	5,186,806	248,652	95
Non-program	1,950	1,950	600	1,350	31
Debt service	4,032,956	4,032,956	3,995,146	37,810	99
Capital projects	3,627,991	4,026,065	1,647,350	2,378,715	41
Total disbursements	<u>51,889,851</u>	<u>53,605,148</u>	<u>48,600,216</u>	<u>5,004,932</u>	<u>91</u>
Deficiency of receipts under disbursements	(6,326,480)	(6,565,125)	(1,321,963)		
Other financing sources					
Sale of capital assets	<u>53,300</u>	<u>53,300</u>	<u>1,404</u>		
Deficiency of receipts and other financing sources under disbursements	(6,273,180)	(6,511,825)	(1,320,559)		
Balance beginning of year	<u>19,322,284</u>	<u>19,322,284</u>	<u>19,322,284</u>		
Balance end of year	<u>\$ 13,049,104</u>	<u>\$ 12,810,459</u>	<u>\$ 18,001,725</u>		
Budget to GAAP reconciliation					
	Governmental Funds				
	Cash Basis	Accrual Adjustments	Modified Accrual Basis		
Revenues	\$ 47,278,253	\$ (141,648)	\$ 47,136,605		
Expenditures	<u>48,600,216</u>	<u>312,831</u>	<u>48,913,047</u>		
Net	(1,321,963)	(454,479)	(1,776,442)		
Other financing sources (uses)	1,404	15,850	17,254		
Beginning fund balances	<u>19,322,284</u>	<u>24,153</u>	<u>19,346,437</u>		
Ending fund balances	<u>\$ 18,001,725</u>	<u>\$ (414,476)</u>	<u>\$ 17,587,249</u>		

JOHNSON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2005

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, 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, two budget amendments increased budgeted disbursements by \$1,715,297. The budget amendments are reflected in the final budgeted amounts.

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

**OTHER
SUPPLEMENTARY INFORMATION**

JOHNSON COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Special					
	County Sheriff Law Enforcement Proceeds	County Attorney Law Enforcement Proceeds	Resources Enhancement and Protection	Road Construction Escrow	Historical Preservation	County Recorder's Records Management
ASSETS						
Cash and pooled investments	\$ 112,876	\$ 21,780	\$ 68,911	\$ 2,819,041	\$ 1,569	\$ 50,351
Receivables						
Property tax						
Delinquent	-	-	-	-	-	-
Accounts	-	-	-	860	-	-
Interest, other	-	-	-	8,071	-	-
Due from other governments	71	-	-	-	-	-
	<u>71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 112,947</u>	 <u>\$ 21,780</u>	 <u>\$ 68,911</u>	 <u>\$ 2,827,972</u>	 <u>\$ 1,569</u>	 <u>\$ 50,351</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances to other funds	-	-	-	-	-	40,000
Deferred revenue						
Other	-	-	-	860	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>860</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>860</u>	 <u>-</u>	 <u>40,000</u>
Fund balances						
Unreserved, reported in						
Special revenue funds	112,947	21,780	68,911	2,827,112	1,569	10,351
Debt service fund	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>112,947</u>	 <u>21,780</u>	 <u>68,911</u>	 <u>2,827,112</u>	 <u>1,569</u>	 <u>10,351</u>
 Total liabilities and fund balances	 <u>\$ 112,947</u>	 <u>\$ 21,780</u>	 <u>\$ 68,911</u>	 <u>\$ 2,827,972</u>	 <u>\$ 1,569</u>	 <u>\$ 50,351</u>

