



JOHNSON COUNTY
IOWA CITY, IOWA

JOHNSON COUNTY

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JOHNSON COUNTY

JOHNSON COUNTY OFFICIALS

Name	Title	Term Expires
Sally Stutsman	Board of Supervisors	December 2010
Larry Meyers	Board of Supervisors	December 2010
Rod Sullivan	Board of Supervisors	December 2012
Pat Harney	Board of Supervisors	December 2012
Terrence Neuzil	Board of Supervisors	December 2012
Tom Slockett	County Auditor	December 2012
Tom Kriz	County Treasurer	December 2010
Kim Painter	County Recorder	December 2010
Lonny Pulkrabek	County Sheriff	December 2012
Janet Lyness	County Attorney	December 2010
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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009, on our consideration of Johnson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style. To the right of the signature, there is a thin vertical yellow line.

Dubuque, Iowa
March 20, 2009

Johnson County, Iowa
Management's Discussion and Analysis (MD&A)
June 30, 2008

INTRODUCTION

Our discussion and analysis of financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2008. It should be read in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$72,048,541 at June 30, 2008. This was an increase of \$6,218,773 (9.4%) over the prior year.
- ❑ Overall revenues of governmental activities increased 9.4% or \$5,500,804 from fiscal year 2007. Property tax increased \$3,151,086, operating grants and contributions increased \$2,864,422, charges for services increased \$443,228, investment earnings decreased \$287,601 and capital grants and contributions decreased \$886,199.
- ❑ Program expenses grew 10.4% overall, or \$5,441,096 from fiscal year 2007. Public safety and legal services increased \$1,370,209, physical health and social services increased \$154,573, mental health expenses grew \$669,054, county environment and education expenses increased \$174,051, roads and transportation expenses increased \$2,728,997, governmental services to residents increased \$132,963, and administration expense increased \$151,003.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF JOHNSON COUNTY -- Net Assets

The County's combined net assets increased from \$65,829,768 to \$72,048,541. See Table 1. Analysis will focus on changes in net assets for governmental activities.

Table 1:
Net Assets

	Governmental Activities		Total Percentage
	2008	2007	Change 2008-2007
Assets			
Current Assets	\$73,410,348	\$57,859,308	26.9%
Capital Assets, Net of Accumulated Depreciation	53,857,924	47,441,837	13.5%
TOTAL ASSETS	<u>127,268,272</u>	<u>105,301,145</u>	20.9%
Liabilities			
Current Liabilities	46,440,772	37,380,663	24.2%
Long Term Liabilities	8,778,959	2,090,714	319.9%
TOTAL LIABILITIES	<u>55,219,731</u>	<u>39,471,377</u>	39.9%
Net Assets			
Invested in Capital Assets, Net Of Related Debt, as restated	47,337,924	47,440,003	-0.2%
Restricted	5,723,302	4,944,502	15.8%
Unrestricted	18,987,315	13,445,263	41.2%
TOTAL NET ASSETS, as restated	<u>\$72,048,541</u>	<u>\$65,829,768</u>	9.4%

Changes in Net Assets

Total net assets of governmental activities increased by 9.4% when compared to fiscal year 2007. The large increase in current assets, long-term liabilities, and unrestricted net assets reflects the increasing use of debt by the County overall. 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 \$13.45 million in fiscal year 2007 to approximately \$18.99 million in fiscal year 2008, an increase of 41.2%.

**Table 2:
Changes in Net Assets**

	Governmental Activities		Total Percentage
	2008	2007	Change 2008-2007
Revenues			
Program Revenues			
Charges for Services	\$ 5,213,737	\$ 4,770,509	9.3%
Operating Grants and Contributions	20,902,680	18,038,258	15.9%
Capital Grants and Contributions	2,605,031	3,491,230	-25.4%
Property and other taxes levied for:			
General Purpose	31,064,796	27,899,749	11.3%
Debt Service	800,935	814,896	-1.7%
Other County Taxes	845,312	761,744	11.0%
Penalties and Interest on Taxes	411,761	354,254	16.2%
State tax credits	697,094	674,801	3.3%
Unrestricted investment earnings	1,339,621	1,627,222	-17.7%
Gain on sale of capital assets	15,571	15,269	2.0%
Miscellaneous	110,452	58,254	89.6%
TOTAL REVENUES	64,006,990	58,506,186	9.4%
Expenditures			
Public Safety and Legal Services	14,985,807	13,615,598	10.1%
Physical Health and Social Services	7,560,966	7,406,393	2.1%
Mental Health, MR & DD	13,025,061	12,356,007	5.4%
County Environment and Education	2,899,061	2,725,010	6.4%
Roads & Transportation	10,490,863	7,761,866	35.2%
Government Services to Residents	2,085,166	1,952,203	6.8%
Administration	6,667,379	6,516,376	2.3%
Nonprogram Current	21,899	1,866	1,073.6%
Interest on long-term debt	52,015	11,802	340.7%
TOTAL EXPENDITURES	57,788,217	52,347,121	10.4%
INCREASE (OR DECREASE) IN NET ASSETS	6,218,773	6,159,065	1.0%
Beginning, as restated	<u>65,829,768</u>	<u>59,670,703</u>	10.3%
Ending	<u>\$72,048,541</u>	<u>\$65,829,768</u>	9.4%

The County increased property taxes levied for 2008 by 11.0%. This increase raised the County's property tax revenue by approximately \$3,150,000. Based on increases in the tax levies and total assessed valuation, property tax revenue is budgeted to increase by an additional \$6,350,000 for fiscal year 2009.

The cost of all government services this year was \$57,788,217 compared to \$52,347,121 last year. The amount financed by taxpayers was \$32,711,043 (See Statement of Activities). Some of the cost was paid for by those who benefited from programs or other government grants and contributions. The County's program revenues increased from \$26,299,997 to \$28,721,448 principally due to increases in operating grants and related contributions and charges for services. These revenue increases were offset by a decrease in capital grants and contributions in 2008.

MAJOR FUND ANALYSIS

Governmental funds reported a combined fund balance of \$23,781,910, an increase of \$5,942,524. Secondary Roads expenditures exceeded revenues and cash transfers in by \$752,191.

- ❑ General Fund revenues increased approximately \$2,056,524 due largely to an increase in property and other taxes of \$2,746,977. This increase was offset by decreases in use of money and property and miscellaneous revenues of \$813,840. Expenditures increased \$1,169,920 due largely to an increase in public safety and legal services of \$1,058,534.
- ❑ Rural Service Fund revenues increased by \$511,160 and expenditures increased \$30,107 compared to the prior year. The ending fund balance showed an increase of \$479,675 from the prior year to \$557,591.
- ❑ Secondary Roads Fund revenues increased by \$449,013 over the prior year largely due to an increase in intergovernmental revenue of \$458,597. Expenditures increased in the Secondary Roads Fund by \$1,392,521 largely due to increases in roadway maintenance expense of \$815,494, administration and engineering expense of \$213,772 and new equipment and equipment operations and real estate and building expense increases totaling \$345,838.
- ❑ Mental Health Fund revenues increased by \$2,478,422 from the prior year, due largely to an increase in intergovernmental revenue of \$2,446,478. Expenditures increased by \$636,999 due to greatly increased numbers of qualified consumers, necessity of high level of care needs, significant increases in Medicaid waiver rates – as determined by the State, a lack of local beds which necessitates placement at Mental Health Institutes, care based on County of residence – for services the County would not normally fund, and non-reimbursement by the State for SPP clientele for their court commitment expenses, due to their non-resident status.
- ❑ Capital Projects Fund revenues and cash transfers in increased by \$6,417,383 and expenditures increased by \$5,236,733. The revenues and expenditures this class of fund varies depending on the timing of the projects.

General Fund Budgetary Highlights

Johnson County amended the budget two times during the fiscal year. The first amendment took place in November 2007 and was necessary due to increased expenditures in Secondary Roads department for the Oxford shed project, increased expenditures in the Public Health department, a planned compensation study, and County technology expenses not previously budgeted. The final amendment took place in May 2008 and was comprised of countywide merit pay adjustments, as well as notable budgetary increases within the Technology fund for Elections equipment, the Sheriff department for inmate housing and fuel expense, the SEATS department for fuel expense, and additional expense increases in the Public Health department.