Revenue Funds

<u>Ambulance</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Courthouse Centenary Trust</u>	<u>Conservation Land Acquisition Trust</u>	<u>Leinfelder Trust</u>	<u>SIH Consortium Trust</u>	<u>Debt Service</u>	<u>Total</u>
\$ 1,098	\$ 3	\$ 4,553	\$ 224,528	\$ -	\$ 2,486	\$ 67,655	\$ 3,374,851
-	-	-	-	-	-	23,207	23,207
-	-	-	-	-	-	-	860
-	-	-	-	-	-	-	8,071
-	-	-	-	-	-	-	71
<u>\$ 1,098</u>	<u>\$ 3</u>	<u>\$ 4,553</u>	<u>\$ 224,528</u>	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 90,862</u>	<u>\$ 3,407,060</u>
\$ -	\$ -	\$ -	\$ 2,040	\$ -	\$ -	\$ -	\$ 2,040
-	-	-	-	-	-	86,000	126,000
-	-	-	-	-	1,286	23,207	25,353
-	-	-	2,040	-	1,286	109,207	153,393
1,098	3	4,553	222,488	-	1,200	-	3,272,012
-	-	-	-	-	-	(18,345)	(18,345)
<u>1,098</u>	<u>3</u>	<u>4,553</u>	<u>222,488</u>	<u>-</u>	<u>1,200</u>	<u>(18,345)</u>	<u>3,253,667</u>
<u>\$ 1,098</u>	<u>\$ 3</u>	<u>\$ 4,553</u>	<u>\$ 224,528</u>	<u>\$ -</u>	<u>\$ 2,486</u>	<u>\$ 90,862</u>	<u>\$ 3,407,060</u>

JOHNSON COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

	County Sheriff Law Enforcement Proceeds	County Attorney Law Enforcement Proceeds	Resources Enhancement and Protection	Road Construction Escrow	Historical Preservation	Special County Recorder's Records Management
Revenues						
Property and other County taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	85,304	-	17,169	-	-	-
Charges for service	-	-	-	-	-	33,339
Use of money and property	1,265	-	1,156	145,574	-	773
Miscellaneous	-	17,443	-	-	-	-
Total revenues	86,569	17,443	18,325	145,574	-	34,112
Expenditures						
Operating						
Public safety and legal services	678	273	-	-	-	-
County environment and education	-	-	-	-	166	-
Governmental services to residents	-	-	-	-	-	5,831
Administration	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	678	273	-	-	166	5,831
Excess (deficiency) of revenues over (under) expenditures	85,891	17,170	18,325	145,574	(166)	28,281
Other financing sources (uses)						
Transfers in (out)	-	-	-	-	-	-
Net change in fund balances	85,891	17,170	18,325	145,574	(166)	28,281
Fund balances beginning of year	27,056	4,610	50,586	2,681,538	1,735	(17,930)
Fund balances end of year	\$ 112,947	\$ 21,780	\$ 68,911	\$ 2,827,112	\$ 1,569	\$ 10,351

Revenue Funds

Ambulance	County Recorder's Electronic Transaction Fee	Courthouse Centenary Trust	Conservation Land Acquisition Trust	Leinfelder Trust	SIH Consortium Trust	Debt Service	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,862,030	\$ 3,862,030
-	-	-	-	-	-	91,719	194,192
-	14,192	-	-	-	-	-	47,531
-	-	9	8,336	27	-	-	157,140
75	-	-	32,535	-	-	-	50,053
<u>75</u>	<u>14,192</u>	<u>9</u>	<u>40,871</u>	<u>27</u>	<u>-</u>	<u>3,953,749</u>	<u>4,310,946</u>
-	-	-	-	-	-	-	951
-	-	-	-	-	-	-	166
-	36,893	-	-	-	-	-	42,724
-	-	2,954	-	-	-	-	2,954
-	-	-	-	-	-	3,945,000	3,945,000
-	-	-	-	-	-	50,146	50,146
-	-	-	57,873	-	-	-	57,873
-	<u>36,893</u>	<u>2,954</u>	<u>57,873</u>	<u>-</u>	<u>-</u>	<u>3,995,146</u>	<u>4,099,814</u>
75	(22,701)	(2,945)	(17,002)	27	-	(41,397)	211,132
-	-	-	71,108	(117)	-	-	70,991
75	(22,701)	(2,945)	54,106	(90)	-	(41,397)	282,123
<u>1,023</u>	<u>22,704</u>	<u>7,498</u>	<u>168,382</u>	<u>90</u>	<u>1,200</u>	<u>23,052</u>	<u>2,971,544</u>
<u>\$ 1,098</u>	<u>\$ 3</u>	<u>\$ 4,553</u>	<u>\$ 222,488</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ (18,345)</u>	<u>\$ 3,253,667</u>

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
COUNTY AUDITOR				
Assets				
Cash and investments	\$ 2,010	\$ 38,730	\$ 29,048	\$ 11,692
Liabilities				
Accounts payable	\$ 1,866	\$ 164	\$ 1,866	\$ 164
Due to other funds	-	56,834	56,834	-
Due to other governments	144	11,528	144	11,528
Total liabilities	<u>\$ 2,010</u>	<u>\$ 68,526</u>	<u>\$ 58,844</u>	<u>\$ 11,692</u>
COUNTY RECORDER				
Assets				
Cash and investments	\$ 172,948	\$ 2,418,766	\$ 2,435,545	\$ 156,169
Accounts receivable	6,686	1,787	6,686	1,787
Total assets	<u>\$ 179,634</u>	<u>\$ 2,420,553</u>	<u>\$ 2,442,231</u>	<u>\$ 157,956</u>
Liabilities				
Due to other funds	\$ -	\$ 1,090,562	\$ 1,090,562	\$ -
Due to other governments	179,634	1,329,991	1,351,669	157,956
Total liabilities	<u>\$ 179,634</u>	<u>\$ 2,420,553</u>	<u>\$ 2,442,231</u>	<u>\$ 157,956</u>
COUNTY SHERIFF				
Assets				
Cash and investments	\$ 433,617	\$ 5,284,837	\$ 5,301,460	\$ 416,994
Liabilities				
Due to other funds	\$ -	\$ 202,507	\$ 202,507	\$ -
Due to other governments	10	360	330	40
Trusts payable	433,607	5,081,970	5,098,623	416,954
Total liabilities	<u>\$ 433,617</u>	<u>\$ 5,284,837</u>	<u>\$ 5,301,460</u>	<u>\$ 416,994</u>

(continued)

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3
(continued)

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
AGRICULTURAL EXTENSION EDUCATION				
Assets				
Cash and investments	\$ 1,772	\$ 252,030	\$ 252,248	\$ 1,554
Property tax receivable				
Delinquent	1,559	1,575	1,559	1,575
Succeeding year	<u>251,063</u>	<u>252,200</u>	<u>251,063</u>	<u>252,200</u>
Total assets	<u>\$ 254,394</u>	<u>\$ 505,805</u>	<u>\$ 504,870</u>	<u>\$ 255,329</u>
Liabilities				
Due to other governments	<u>\$ 254,394</u>	<u>\$ 505,805</u>	<u>\$ 504,870</u>	<u>\$ 255,329</u>
COUNTY ASSESSOR				
Assets				
Cash and investments	\$ 523,276	\$ 712,139	\$ 723,671	\$ 511,744
Receivables				
Property tax				
Delinquent	6,942	6,232	6,942	6,232
Succeeding year	633,991	635,002	633,991	635,002
Accounts	-	77	-	77
Prepays	<u>-</u>	<u>794</u>	<u>-</u>	<u>794</u>
Total assets	<u>\$ 1,164,209</u>	<u>\$ 1,354,244</u>	<u>\$ 1,364,604</u>	<u>\$ 1,153,849</u>
Liabilities				
Accounts payable	\$ 1,019	\$ 3,407	\$ 1,019	\$ 3,407
Salaries and benefits payable	12,289	14,577	12,289	14,577
Due to other governments	1,134,209	1,307,376	1,334,604	1,106,981
Compensated absences	<u>16,692</u>	<u>28,884</u>	<u>16,692</u>	<u>28,884</u>
Total liabilities	<u>\$ 1,164,209</u>	<u>\$ 1,354,244</u>	<u>\$ 1,364,604</u>	<u>\$ 1,153,849</u>

(continued)

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3
(continued)