Additional information is available in the County Auditor's Office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For fiscal year 2008 the County had a net increase of \$6,416,087 in a broad range of capital assets, including construction in progress, equipment and vehicles, and infrastructure. This is due mainly to expenses related to the Health and Human Services building project, the SEATS & Secondary Roads building project, infrastructure additions, and equipment and machinery purchases. See Table 3. More detailed information about the County's capital assets is presented in the notes to the financial statements.

Table 3
Capital Assets

	Value of Capital Assets		Total Percentage Change
	2008	2007	2008-2007
Non-Depreciated			
Land	\$8,184,568	\$8,184,568	0%
Construction in Progress	6,500,079	589,184	1,003.2%
Total Not Being Depreciated	14,684,647	8,773,752	67.4%
Depreciable			
Buildings & Improvements	14,244,494	14,149,149	0.7%
Machinery and Equipment	13,221,591	12,973,014	1.9%
Infrastructure	51,042,302	47,891,520	6.6%
Total Depreciable Assets	78,508,387	75,013,683	4.7%
Total Accumulated Depreciation	39,335,110	36,345,598	8.2%
NET CAPITAL ASSETS	\$53,857,924	\$47,441,837	13.5%

The County had depreciation expense of \$3,440,688 in FY 2008 and total accumulated depreciation of \$39,335,110, as of June 30, 2008.

The County's fiscal year 2009 budget projects spending of \$19,557,212 for capital projects, primarily for continued construction of the Health & Human Services building, the SEATS/Secondary Roads building, the Conservation department building project and architectural services, Secondary Roads planned roads projects and County technology upgrades. The County annually completes a Five Year Road Plan and Capital Improvement Plan (CIP). Both can be viewed by contacting management or are available on the County's web site www.johnson-county.com.

Long-Term Liabilities

At year end, the County had \$8,778,959 in long-term liabilities, consisting of general obligation capital notes, compensated absences, and capital lease purchase agreements (Table 4). The County added \$6,688,245 in long-term liabilities during the fiscal year. This is mainly due to an increase in the amount of general obligation capital notes. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

Table 4
Long-Term Liabilities

	Total Year End Fiscal Year 2008 Long-Term Liabilities		Total Percentage Change
	2008	2007	2008-2007
General Obligation Capital Notes	\$6,520,000	\$ 0	N/A
Compensated Absences	2,258,959	2,088,880	8.1%
Capital Leases Payable	0	1,834	-100.0%
TOTAL LONG TERM LIABILITIES	\$8,778,959	\$2,090,714	319.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- ❑ Real estate valuations continue to be strong in Johnson County. The budget remains streamlined but still able to accomplish capital projects and other county goals.
- ❑ Johnson County continues to enjoy a strong economy. Historically low interest rates on mortgages and a low unemployment rate make Johnson County fourth in the State of Iowa in per capita income.
- ❑ Johnson County grew from 96,000 residents in 1990 to 111,000 in 2000. The estimated current population is over 118,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Tom Slockett
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BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$ 30,802,528
Receivables	
Property tax	
Delinquent	117,296
Succeeding year	39,712,053
Interest, other	3,551
Accounts	612,021
Due from other governments	1,558,953
Prepaid expenses	487,731
Inventories	116,215
Land and construction in progress	14,684,647
Other capital assets (net of accumulated depreciation)	39,173,277
Total assets	<u>127,268,272</u>
LIABILITIES	
Accounts payable	3,555,657
Accrued interest payable	14,113
Salaries and benefits payable	1,027,160
Due to other governments	1,232,932
Claims payable	618,912
Contracts payable	279,945
Unearned revenue	
Succeeding year property tax	39,712,053
Long-term liabilities	
Portion due or payable within one year	
General obligation bonds	1,690,000
Compensated absences	466,276
Portion due or payable after one year	
General obligation bonds	4,830,000
Compensated absences	1,792,683
Total liabilities	<u>55,219,731</u>
NET ASSETS	
Invested in capital assets, net of related debt	47,337,924
Restricted for	
Supplemental levy purposes	259,745
Secondary roads purposes	2,851,372
Mental health purposes	1,946,225
Other purposes	665,960
Unrestricted	18,987,315
Total net assets	<u>\$ 72,048,541</u>

See notes to financial statements.

JOHNSON COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

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	\$ 14,985,807	\$ 2,128,451	\$ 1,671,249	\$ -	\$ (11,186,107)
Physical health and social services	7,560,966	361,852	3,126,620	-	(4,072,494)
Mental health	13,025,061	8,540	11,222,246	-	(1,794,275)
County environment and education	2,899,061	421,995	97,544	-	(2,379,522)
Roads and transportation	10,490,863	50,796	4,546,276	2,605,031	(3,288,760)
Governmental services to residents	2,085,166	1,660,951	142,424	-	(281,791)
Administration	6,667,379	581,152	96,321	-	(5,989,906)
Non-program	21,899	-	-	-	(21,899)
Interest on long-term debt	52,015	-	-	-	(52,015)
Total	<u>\$ 57,788,217</u>	<u>\$ 5,213,737</u>	<u>\$ 20,902,680</u>	<u>\$ 2,605,031</u>	<u>(29,066,769)</u>
General Revenues					
Property and other County tax levied for					
General purposes					31,064,796
Debt service					800,935
Other County taxes					845,312
Penalty and interest on property tax					411,761
State tax credits					697,094
Unrestricted investment earnings					1,339,621
Gain on sale of capital assets					15,571
Miscellaneous					110,452
Total general revenues					<u>35,285,542</u>
Change in net assets					6,218,773
Net assets, beginning of year					<u>65,829,768</u>
Net assets, end of year					<u>\$ 72,048,541</u>

**JOHNSON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
ASSETS				
Cash and pooled investments	\$ 10,968,283	\$ 563,288	\$ 3,263,401	\$ 3,359,636
Receivables				
Property tax				
Delinquent	96,717	13,638	-	4,748
Succeeding year	31,526,729	3,139,074	-	3,114,839
Accounts	583,003	-	14,651	9,803
Interest, other	-	-	-	-
Due from other governments	765,375	-	577,397	216,181
Inventories	-	-	116,215	-
Prepays	337,728	-	8,092	-
	<u>\$ 44,277,835</u>	<u>\$ 3,716,000</u>	<u>\$ 3,979,756</u>	<u>\$ 6,705,207</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 454,284	\$ 22	\$ 699,454	\$ 602,175
Salaries and benefits payable	826,619	-	123,681	76,860
Contracts payable	-	-	14,787	-
Due to other governments	189,207	6,546	19,377	946,595
Deferred revenue				
Succeeding year property tax	31,526,729	3,139,074	-	3,114,839
Other	872,523	12,767	271,085	18,513
	<u>33,869,362</u>	<u>3,158,409</u>	<u>1,128,384</u>	<u>4,758,982</u>
Fund balances				
Reserved for				
Inventories	-	-	116,215	-
Prepays	337,728	-	8,092	-
Unreserved, reported in				
General fund	10,070,745	-	-	-
Special revenue funds	-	557,591	2,727,065	1,946,225
Debt service fund	-	-	-	-
Capital projects fund	-	-	-	-
	<u>10,408,473</u>	<u>557,591</u>	<u>2,851,372</u>	<u>1,946,225</u>
Total liabilities and fund balances	<u>\$ 44,277,835</u>	<u>\$ 3,716,000</u>	<u>\$ 3,979,756</u>	<u>\$ 6,705,207</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Other Non-major Governmental Funds</u>	<u>Total</u>
\$ 5,834,226	\$ 4,042,370	\$ 28,031,204
-	2,193	117,296
-	1,931,411	39,712,053
4,224	340	612,021
-	3,551	3,551
-	-	1,558,953
-	-	116,215
<u>139,186</u>	<u>2,725</u>	<u>487,731</u>
<u>\$ 5,977,636</u>	<u>\$ 5,982,590</u>	<u>\$ 70,639,024</u>
\$ 1,587,938	\$ 18,653	\$ 3,362,526
-	-	1,027,160
265,158	-	279,945
71,207	-	1,232,932
-	1,931,411	39,712,053
-	67,610	1,242,498
<u>1,924,303</u>	<u>2,017,674</u>	<u>46,857,114</u>
-	-	116,215
139,186	2,725	487,731
-	-	10,070,745
-	3,883,433	9,114,314
-	78,758	78,758
3,914,147	-	3,914,147
<u>4,053,333</u>	<u>3,964,916</u>	<u>23,781,910</u>
<u>\$ 5,977,636</u>	<u>\$ 5,982,590</u>	<u>\$ 70,639,024</u>

JOHNSON COUNTY
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Exhibit D

Total governmental fund balances (page 14) \$ 23,781,910

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 governmental funds. The cost of assets is \$93,193,034 and the accumulated depreciation is \$39,355,110.