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
CITY ASSESSOR				
Assets				
Cash and investments	\$ 227,610	\$ 492,328	\$ 486,510	\$ 233,428
Receivables				
Property tax				
Delinquent	1,356	1,472	1,356	1,472
Succeeding year	486,145	498,037	486,145	498,037
Accounts	-	117	-	117
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 715,111</u>	<u>\$ 991,954</u>	<u>\$ 974,011</u>	<u>\$ 733,054</u>
Liabilities				
Accounts payable	\$ 1,481	\$ 635	\$ 1,481	\$ 635
Salaries and benefits payable	9,768	11,419	9,768	11,419
Due to other governments	669,932	946,145	928,832	687,245
Compensated absences	33,930	33,755	33,930	33,755
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 715,111</u>	<u>\$ 991,954</u>	<u>\$ 974,011</u>	<u>\$ 733,054</u>
EMERGENCY MANAGEMENT				
Assets				
Cash and investments	\$ 169,389	\$ 634,909	\$ 543,616	\$ 260,682
Accounts receivable	-	49	-	49
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 169,389</u>	<u>\$ 634,958</u>	<u>\$ 543,616</u>	<u>\$ 260,731</u>
Liabilities				
Accounts payable	\$ 73,942	\$ 102,121	\$ 73,942	\$ 102,121
Salaries and benefits payable	760	2,828	760	2,828
Due to other governments	91,605	524,459	465,832	150,232
Compensated absences	3,082	5,550	3,082	5,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 169,389</u>	<u>\$ 634,958</u>	<u>\$ 543,616</u>	<u>\$ 260,731</u>

(continued)

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3
(continued)

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
BRUCellosIS AND TUBERCULOSIS ERADICATION				
Assets				
Cash and investments	\$ 110	\$ 35,400	\$ 35,413	\$ 97
Property tax receivable				
Delinquent	<u>97</u>	<u>98</u>	<u>97</u>	<u>98</u>
Total assets	<u>\$ 207</u>	<u>\$ 35,498</u>	<u>\$ 35,510</u>	<u>\$ 195</u>
Liabilities				
Due to other governments	<u>\$ 207</u>	<u>\$ 35,498</u>	<u>\$ 35,510</u>	<u>\$ 195</u>
SCHOOLS				
Assets				
Cash and investments	\$ 373,406	\$ 52,911,412	\$ 52,953,466	\$ 331,352
Property tax receivable				
Delinquent	320,557	327,206	320,557	327,206
Succeeding year	<u>85,170,221</u>	<u>90,516,690</u>	<u>85,170,221</u>	<u>90,516,690</u>
Total assets	<u>\$ 85,864,184</u>	<u>\$ 143,755,308</u>	<u>\$ 138,444,244</u>	<u>\$ 91,175,248</u>
Liabilities				
Due to other governments	<u>\$ 85,864,184</u>	<u>\$ 143,755,308</u>	<u>\$ 138,444,244</u>	<u>\$ 91,175,248</u>
COMMUNITY COLLEGES				
Assets				
Cash and investments	\$ 18,807	\$ 2,789,841	\$ 2,792,421	\$ 16,227
Property tax receivable				
Delinquent	16,530	16,425	16,530	16,425
Succeeding year	<u>2,621,939</u>	<u>2,629,264</u>	<u>2,621,939</u>	<u>2,629,264</u>
Total assets	<u>\$ 2,657,276</u>	<u>\$ 5,435,530</u>	<u>\$ 5,430,890</u>	<u>\$ 2,661,916</u>
Liabilities				
Due to other governments	<u>\$ 2,657,276</u>	<u>\$ 5,435,530</u>	<u>\$ 5,430,890</u>	<u>\$ 2,661,916</u>

(continued)

**JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

**Schedule 3
(continued)**

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
CORPORATIONS				
Assets				
Cash and investments	\$ 399,826	\$ 57,186,873	\$ 57,201,610	\$ 385,089
Property tax receivable				
Delinquent	176,900	175,456	176,900	175,456
Succeeding year	<u>46,999,918</u>	<u>49,546,553</u>	<u>46,999,918</u>	<u>49,546,553</u>
Total assets	<u>\$ 47,576,644</u>	<u>\$ 106,908,882</u>	<u>\$ 104,378,428</u>	<u>\$ 50,107,098</u>
Liabilities				
Due to other governments	<u>\$ 47,576,644</u>	<u>\$ 106,908,882</u>	<u>\$ 104,378,428</u>	<u>\$ 50,107,098</u>
TOWNSHIPS				
Assets				
Cash and investments	\$ 4,336	\$ 589,002	\$ 588,034	\$ 5,304
Property tax receivable				
Delinquent	7,211	7,418	7,211	7,418
Succeeding year	<u>585,843</u>	<u>596,007</u>	<u>585,843</u>	<u>596,007</u>
Total assets	<u>\$ 597,390</u>	<u>\$ 1,192,427</u>	<u>\$ 1,181,088</u>	<u>\$ 608,729</u>
Liabilities				
Due to other governments	<u>\$ 597,390</u>	<u>\$ 1,192,427</u>	<u>\$ 1,181,088</u>	<u>\$ 608,729</u>
CITY SPECIAL ASSESSMENTS				
Assets				
Cash and investments	\$ 14,981	\$ 782,881	\$ 796,665	\$ 1,197
Receivables				
Interest and penalties on special assessments	49,352	60,935	49,352	60,935
Special assessments	<u>30,298</u>	<u>35,116</u>	<u>30,298</u>	<u>35,116</u>
Total assets	<u>\$ 94,631</u>	<u>\$ 878,932</u>	<u>\$ 876,315</u>	<u>\$ 97,248</u>
Liabilities				
Due to other governments	<u>\$ 94,631</u>	<u>\$ 878,932</u>	<u>\$ 876,315</u>	<u>\$ 97,248</u>

(continued)

**JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005**

**Schedule 3
(continued)**

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
STATE TAX CREDITS				
Assets				
Cash and investments	\$ (116)	\$ 70,899	\$ 70,783	\$ -
Accounts receivable	116	-	116	-
Total assets	<u>\$ -</u>	<u>\$ 70,899</u>	<u>\$ 70,899</u>	<u>\$ -</u>
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 70,899</u>	<u>\$ 70,899</u>	<u>\$ -</u>
E911 SURCHARGE				
Assets				
Cash and investments	\$ 189,844	\$ 292,007	\$ 184,614	\$ 297,237
Accounts receivable	54,252	68,277	54,252	68,277
Due from other governments	-	2,820	-	2,820
Total assets	<u>\$ 244,096</u>	<u>\$ 363,104</u>	<u>\$ 238,866</u>	<u>\$ 368,334</u>
Liabilities				
Accounts payable	\$ 6,411	\$ 1,119	\$ 6,411	\$ 1,119
Due to other governments	237,685	361,985	232,455	367,215
Total liabilities	<u>\$ 244,096</u>	<u>\$ 363,104</u>	<u>\$ 238,866</u>	<u>\$ 368,334</u>
AUTO LICENSE AND USE TAX				
Assets				
Cash and investments	<u>\$ 1,986,610</u>	<u>\$ 26,785,008</u>	<u>\$ 26,812,869</u>	<u>\$ 1,958,749</u>
Liabilities				
Due to other funds	\$ -	\$ 57,561	\$ 57,561	\$ -
Due to other governments	1,986,610	26,785,008	26,812,869	1,958,749
Total liabilities	<u>\$ 1,986,610</u>	<u>\$ 26,842,569</u>	<u>\$ 26,870,430</u>	<u>\$ 1,958,749</u>

(continued)

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3
(continued)

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
REFUNDS				
Assets				
Cash and investments	\$ -	\$ 3,177,242	\$ 3,177,242	\$ -
Liabilities				
Due to other governments	\$ -	\$ 3,177,242	\$ 3,177,242	\$ -
ABANDONED STORAGE				
Assets				
Cash and investments	\$ 500	\$ -	\$ -	\$ 500
Liabilities				
Due to other governments	\$ 500	\$ -	\$ -	\$ 500
EMPOWERMENT BOARD				
Assets				
Cash and investments	\$ 399,663	\$ 592,983	\$ 720,092	\$ 272,554
Due from other governments	265	-	265	-
Total assets	<u>\$ 399,928</u>	<u>\$ 592,983</u>	<u>\$ 720,357</u>	<u>\$ 272,554</u>
Liabilities				
Accounts payable	\$ 59,940	\$ 63,883	\$ 59,940	\$ 63,883
Due to other governments	339,988	529,100	660,417	208,671
Total liabilities	<u>\$ 399,928</u>	<u>\$ 592,983</u>	<u>\$ 720,357</u>	<u>\$ 272,554</u>