Land	\$ 8,184,568	
Construction in progress	6,500,079	
Infrastructure	29,576,419	
Buildings and improvements	5,196,878	
Machinery and equipment	4,399,980	
Total capital assets, net		53,857,924

Other long-term assets, such as County taxes, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.

1,242,498

The Internal Service Fund is used by the County to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

1,959,281

Long-term liabilities, including bonds payable, accrued interest payable, and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds payable	\$ (6,520,000)	
Accrued interest on bonds	(14,113)	
Compensated absences	(2,258,959)	
Total long-term liabilities		(8,793,072)

Net assets of governmental activities (page 12) \$ 72,048,541

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue			
	General	Rural Services	Secondary Roads	Mental Health
Revenues				
Property and other County tax	\$ 25,359,342	\$ 3,412,230	\$ -	\$ 3,083,078
Interest and penalty on property tax	432,445	-	-	-
Intergovernmental	6,089,105	95,971	4,571,260	11,284,923
Licenses and permits	594,041	-	2,785	-
Charges for service	3,169,156	-	-	13,914
Use of money and property	1,054,606	-	27,767	-
Miscellaneous	412,603	-	47,194	23,711
Total revenues	37,111,298	3,508,201	4,649,006	14,405,626
Expenditures				
Operating				
Public safety and legal services	14,306,269	-	-	-
Physical health and social services	7,540,427	-	-	-
Mental health	-	-	-	13,027,696
County environment and education	2,171,805	619,883	-	-
Roads and transportation	-	-	7,884,688	-
Governmental services to residents	1,858,024	-	-	-
Administration	5,803,518	-	-	-
Non-program	2,400	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital projects				
	-	-	603,256	-
Total expenditures	31,682,443	619,883	8,487,944	13,027,696
Excess (deficiency) of revenues over (under) expenditures	5,428,855	2,888,318	(3,838,938)	1,377,930
Other financing sources (uses)				
Capital note proceeds	7,275,000	-	-	-
Sale of capital assets	13,351	-	-	5
Transfers in	-	-	3,086,747	-
Transfers out	(8,845,086)	(2,408,643)	-	-
Total other financing sources (uses)	(1,556,735)	(2,408,643)	3,086,747	5
Net change in fund balances	3,872,120	479,675	(752,191)	1,377,935
Fund balances, beginning of year	6,536,353	77,916	3,603,563	568,290
Fund balances, end of year	\$ 10,408,473	\$ 557,591	\$ 2,851,372	\$ 1,946,225

See notes to financial statements.

Capital Projects	Other Non-major Governmental Funds	Total
\$ -	\$ 818,157	\$ 32,672,807
-	-	432,445
-	123,243	22,164,502
-	-	596,826
37,813	30,097	3,250,980
104,877	166,942	1,354,192
49,790	26,768	560,066
192,480	1,165,207	61,031,818
-	34,960	14,341,229
-	1,200	7,541,627
-	-	13,027,696
-	-	2,791,688
-	-	7,884,688
-	23,102	1,881,126
-	-	5,803,518
-	-	2,400
-	755,000	755,000
-	37,902	37,902
<u>7,644,760</u>	<u>64,975</u>	<u>8,312,991</u>
<u>7,644,760</u>	<u>917,139</u>	<u>62,379,865</u>
(7,452,280)	248,068	(1,348,047)
-	-	7,275,000
2,215	-	15,571
8,092,317	74,665	11,253,729
-	-	(11,253,729)
8,094,532	74,665	7,290,571
642,252	322,733	5,942,524
<u>3,411,081</u>	<u>3,642,183</u>	<u>17,839,386</u>
<u>\$ 4,053,333</u>	<u>\$ 3,964,916</u>	<u>\$ 23,781,910</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, 2008**

Net change in fund balances - Total governmental funds (page 16) \$ 5,942,524

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	\$ 7,262,674	
Capital grants for capital assets	2,594,101	
Depreciation expense	<u>(3,440,688)</u>	
		6,416,087

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

Debt issued	(7,275,000)	
Repayments	756,834	
		(6,518,166)

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. 365,501

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	(170,079)	
Change in accrued interest on debt	<u>(14,113)</u>	
		(184,192)

The Internal Service Fund is used by the County to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 197,019

Change in net assets of governmental activities (page 13)		<u>\$ 6,218,773</u>
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JOHNSON COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

Exhibit G

	<u>Internal Service - Employee Group Health</u>
ASSETS	
Cash and pooled investments	\$ 2,771,324
LIABILITIES	
Accounts payable	193,131
Claims payable	<u>618,912</u>
Total liabilities	<u>812,043</u>
NET ASSETS	
Unrestricted	<u>\$ 1,959,281</u>

JOHNSON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

Exhibit H

		Internal Service - Employee Group Health
Operating revenues		
Contributions and reimbursements from operating funds and other governmental units		\$ 3,912,429
Health fees - employees		734,977
Total operating revenues		4,647,406
Operating expenses		
Medical and health services	\$ 3,908,803	
Accounting, auditing, and clerical	643,325	
Miscellaneous	<u>1,025</u>	
Total operating expenses		4,553,153
Operating Gain		94,253
Non-operating revenues		
Interest income		<u>102,766</u>
Change in net assets		197,019
Net assets, beginning of year		<u>1,762,262</u>
Net assets, end of year		<u>\$ 1,959,281</u>

JOHNSON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

Exhibit I

	Internal Service - Employee Group Health
Cash flows from operating activities	
Cash received from operating fund reimbursements	\$ 3,912,429
Cash received from employees and others	760,607
Cash paid for administrative fees	(644,350)
Cash paid for medical claims and insurance premiums	<u>(3,899,360)</u>
Net cash provided by operating activities	129,326
Cash flows from investing activities	
Interest on investments	<u>102,766</u>
Net increase in cash and pooled investments	232,092
Cash and pooled investments at beginning of year	2,539,232
Cash and pooled investments at end of year	<u>\$ 2,771,324</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating gain	\$ 94,253
Adjustments to reconcile operating loss to net cash provided by operating activities	
Decrease in accounts receivable	25,630
Increase in accounts payable	9,443
Net cash provided by operating activities	<u>\$ 129,326</u>

JOHNSON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

Exhibit J

ASSETS

Cash and pooled investments	
County Treasurer	\$ 4,957,949
Other County officials	335,180
Receivables	
Property tax	
Delinquent	183,554
Succeeding year	180,589,308
Accounts	65,884
Interest and penalties on special assessments	488,239
Prepays	77,012
Due from other governments	128,508
 Total assets	 186,825,634

LIABILITIES

Accounts payable	255,991
Salaries and benefits payable	41,969
Due to other governments	186,227,952
Trusts payable	207,110
Compensated absences	92,612
 Total liabilities	 <u>186,825,634</u>

NET ASSETS

\$ -

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 non-fiduciary 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 non-exchange transactions.

The Statement of Net Assets presents the County's non-fiduciary 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, 2008

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

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

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

D. Assets, Liabilities, and Fund Equity

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

Cash and Pooled Investments – 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, 2006, assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2007.

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, 2008

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the governmental 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 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 acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. 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 not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2 – CASH AND POOLED INVESTMENTS

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

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

The County held no investments as of June 30, 2008.

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

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

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

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

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

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – INTERFUND TRANSFERS

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

Transfer From	Transfer To	Amount
General	Capital Projects	\$ 8,092,317
	Conservation Land Acquisition Trust	74,665
	Secondary Roads	678,104
		8,845,086
Special Revenue		
Rural Services	Secondary Roads	2,408,643
Total		\$ 11,253,729

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

NOTE 4 – CAPITAL ASSETS

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated				
Land	\$ 8,184,568	\$ -	\$ -	\$ 8,184,568
Construction in progress	589,184	9,061,677	(3,150,782)	6,500,079
Total capital assets not being depreciated	8,773,752	9,061,677	(3,150,782)	14,684,647
Capital assets being depreciated				
Buildings and improvements	14,149,149	101,573	(6,228)	14,244,494
Machinery and equipment	12,973,014	715,193	(466,616)	13,221,591
Infrastructure	47,891,520	3,150,782	-	51,042,302
Total capital assets being depreciated	<u>75,013,683</u>	<u>3,967,548</u>	<u>(472,844)</u>	<u>78,508,387</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Less accumulated depreciation for				
Buildings and improvements	\$ 8,761,534	\$ 287,271	\$ (1,189)	\$ 9,047,616
Machinery and equipment	8,030,906	1,240,344	(449,639)	8,821,611
Infrastructure	<u>19,552,810</u>	<u>1,913,073</u>	<u>-</u>	<u>21,465,883</u>
Total accumulated depreciation	<u>36,345,250</u>	<u>3,440,688</u>	<u>(450,828)</u>	<u>39,335,110</u>
Total capital assets being depreciated, net	38,668,433	526,860	(22,016)	39,173,277
Governmental activities capital assets, net	<u>\$ 47,442,185</u>	<u>\$ 9,588,537</u>	<u>\$ (3,172,798)</u>	<u>\$ 53,857,924</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	\$ 372,915
Physical health and social services	35,403
Mental health	6,575
County environment and education	94,382
Roads and transportation	2,639,956
Governmental services to residents	31,972
Administration	257,618
Non-program	<u>1,867</u>
Total depreciation expense - governmental activities	<u>\$ 3,440,688</u>

NOTE 5 – DUE TO OTHER GOVERNMENTS

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

Fund	Description	Amount
General	Services	\$ 189,207
Special Revenue		
Rural Services		6,546
Secondary Roads		19,377
Mental Health		946,595
Capital Projects		71,207
Total for governmental funds		1,232,932

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Fund	Description	Amount
Agency		
County Recorder	Collections	\$ 129,128
Agricultural Extension Education		327,745
County Assessor		1,405,552
City Assessor		866,706
Emergency Management		84,516
Brucellosis and Tuberculosis Eradication		151
Schools		112,741,796
Community Colleges		4,292,705
Corporations		62,845,499
Townships		665,376
City Special Assessments		19,271
E911 Surcharge		933,128
Auto License and Use Tax		1,561,402
Empowerment Board		250,636
Tax Sales		104,341
Total for agency funds		<u>186,227,952</u>
Total		\$ 187,460,884

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds.

The County issues general obligation bonds to provide funds for the acquisition, improvement, and construction of major capital facilities and for the purchase of technology and related equipment. General obligation bonds have been issued for these types of governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2008, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
County Improvements	Dec-07	June 2008 - June 2010	3.45%	\$ 2,260,000	\$ 1,505,000
County Improvements	Jun-08	June 2009 - June 2013	2.15-2.95%	<u>5,015,000</u>	<u>5,015,000</u>
				<u>\$ 7,275,000</u>	<u>\$ 6,520,000</u>

(continued on next page)

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2009	\$ 1,690,000	\$ 175,880	\$ 1,865,880
2010	1,735,000	136,445	1,871,445
2011	1,000,000	86,773	1,086,773
2012	1,030,000	60,773	1,090,773
2013	1,065,000	31,418	1,096,418
Total	\$ 6,520,000	\$ 491,289	\$ 7,011,289

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

	General Obligation		Capital Lease	Total
	Capital Note	Compensated Absences	Purchase Agreements	
Balance, beginning of year	\$ -	\$ 2,088,880	\$ 1,834	\$ 2,090,714
Increases	7,275,000	464,965	-	7,739,965
Decreases	755,000	294,886	1,834	1,051,720
Balance, end of year	<u>\$ 6,520,000</u>	<u>\$ 2,258,959</u>	<u>\$ -</u>	<u>\$ 8,778,959</u>
Due within one year	<u>\$ 1,690,000</u>	<u>\$ 466,276</u>	<u>\$ -</u>	<u>\$ 2,156,276</u>

NOTE 7 – PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.90% of their annual covered salary, and the County is required to contribute 6.05% annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2008, are 7.70% and 7.70%, respectively, and conservation peace officers, in which case the percentages are 5.64% and 8.47%, respectively. For the year ended June 30, 2007, the contribution rates for law enforcement employees and the County were 8.37% and 8.37%, respectively, and conservation peace officers, in which case the percentages were 6.08% and 9.12%, respectively. For the year ended June 30, 2006, the contribution rates for law enforcement employees and the County were 8.2% and 8.2%, respectively, and conservation peace officers, in which case the percentages were 6.16% and 9.23%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$1,320,757, \$1,212,199, and \$1,138,954, respectively, equal to the required contributions for each year.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8 – RISK MANAGEMENT

Johnson County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 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 contributions to the Pool for the year ended June 30, 2008, were \$391,401.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

NOTE 9 – EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. Health benefits were self-insured up to a specific stop-loss amount of \$50,000 and an aggregate annual stop-loss amount of approximately \$4,355,000 for 2008. 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, 2008, was \$3,912,429.

Amounts payable from the Employee Group Health Fund at June 30, 2008, total \$618,912, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,959,281 at June 30, 2008, 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. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims, June 30, 2006	\$ 485,519
Incurred claims (including IBNRs)	3,902,478
Claim payments	<u>(3,810,009)</u>
Unpaid claims, June 30, 2007	577,988
Incurred claims (including IBNRs)	3,908,803
Claim payments	<u>(3,867,879)</u>
Unpaid claims, June 30, 2008	<u>\$ 618,912</u>

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 – CONDUIT DEBT OBLIGATIONS

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

As of June 30, 2008, there were three issues of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,150,381.

NOTE 11 – CONSTRUCTION COMMITMENTS

The County has entered into five contracts totaling \$18,007,219 for building and road construction projects. As of June 30, 2008, costs of \$3,643,644 on the projects have been incurred. The balance remaining on the projects at June 30, 2008, \$14,363,575 will be paid as work on the projects progress.

NOTE 12 – LITIGATION

The County Attorney reported that as of June 30, 2008, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 13 – SUBSEQUENT EVENTS

On November 25, 2008 the County authorized \$3,295,000 of General Obligation Bonds, Series 2008B for a variety of projects. Such projects included: acquisition of voting machines and equipment, remodeling and construction improvements at the County Administration Building, making internal repairs, and acquisition of equipment for the County. The interest rate on the bonds is 3.8% with a maturity date of June 1, 2016. The funds to repay the bonds will be generated via a tax levy.

On February 5, 2009 the County authorized \$2,500,000 of General Obligation Bond Anticipation notes related to short term funding for construction costs. The interest rate on the bonds was 1.75% with a maturity date of April 6, 2009. The funds to repay the anticipation notes will be generated through issuance of General Obligation bonds in April.

NOTE 14 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

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.