(continued)

JOHNSON COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2005

Schedule 3
(continued)

	Balance June 30 2004	Additions	Deletions	Balance June 30 2005
TOTAL COMBINED FUNDS				
Assets				
Cash and investments				
County Treasurer	\$ 4,310,014	\$ 147,304,954	\$ 147,339,254	\$ 4,275,714
Other County officials	608,575	7,742,333	7,766,053	584,855
Receivables				
Property tax				
Delinquent	531,152	535,882	531,152	535,882
Succeeding year	136,749,120	144,673,753	136,749,120	144,673,753
Accounts	61,054	70,307	61,054	70,307
Interest and penalties on special assessments	49,352	60,935	49,352	60,935
Special assessments	30,298	35,116	30,298	35,116
Prepays	-	794	-	794
Due from other governments	265	2,820	265	2,820
	<u>265</u>	<u>2,820</u>	<u>265</u>	<u>2,820</u>
Total assets	<u>\$ 142,339,830</u>	<u>\$ 300,426,894</u>	<u>\$ 292,526,548</u>	<u>\$ 150,240,176</u>
Liabilities				
Accounts payable	\$ 144,659	\$ 171,329	\$ 144,659	\$ 171,329
Salaries and benefits payable	22,817	28,824	22,817	28,824
Due to other funds	-	1,407,464	1,407,464	-
Due to other governments	141,685,043	293,756,475	285,886,638	149,554,880
Trusts payable	433,607	5,081,970	5,098,623	416,954
Compensated absences	53,704	68,189	53,704	68,189
	<u>53,704</u>	<u>68,189</u>	<u>53,704</u>	<u>68,189</u>
Total liabilities	<u>\$ 142,339,830</u>	<u>\$ 300,514,251</u>	<u>\$ 292,613,905</u>	<u>\$ 150,240,176</u>

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

Schedule 4

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Property and other County tax	\$ 25,643,264	\$ 24,596,847	\$ 24,006,429	\$ 21,780,617
Interest and penalty on property tax	278,470	311,322	284,957	329,416
Intergovernmental	16,583,058	15,628,260	15,027,205	14,986,922
Licenses and permits	478,236	424,448	439,361	377,714
Charges for service	2,913,707	3,138,414	3,030,099	2,551,094
Use of money and property	734,308	379,088	671,680	811,279
Miscellaneous	<u>505,562</u>	<u>370,696</u>	<u>389,089</u>	<u>275,627</u>
 Total revenues	 <u>\$ 47,136,605</u>	 <u>\$ 44,849,075</u>	 <u>\$ 43,848,820</u>	 <u>\$ 41,112,669</u>
 Expenditures				
Operating				
Public safety and legal services	\$ 11,941,799	\$ 11,111,743	\$ 10,197,204	\$ 9,814,074
Physical health and social services	6,332,194	6,368,969	5,938,444	6,970,493
Mental health	10,140,316	9,529,981	8,896,526	9,153,902
County environment and education	2,325,169	2,183,913	2,078,719	1,378,232
Roads and transportation	5,838,452	5,504,698	5,244,849	5,395,074
Governmental services to residents	1,722,204	1,602,117	1,600,354	1,398,147
Administration	5,168,099	4,705,144	4,847,683	4,086,067
Non-program	600	11,816	600	600
Debt service	3,995,146	3,617,328	9,198,554	160,000
Capital projects	<u>1,449,068</u>	<u>2,411,700</u>	<u>2,138,624</u>	<u>3,873,079</u>
 Total expenditures	 <u>\$ 48,913,047</u>	 <u>\$ 47,047,409</u>	 <u>\$ 50,141,557</u>	 <u>\$ 42,229,668</u>

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

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

To the Officials of Johnson County:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated December 14, 2005. 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 Johnson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Johnson County in a separate letter dated December 14, 2005.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005, 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.