JOHNSON COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

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

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the fiscal year ending June 30, 2009. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

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

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES – BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS BUDGET TO
GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance -	Actual as %
	Original	Final		Positive	of Final
				(Negative)	Budget
Receipts					
Property and other County tax	\$ 32,659,102	\$ 32,659,102	\$ 32,663,993	\$ 4,891	100%
Interest and penalty on property tax	-	-	415,116	415,116	-
Intergovernmental	20,728,905	21,562,213	22,385,773	823,560	104
Licenses and permits	470,019	457,269	589,966	132,697	129
Charges for service	2,859,705	2,859,705	3,180,659	320,954	111
Use of money and property	1,108,823	1,108,823	1,398,601	289,778	126
Miscellaneous	1,809,848	1,845,950	572,566	(1,273,384)	31
Total receipts	59,636,402	60,493,062	61,206,674	713,612	101
Disbursements					
Public safety and legal services	14,885,587	15,105,509	14,163,631	941,878	94%
Physical health and social services	7,683,826	8,084,876	7,509,368	575,508	93
Mental health	14,221,785	14,229,397	13,012,849	1,216,548	91
County environment and education	2,915,857	2,936,287	2,823,998	112,289	96
Roads and transportation	6,698,375	7,106,019	7,101,169	4,850	100
Governmental services to residents	2,051,626	2,105,173	1,872,109	233,064	89
Administration	6,355,539	6,488,970	5,730,618	758,352	88
Non-program	-	2,400	2,400	-	100
Debt service	831,084	831,084	792,902	38,182	95
Capital projects	10,292,390	10,541,973	6,555,936	3,986,037	62
Total disbursements	65,936,069	67,431,688	59,564,980	7,866,708	88
Excess (deficiency) of receipts over (under) disbursements	(6,299,667)	(6,938,626)	1,641,694		
Other financing sources					
Capital note proceeds	2,241,123	2,241,123	7,275,000		
Sale of capital assets	2,400	162,400	15,521		
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(4,056,144)	(4,535,103)	8,932,215		
Balance, beginning of year	18,703,203	18,703,203	18,703,203		
Balance, end of year	\$ 14,647,059	\$ 14,168,100	\$ 27,635,418		

Budget to GAAP Reconciliation

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Accrual Basis
Revenues	\$ 61,206,674	\$ (174,856)	\$ 61,031,818
Expenditures	59,564,980	2,814,885	62,379,865
Net	1,641,694	(2,989,741)	(1,348,047)
Other financing sources	7,290,521	50	7,290,571
Beginning fund balances	18,703,203	(863,817)	17,839,386
Ending fund balances	\$ 27,635,418	\$ (3,853,508)	\$ 23,781,910

JOHNSON COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2008

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,495,619. The budget amendments are reflected in the final budgeted amounts.

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

JOHNSON COUNTY

**JOHNSON COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	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	\$ 116,567	\$ 26,739	\$ 179,245	\$ 3,202,125	\$ 1,569	\$ 71,406
Receivables						
Property tax						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Interest, other	-	-	-	3,551	-	-
Prepays	-	-	-	-	-	2,725
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 116,567</u>	<u>\$ 26,739</u>	<u>\$ 179,245</u>	<u>\$ 3,205,676</u>	<u>\$ 1,569</u>	<u>\$ 74,131</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	-	66,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,000</u>	<u>-</u>	<u>-</u>
Fund balances						
Reserved for						
Prepays	-	-	-	-	-	2,725
Unreserved, reported in						
Special revenue funds	116,567	26,739	179,245	3,139,676	1,569	71,406
Debt service fund	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>116,567</u>	<u>26,739</u>	<u>179,245</u>	<u>3,139,676</u>	<u>1,569</u>	<u>74,131</u>
Total liabilities and fund balances	<u>\$ 116,567</u>	<u>\$ 26,739</u>	<u>\$ 179,245</u>	<u>\$ 3,205,676</u>	<u>\$ 1,569</u>	<u>\$ 74,131</u>

Revenue Funds

Ambulance	Courthouse Centenary Trust	Conservation Land Acquisition Trust	SIH Consortium Trust	Debt Service	Total
\$ 1,550	\$ 3,272	\$ 361,722	\$ -	\$ 78,175	\$ 4,042,370
-	-	-	-	2,193	2,193
-	-	-	-	1,931,411	1,931,411
-	-	340	-	-	340
-	-	-	-	-	3,551
-	-	-	-	-	<u>2,725</u>
<u>\$ 1,550</u>	<u>\$ 3,272</u>	<u>\$ 362,062</u>	<u>\$ -</u>	<u>\$ 2,011,779</u>	<u>\$ 5,982,590</u>
\$ -	\$ -	\$ 18,653	\$ -	\$ -	\$ 18,653
-	-	-	-	1,931,411	1,931,411
-	-	-	-	<u>1,610</u>	<u>67,610</u>
-	-	<u>18,653</u>	-	<u>1,933,021</u>	<u>2,017,674</u>
-	-	-	-	-	2,725
1,550	3,272	343,409	-	-	3,883,433
-	-	-	-	<u>78,758</u>	<u>78,758</u>
1,550	3,272	343,409	-	78,758	3,964,916
\$ 1,550	\$ 3,272	\$ 362,062	\$ -	\$ 2,011,779	\$ 5,982,590

JOHNSON COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	County Sheriff Law Enforcement Proceeds	County Attorney Law Enforcement Proceeds	Resources Enhancement and Protection	Road Construction Escrow	Historical Preservation	Special County Recorder's Records Management
Revenues						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	52,387	-	55,729	-	-	-
Charges for service	-	-	-	-	-	30,097
Use of money and property	3,599	-	5,282	144,121	-	2,219
Miscellaneous	-	4,040	-	-	-	-
Total revenues	55,986	4,040	61,011	144,121	-	32,316
Expenditures						
Operating						
Public safety and legal services	31,255	3,705	-	-	-	-
Physical health and social services	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	23,102
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital projects	-	-	800	-	-	-
Total expenditures	31,255	3,705	800	-	-	23,102
Excess (deficiency) of revenues over (under) expenditures	24,731	335	60,211	144,121	-	9,214
Other financing sources						
Transfers in	-	-	-	-	-	-
Net change in fund balances	24,731	335	60,211	144,121	-	9,214
Fund balances, beginning of year	91,836	26,404	119,034	2,995,555	1,569	64,917
Fund balances, end of year	\$ 116,567	\$ 26,739	\$ 179,245	\$ 3,139,676	\$ 1,569	\$ 74,131

Revenue Funds

Ambulance	Courthouse Centenary Trust	Conservation Land Acquisition Trust	SIH Consortium Trust	Debt Service	Total
\$ -	\$ -	\$ -	\$ -	\$ 818,157	\$ 818,157
-	-	-	-	15,127	123,243
-	-	-	-	-	30,097
1	8	11,712	-	-	166,942
206	-	22,522	-	-	26,768
<u>207</u>	<u>8</u>	<u>34,234</u>	<u>-</u>	<u>833,284</u>	<u>1,165,207</u>
-	-	-	-	-	34,960
-	-	-	1,200	-	1,200
-	-	-	-	-	23,102
-	-	-	-	755,000	755,000
-	-	-	-	37,902	37,902
-	-	64,175	-	-	64,975
<u>-</u>	<u>-</u>	<u>64,175</u>	<u>1,200</u>	<u>792,902</u>	<u>917,139</u>
207	8	(29,941)	(1,200)	40,382	248,068
-	-	74,665	-	-	74,665
207	8	44,724	(1,200)	40,382	322,733
1,343	3,264	298,685	1,200	38,376	3,642,183
<u>\$ 1,550</u>	<u>\$ 3,272</u>	<u>\$ 343,409</u>	<u>\$ -</u>	<u>\$ 78,758</u>	<u>\$ 3,964,916</u>

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
COUNTY AUDITOR				
Assets				
Cash and pooled investments	\$ -	\$ 168,199	\$ 168,199	\$ -
Liabilities				
Due to other funds	\$ -	\$ 168,199	\$ 168,199	\$ -
 COUNTY RECORDER				
Assets				
Cash and pooled investments	\$ 176,470	\$ 1,232,222	\$ 1,280,622	\$ 128,070
Accounts receivable	2,164	1,058	2,164	1,058
Total assets	<u>\$ 178,634</u>	<u>\$ 1,233,280</u>	<u>\$ 1,282,786</u>	<u>\$ 129,128</u>
Liabilities				
Due to other governments	<u>\$ 178,634</u>	<u>\$ 1,233,280</u>	<u>\$ 1,282,786</u>	<u>\$ 129,128</u>
 COUNTY SHERIFF				
Assets				
Cash and pooled investments	<u>\$ 189,912</u>	<u>\$ 2,914,024</u>	<u>\$ 2,896,826</u>	<u>\$ 207,110</u>
Liabilities				
Due to other funds	\$ -	\$ 292,320	\$ 292,320	\$ -
Due to other governments	-	287	287	-
Trusts payable	<u>189,912</u>	<u>2,621,417</u>	<u>2,604,219</u>	<u>207,110</u>
Total liabilities	<u>\$ 189,912</u>	<u>\$ 2,914,024</u>	<u>\$ 2,896,826</u>	<u>\$ 207,110</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
AGRICULTURAL EXTENSION EDUCATION				
Assets				
Cash and pooled investments	\$ 1,811	\$ 310,179	\$ 309,743	\$ 2,247
Property tax receivable				
Delinquent	557	507	557	507
Succeeding year	309,987	324,991	309,987	324,991
	<u>309,987</u>	<u>324,991</u>	<u>309,987</u>	<u>324,991</u>
Total assets	<u>\$ 312,355</u>	<u>\$ 635,677</u>	<u>\$ 620,287</u>	<u>\$ 327,745</u>
Liabilities				
Due to other governments	<u>\$ 312,355</u>	<u>\$ 635,677</u>	<u>\$ 620,287</u>	<u>\$ 327,745</u>
COUNTY ASSESSOR				
Assets				
Cash and investments	\$ 346,916	\$ 732,687	\$ 791,526	\$ 288,077
Receivables				
Property tax receivable				
Delinquent	2,236	2,471	2,236	2,471
Succeeding year	789,030	1,146,378	789,030	1,146,378
Accounts	-	3,594	-	3,594
Prepays	5,203	49,867	5,203	49,867
	<u>5,203</u>	<u>49,867</u>	<u>5,203</u>	<u>49,867</u>
Total assets	<u>\$ 1,143,385</u>	<u>\$ 1,934,997</u>	<u>\$ 1,587,995</u>	<u>\$ 1,490,387</u>
Liabilities				
Accounts payable	\$ 239	\$ 13,921	\$ 239	\$ 13,921
Salaries and benefits payable	19,420	23,057	19,420	23,057
Due to other governments	1,068,930	1,850,162	1,513,540	1,405,552
Compensated absences	54,796	47,857	54,796	47,857
	<u>54,796</u>	<u>47,857</u>	<u>54,796</u>	<u>47,857</u>
Total liabilities	<u>\$ 1,143,385</u>	<u>\$ 1,934,997</u>	<u>\$ 1,587,995</u>	<u>\$ 1,490,387</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
CITY ASSESSOR				
Assets				
Cash and pooled investments	\$ 231,936	\$ 604,470	\$ 523,661	\$ 312,745
Receivables				
Property tax				
Delinquent	434	406	434	406
Succeeding year	608,700	613,506	608,700	613,506
Accounts	-	300	-	300
Prepays	536	1,003	536	1,003
	<u>841,606</u>	<u>1,219,685</u>	<u>1,133,331</u>	<u>927,960</u>
Total assets	<u>\$ 841,606</u>	<u>\$ 1,219,685</u>	<u>\$ 1,133,331</u>	<u>\$ 927,960</u>
Liabilities				
Accounts payable	\$ 379	\$ 221	\$ 379	\$ 221
Salaries and benefits payable	14,076	16,278	14,076	16,278
Due to other governments	779,944	1,158,431	1,071,669	866,706
Compensated absences	47,207	44,755	47,207	44,755
	<u>841,606</u>	<u>1,219,685</u>	<u>1,133,331</u>	<u>927,960</u>
Total liabilities	<u>\$ 841,606</u>	<u>\$ 1,219,685</u>	<u>\$ 1,133,331</u>	<u>\$ 927,960</u>
EMERGENCY MANAGEMENT				
Assets				
Cash and pooled investments	\$ 147,755	\$ 210,411	\$ 265,829	\$ 92,337
Accounts receivable	312	1,346	312	1,346
Due from other governments	-	108,291	-	108,291
Prepays	372	2,264	372	2,264
	<u>148,439</u>	<u>322,312</u>	<u>266,513</u>	<u>204,238</u>
Total assets	<u>\$ 148,439</u>	<u>\$ 322,312</u>	<u>\$ 266,513</u>	<u>\$ 204,238</u>
Liabilities				
Accounts payable	\$ 8,113	\$ 117,088	\$ 8,113	\$ 117,088
Salaries and benefits payable	2,942	2,634	2,942	2,634
Due to other governments	130,491	202,590	248,565	84,516
Compensated absences	6,893	-	6,893	-
	<u>148,439</u>	<u>322,312</u>	<u>266,513</u>	<u>204,238</u>
Total liabilities	<u>\$ 148,439</u>	<u>\$ 322,312</u>	<u>\$ 266,513</u>	<u>\$ 204,238</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
BRUCellosIS AND TUBERCULOSIS ERADICATION				
Assets				
Cash and pooled investments	\$ 104	\$ 48,514	\$ 48,493	\$ 125
Property tax receivable				
Delinquent	30	26	30	26
Total assets	<u>\$ 134</u>	<u>\$ 48,540</u>	<u>\$ 48,523</u>	<u>\$ 151</u>
Liabilities				
Due to other governments	<u>\$ 134</u>	<u>\$ 48,540</u>	<u>\$ 48,523</u>	<u>\$ 151</u>
SCHOOLS				
Assets				
Cash and pooled investments	\$ 371,722	\$ 67,502,501	\$ 67,319,698	\$ 554,525
Property tax receivable				
Delinquent	118,400	111,006	118,400	111,006
Succeeding year	<u>105,711,727</u>	<u>112,076,265</u>	<u>105,711,727</u>	<u>112,076,265</u>
Total assets	<u>\$ 106,201,849</u>	<u>\$ 179,689,772</u>	<u>\$ 173,149,825</u>	<u>\$ 112,741,796</u>
Liabilities				
Due to other governments	<u>\$ 106,201,849</u>	<u>\$ 179,689,772</u>	<u>\$ 173,149,825</u>	<u>\$ 112,741,796</u>
COMMUNITY COLLEGES				
Assets				
Cash and pooled investments	\$ 23,033	\$ 4,026,674	\$ 4,017,308	\$ 32,399
Property tax receivable				
Delinquent	7,038	6,508	7,038	6,508
Succeeding year	<u>3,828,198</u>	<u>4,253,798</u>	<u>3,828,198</u>	<u>4,253,798</u>
Total assets	<u>\$ 3,858,269</u>	<u>\$ 8,286,980</u>	<u>\$ 7,852,544</u>	<u>\$ 4,292,705</u>
Liabilities				
Due to other governments	<u>\$ 3,858,269</u>	<u>\$ 8,286,980</u>	<u>\$ 7,852,544</u>	<u>\$ 4,292,705</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
CORPORATIONS				
Assets				
Cash and pooled investments	\$ 355,546	\$ 76,003,877	\$ 75,560,425	\$ 798,998
Property tax receivable				
Delinquent	56,742	60,575	56,742	60,575
Succeeding year	56,482,759	61,512,977	56,482,759	61,512,977
Special assessments	-	472,949	-	472,949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 56,895,047</u>	<u>\$ 138,050,378</u>	<u>\$ 132,099,926</u>	<u>\$ 62,845,499</u>
Liabilities				
Due to other governments	<u>\$ 56,895,047</u>	<u>\$ 138,050,378</u>	<u>\$ 132,099,926</u>	<u>\$ 62,845,499</u>
TOWNSHIPS				
Assets				
Cash and pooled investments	\$ 1,757	\$ 642,425	\$ 642,254	\$ 1,928
Property tax receivable				
Delinquent	2,593	2,055	2,593	2,055
Succeeding year	642,460	661,393	642,460	661,393
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 646,810</u>	<u>\$ 1,305,873</u>	<u>\$ 1,287,307</u>	<u>\$ 665,376</u>
Liabilities				
Due to other governments	<u>\$ 646,810</u>	<u>\$ 1,305,873</u>	<u>\$ 1,287,307</u>	<u>\$ 665,376</u>
CITY SPECIAL ASSESSMENTS				
Assets				
Cash and pooled investments	\$ 8,514	\$ 525,103	\$ 529,636	\$ 3,981
Special assessments receivable	32,487	15,290	32,487	15,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 41,001</u>	<u>\$ 540,393</u>	<u>\$ 562,123</u>	<u>\$ 19,271</u>
Liabilities				
Due to other governments	<u>\$ 41,001</u>	<u>\$ 540,393</u>	<u>\$ 562,123</u>	<u>\$ 19,271</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
STATE TAX CREDITS				
Assets				
Cash and pooled investments	\$ -	\$ 44,412	\$ 44,412	\$ -
Liabilities				
Due to other governments	\$ -	\$ 44,412	\$ 44,412	\$ -
 E911 SURCHARGE				
Assets				
Cash and pooled investments	\$ 638,417	\$ 380,104	\$ 186,032	\$ 832,489
Accounts receivable	61,918	59,446	61,918	59,446
Due from other governments	18,138	20,217	18,138	20,217
Prepays	-	23,878	-	23,878
Total assets	<u>\$ 718,473</u>	<u>\$ 483,645</u>	<u>\$ 266,088</u>	<u>\$ 936,030</u>
Liabilities				
Accounts payable	\$ 4,314	\$ 2,902	\$ 4,314	\$ 2,902
Due to other governments	714,159	480,743	261,774	933,128
Total liabilities	<u>\$ 718,473</u>	<u>\$ 483,645</u>	<u>\$ 266,088</u>	<u>\$ 936,030</u>
 AUTO LICENSE AND USE TAX				
Assets				
Cash and pooled investments	<u>\$ 1,734,788</u>	<u>\$ 23,130,688</u>	<u>\$ 23,304,074</u>	<u>\$ 1,561,402</u>
Liabilities				
Due to other governments	<u>\$ 1,734,788</u>	<u>\$ 23,130,688</u>	<u>\$ 23,304,074</u>	<u>\$ 1,561,402</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
EMPOWERMENT BOARD				
Assets				
Cash and pooled investments	\$ 464,849	\$ 1,200,563	\$ 1,293,057	\$ 372,355
Accounts receivable	-	140	-	140
Prepays	<u>1,227</u>	<u>-</u>	<u>1,227</u>	<u>-</u>
Total assets	<u>\$ 466,076</u>	<u>\$ 1,200,703</u>	<u>\$ 1,294,284</u>	<u>\$ 372,495</u>
Liabilities				
Accounts payable	\$ 90,733	\$ 121,859	\$ 90,733	\$ 121,859
Due to other governments	<u>375,343</u>	<u>1,078,844</u>	<u>1,203,551</u>	<u>250,636</u>
Total liabilities	<u>\$ 466,076</u>	<u>\$ 1,200,703</u>	<u>\$ 1,294,284</u>	<u>\$ 372,495</u>
TAX SALES				
Assets				
Cash and pooled investments	<u>\$ 95,030</u>	<u>\$ 1,540,136</u>	<u>\$ 1,530,825</u>	<u>\$ 104,341</u>
Liabilities				
Due to other governments	<u>\$ 95,030</u>	<u>\$ 1,540,136</u>	<u>\$ 1,530,825</u>	<u>\$ 104,341</u>
FLOOD CONTROL				
Assets				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 39,929</u>	<u>\$ 39,929</u>	<u>\$ -</u>
Liabilities				
Due to other governments	<u>\$ -</u>	<u>\$ 39,929</u>	<u>\$ 39,929</u>	<u>\$ -</u>