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

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

A handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa
December 14, 2005

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

To the Officials of Johnson County:

Compliance

We have audited the compliance of Johnson County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The County's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Johnson County's management. Our responsibility is to express an opinion on Johnson County's compliance based on our audit.

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

In our opinion, Johnson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Johnson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Johnson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Dubuque, Iowa
December 14, 2005

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct			
Department of the Interior			
Payments in Lieu of Taxes	15.226		\$ <u>34,775</u>
Department of Justice			
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-0842	<u>11,633</u>
Total Direct			<u>46,408</u>
Indirect			
Department of Agriculture			
Iowa Department of Public Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5885A051	281,555
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5884A051	<u>59,176</u>
			<u>340,731</u>
Iowa Department of Human Services			
Human Services Administrative Reimbursements State Administrative Matching Grants for Food Stamp Program	10.561		<u>36,091</u>
Department of Defense			
Iowa State Treasurer's Office			
Payments to States in Lieu of Real Estate Taxes	12.112		<u>80,464</u>
Department of Justice			
Iowa Department of Public Safety			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		<u>82,919</u>
Iowa Department of Human Rights			
Juvenile Accountability Incentive Block Grants	16.523	28-JD03-F504	30,775
Juvenile Accountability Incentive Block Grants	16.523	28-JD02-F03	<u>11,135</u>
			<u>41,910</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	28-JD02-F03	2,599
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	28-JD03-F504	<u>18,744</u>
			<u>21,343</u>
Title V – Delinquency Prevention Program	16.548	28-JD03-F504	<u>4,665</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Justice (continued)			
Iowa Department of Human Rights (continued)			
Public Safety Partnership and Community Policing Grants	16.710	04-COPS-28	\$ <u>25,637</u>
Enforcing Underage Drinking Laws Program	16.727	28-JD03-F504	<u>10,762</u>
Department of Transportation			
East Central Iowa Council of Governments			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		<u>18,647</u>
Governor's Traffic Safety Bureau			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	05-410, Task 18	<u>7,386</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, Task 39	<u>14,419</u>
Iowa Department of Public Defense			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>3,298</u>
Environmental Protection Agency			
Iowa Department of Natural Resources			
Performance Partnership Grants	66.605		<u>7,568</u>
Department of Health and Human Services			
Iowa Department of Public Health			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5883TB04	<u>5,413</u>
Immunization Grants	93.268	5885I416	23,528
Immunization Grants	93.268	5884I416	<u>13,141</u>
			<u>36,669</u>
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5885NB14	13,662
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5885WW08	10,294
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5204	16,059
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5205	<u>43,498</u>
			<u>83,513</u>
			(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Human Services			
Child Support Enforcement	93.563	BOC-04-009	\$ <u>335,951</u>
Human Services Administrative Reimbursements			
Temporary Assistance for Needy Families	93.558		<u>47,979</u>
Refugee and Entrant Assistance – State			
Administered Programs	93.566		<u>65</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>9,332</u>
Foster Care – Title IV-E	93.658		<u>25,182</u>
Adoption Assistance	93.659		<u>5,870</u>
Medical Assistance Program	93.778		<u>51,810</u>
Social Services Block Grant	93.667		<u>31,813</u>
Social Services Block Grant	93.667		<u>714,946</u>
			<u>746,759</u>
Hawkeye Area Community Action Program			
Head Start	93.600		<u>18,802</u>
Iowa Department of Human Rights			
Basic Center Grant	93.623	04-COPS-28	<u>47,351</u>
Iowa Department of Public Health			
HIV Care Formula Grants	93.917	5885HC02	36,788
HIV Care Formula Grants	93.917	5883HC02	<u>105,625</u>
			<u>142,413</u>
HIV Prevention Activities – Health Department Based	93.940	5885AP11	98,883
HIV Prevention Activities – Health Department Based	93.940	5884AP11	<u>124,024</u>
			<u>222,907</u>
Preventive Health and Health Services Block Grant	93.991	5885HP05	<u>14,533</u>
Maternal and Child Health Services Block Grant to the States	93.994	5884A051	1,727
Maternal and Child Health Services Block Grant to the States	93.994	5885A051	<u>71,742</u>
			<u>73,469</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Homeland Security:			
Iowa Department of Homeland Security			
State Domestic Preparedness Equipment Support Program	97.004		\$ 6,026
State Domestic Preparedness Equipment Support Program	97.004		385,640
State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-MU-TE-0056	130,000
State Domestic Preparedness Equipment Support Program	97.004		222,922
Homeland Security Grant Program	97.067	2004-GE-T4-0046	<u>23,475</u>
			<u>768,063</u>
United Way of America			
Emergency Food and Shelter National Board Program	97.024	22/23-2952-00	<u>2,325</u>
Total Indirect			<u>3,334,246</u>
Total			<u>\$ 3,380,654</u>

JOHNSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 2,535
Payments to States in Lieu of Real Estate Taxes	12.112	60,348
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	4,256
Immunization Grants	93.268	21,139
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	17,103
HIV Care Formula Grants	93.917	90,820
HIV Prevention Activities – Health Department Based	93.940	5,222
Maternal and Child Health Services Block Grant to the States	93.994	45,437
State Domestic Preparedness Equipment Support Program	97.004	484,187

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
 - Cluster
 - CFDA Number 97.004 – State Domestic Preparedness Equipment Support Program
 - CFDA Number 97.067 – Homeland Security Grant Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Johnson County qualified as a low-risk auditee.

PART II: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

- II-A-05 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- II-B-05 Certified Budget – Disbursements during the year ended June 30, 2005, did not exceed the amounts budgeted by function.
- II-C-05 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- II-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2005

II-E-05 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
James Waldschmidt, Deputy Sheriff	Snow removal	\$ 585
	Instructor fees	60
Ronald K. Meyer, Deputy Sheriff	Instructor fees	\$ 60

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

II-F-05 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

II-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

II-H-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

II-I-05 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-J-05 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, 2005, for the County Extension Office did not exceed the amounts budgeted.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2005

II-K-05 County Assessor's Office – Special Appraiser's Levy, Chapter 441.50 of the Code of Iowa states:

“The conference board shall have the power to employ appraisers or other technical or expert help to assist in the valuation of property, the cost thereof to be paid in the same manner as other expenses of the assessor's office. The conference board may certify for levy annually an amount not to exceed forty and one-half cents per thousand dollars for the purpose of establishing a special appraiser's fund, to be used only for such purposes. From time to time the conference board may direct the transfer of any unexpended balance in the special appraiser's fund to the assessment expense fund.”

The County Assessor Conference Board levied for the special appraiser's levy and expended a portion of that levy for the purchase of a vehicle. The purchase of vehicles out of the special appraisers fund is not allowed under Chapter 441.40 of the Code of Iowa.

Recommendation – The Conference Board should discontinue budgeting and levying special appraiser's levy to purchase vehicles.

Response – According to an Attorney General's memo dated January 4, 2006, addressing the use of the special appraiser's fund, the vehicle purchased was for appraisals associated with revaluation. A careful reading of the most current Attorney General's evaluation validates this purpose.

Conclusion – Response rejected. Per our conversation with the State Auditor's office and their legal counsel and our review of the Attorney General's memo dated January 4, 2006, the purchase of vehicles is not an expenditure allowed out of the special appraiser's fund.

II-L-05 E911 Budget – The E911 Service is operated under the authority of Chapter 34A of the Code of Iowa and serves as an agency of the County. This fund is administrated by the Johnson County E911 Service Board separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2005, for E911 exceeded the amount budgeted.

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.

Response – Procedures have been put in place to more closely monitor the budget. Additional personnel will also be monitoring and checking compliance on a weekly basis.

Conclusion – Response accepted.