(continued)

JOHNSON COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2008

Schedule 3
(continued)

	Balance June 30 2007	Additions	Deletions	Balance June 30 2008
TOTAL COMBINED FUNDS				
Assets				
Cash and pooled investments				
County Treasurer	\$ 4,422,178	\$ 176,942,673	\$ 176,406,902	\$ 4,957,949
Other County officials	366,382	4,314,445	4,345,647	335,180
Receivables				
Property tax				
Delinquent	188,030	183,554	188,030	183,554
Succeeding year	168,372,861	180,589,308	168,372,861	180,589,308
Accounts	64,394	65,884	64,394	65,884
Special assessments	32,487	488,239	32,487	488,239
Prepays	7,338	77,012	7,338	77,012
Due from other governments	18,138	128,508	18,138	128,508
 Total assets	 <u>\$ 173,471,808</u>	 <u>\$ 362,789,623</u>	 <u>\$ 349,435,797</u>	 <u>\$ 186,825,634</u>
Liabilities				
Accounts payable	\$ 103,778	\$ 255,991	\$ 103,778	\$ 255,991
Salaries and benefits payable	36,438	41,969	36,438	41,969
Due to other funds	-	460,519	460,519	-
Due to other governments	173,032,784	359,317,115	346,121,947	186,227,952
Trusts payable	189,912	2,621,417	2,604,219	207,110
Compensated absences	108,896	92,612	108,896	92,612
 Total liabilities	 <u>\$ 173,471,808</u>	 <u>\$ 362,789,623</u>	 <u>\$ 349,435,797</u>	 <u>\$ 186,825,634</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues				
Property and other County tax	\$ 32,672,807	\$ 29,433,991	\$ 27,085,150	\$ 25,643,264
Interest and penalty on property tax	432,445	374,642	375,395	278,470
Intergovernmental	22,164,502	19,528,390	17,668,730	16,583,058
Licenses and permits	596,826	404,730	528,659	478,236
Charges for service	3,250,980	3,031,430	3,035,389	2,913,707
Use of money and property	1,354,192	1,655,734	1,185,885	734,308
Miscellaneous	560,066	1,133,246	885,704	505,562
Total revenues	<u>\$ 61,031,818</u>	<u>\$ 55,562,163</u>	<u>\$ 50,764,912</u>	<u>\$ 47,136,605</u>
Expenditures				
Operating				
Public safety and legal services	\$ 14,341,229	\$ 13,282,979	\$ 12,797,233	\$ 11,941,799
Physical health and social services	7,541,627	7,371,545	7,132,324	6,332,194
Mental health	13,027,696	12,390,697	10,712,349	10,140,316
County environment and education	2,791,688	2,686,185	2,461,700	2,325,169
Roads and transportation	7,884,688	6,291,001	5,957,011	5,838,452
Governmental services to residents	1,881,126	1,846,463	1,716,886	1,722,204
Administration	5,803,518	5,959,893	5,374,237	5,168,099
Non-program	2,400	-	600	600
Debt service	792,902	811,802	-	3,995,146
Capital projects	8,312,991	3,310,759	6,491,702	1,449,068
Total expenditures	<u>\$ 62,379,865</u>	<u>\$ 53,951,324</u>	<u>\$ 52,644,042</u>	<u>\$ 48,913,047</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 24,596,847	\$ 24,006,429	21,780,617
311,322	284,957	329,416
15,628,260	15,027,205	14,986,922
424,448	439,361	377,714
3,138,414	3,030,099	2,551,094
379,088	671,680	811,279
<u>370,696</u>	<u>389,089</u>	<u>275,627</u>
<u>\$ 44,849,075</u>	<u>\$ 43,848,820</u>	<u>\$ 41,112,669</u>

\$ 11,111,743	\$ 10,197,204	9,814,074
6,368,969	5,938,444	6,970,493
9,529,981	8,896,526	9,153,902
2,183,913	2,078,719	1,378,232
5,504,698	5,244,849	5,395,074
1,602,117	1,600,354	1,398,147
4,705,144	4,847,683	4,086,067
11,816	600	600
3,617,328	9,198,554	160,000
<u>2,411,700</u>	<u>2,138,624</u>	<u>3,873,079</u>
<u>\$ 47,047,409</u>	<u>\$ 50,141,557</u>	<u>\$ 42,229,668</u>

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

JOHNSON COUNTY



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

To the Officials of 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, 2008, which collectively comprise Johnson County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe items II-A-08 and II-B-08 are 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*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted certain matters that we reported to management of Johnson County in a separate letter dated March 20, 2009.

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

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

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

Dubuque, Iowa
March 20, 2009



CPAs & BUSINESS ADVISORS

**INDEPENDENT AUDITOR'S 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, 2008. 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, 2008.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

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, 2008, and have issued our report thereon dated March 20, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Johnson County, Iowa's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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
March 20, 2009

Except for certain tests of compliance for the Social Services Block Grant Program to which the date is August 12, 2009.

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct			
Department of the Interior Payment in Lieu of Taxes	15.226		\$ <u>55,842</u>
Department of Justice State Criminal Alien Assistance Program	16.606	2008-AP-BX-0132	<u>31,244</u>
Edwards Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJBX-0415	<u>33,408</u>
Total Direct			<u>120,494</u>
Indirect			
Department of Agriculture Iowa Department of Public Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5887A051	80,312
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5888A051	<u>319,641</u>
			<u>399,953</u>
Iowa Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561		<u>39,339</u>
Department of Defense Iowa State Treasurer's Office Payments to States in Lieu of Real Estate Taxes	12.112		<u>53,238</u>
Department of Justice Iowa Department of Human Rights Juvenile Accountability Incentive Block Grants	16.523	28-JD06-F07	<u>12,824</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	28-JD06-F07	15,054
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	28-JD06-F06	<u>1,102</u>
			16,156
Public Safety Partnership and Community Policing Grants	16.710	04-COPS-28	<u>9,236</u>
Enforcing Underage Drinking Laws Program	16.727	28-JD06-F07	<u>11,884</u>
			(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2008

<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)			
Governor's Office of Drug Control Policy			
Edwards Byrne Memorial Justice Assistance			
Grant Program			
	16.738	07JAGC06-A33	\$ <u>40,297</u>
Department of Transportation			
East Central Iowa Council of Governments			
Formula Grants for Other Than Urbanized Areas			
	20.509	TF-2000-XXX	4,448
Formula Grants for Other Than Urbanized Areas			
	20.509	TF-2000-XXX	<u>31,473</u>
			<u>35,921</u>
Iowa Department of Public Safety			
State and Community Highway Safety			
	20.600	PAP 08-04, Task 24	<u>2,192</u>
Iowa Department of Public Defense			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants			
	20.703	Training FFY08	<u>1,773</u>
Department of Health and Human Services			
Linn County Public Health			
Public Health Emergency Preparedness			
	93.069	5208	<u>80,797</u>
Iowa Department of Public Health			
Immunization Grants			
	93.268	58871416	33,583
Immunization Grants			
	93.268	58881487	<u>18,127</u>
			<u>51,710</u>
Linn County Public Health			
Centers for Disease Control and Prevention –			
Investigations and Technical Assistance			
	93.283	5207	4,654
Iowa Department of Public Health			
Centers for Disease Control and Prevention –			
Investigations and Technical Assistance			
	93.283	5888 NB 14	14,259
Centers for Disease Control and Prevention –			
Investigations and Technical Assistance			
	93.283	5888WW08	<u>3,360</u>
			<u>22,273</u>
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Temporary Assistance for Needy Families			
	93.558		<u>42,511</u>
			(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2008

<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-07-015	\$ <u>235,464</u>
Human Services Administrative Reimbursement			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>10,393</u>
Foster Care – Title IV-E	93.658		<u>25,123</u>
Adoption Assistance	93.659		<u>5,982</u>
State Children's Insurance Program	93.767		<u>354</u>
Medical Assistance Program	93.778		<u>54,193</u>
Social Services Block Grant	93.667		688,130
Social Services Block Grant	93.667		27,887
Social Services Block Grant	93.667	V2005-01-07	<u>2,572</u>
			<u>718,589</u>
Hawkeye Area Community Action Program			
Head Start	93.600		<u>25,897</u>
Iowa Department of Human Rights			
Basic Center Grant	93.623	04-COPS-28	79,886
Basic Center Grant	93.623	04-COPS-28	<u>21,412</u>
			<u>101,298</u>
Iowa Department of Public Health			
HIV Care Formula Grants	93.917	5888HC02	46,656
HIV Care Formula Grants	93.917	5887HC02	<u>183,809</u>
			<u>230,465</u>
HIV Prevention Activities – Health Department Based	93.940	5887AP18	97,193
HIV Prevention Activities – Health Department Based	93.940	5888AP18	63,227
HIV Prevention Activities – Health Department Based	93.940	5887AP08	13,082
HIV Prevention Activities - Health Department Based	93.940	5888AP08	<u>8,806</u>
			<u>182,308</u>

(continued)

JOHNSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Public Health (continued)			
Preventive Health and Health Services Block Grant	93.991	5888AP08	\$ 901
Preventive Health and Health Services Block Grant	93.991	5888AP08	<u>1,719</u>
			<u>2,620</u>
Maternal and Child Health Services Block Grant to the States	93.994	5887MH14	6,551
Maternal and Child Health Services Block Grant to the States	93.994	5888MH14	<u>82,322</u>
			<u>88,873</u>
Department of Homeland Security			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	295200-013	<u>1,188</u>
State of Iowa			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-U2V3C-00	98,959
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-UGN5Q-00	129,286
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-UOHY5-00	97,461
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-UGN5Q-00	425,343
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	103-U2V3C-00	94,339
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>37,076</u>
			882,464
Iowa Department of Public Defense			
Emergency Management Performance Grants	97.042		<u>35,958</u>
Assistance to Firefighters Grant	97.044		18,928
Homeland Security Grant Program	97.067	00-0511-15	<u>20,000</u>
			<u>38,928</u>
Total Indirect			<u>3,460,201</u>
Total			<u>\$ 3,580,695</u>

JOHNSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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	\$ 2,386
Payments to States in Lieu of Real Estate Taxes	12.112	39,929
Immunization Grants	93.268	19,412
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	18,238
HIV Care Formula Grants	93.917	157,505
Cooperative Agreements for State – Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	13,999
Maternal and Child Health Services Block Grant to the States	93.994	19,538

**JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, which were also material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
 - CFDA Number 93.563 – Child Support Enforcement
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Johnson County did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS

SIGNIFICANT DEFICIENCIES/MATERIAL WEAKNESSES

II-A-08 Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

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

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect – The effect of this condition is that the financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (continued)

Recommendation – We recommend that County officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

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

Conclusion – Response accepted.

II-B-08 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows for the preparation of financial statements, including the schedule of expenditures of federal awards, which are free from material misstatement and presented in conformity with generally accepted accounting principles (GAAP).

Condition – As auditors, we were requested to draft the financial statements from schedules supplied by County personnel. As a result of our audit procedures, we were required to propose material adjustments in the areas of intergovernmental receivables and payables. Also, we were required to adjust the initial schedule of expenditures of federal awards to include a material grant which had been omitted.

Cause – The cause of the adjustments appears to be that internal staff charged with supplying the information for the preparation of the financial statements were not made aware of some items that were required to be recorded on the modified accrual basis of reporting or included in the schedule of expenditures of federal awards.

Effect – Had the proposed adjustments not been made, the financial statements would have been materially misstated.

Recommendation – We recommend that those responsible for obtaining the information supplied to the auditor perform a more thorough review of the items needed to report in accordance with GAAP and communicate with other departments to insure completeness of the information received.

Response – Information regarding our federal grants and associated receivables had been provided to Eide Bailly and was still under review at the time this omission was brought to our attention. Preparation of our financial statements was still underway at the time, and the adjustments to our receivables may have been made by our staff prior to the completion of the financial statements irregardless of this notification from the auditor. Nevertheless, in the future we will institute internal processes and reviews which will ensure the inclusion of this information in our draft financial statements at an earlier point in the process.

Conclusion – Response accepted.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
YEAR ENDED JUNE 30, 2008

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

- III-A-08 Certified Budget – Disbursements during the year ended June 30, 2008, did not exceed the amounts budgeted by function.
- III-B-08 Questionable Expenditures – We noted 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.
- III-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-D-08 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	\$ 975

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

- III-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- III-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- III-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- III-H-08 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1) (b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- III-I-08 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, 2008, for the County Extension Office did not exceed the amounts budgeted.