



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ March 30, 2005

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Ida County, Iowa.

The County has implemented new reporting standards for the year ended June 30, 2004, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$7,977,640 for the year ended June 30, 2004, which included \$536,271 in tax credits from the state. The County forwarded \$6,081,616 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$1,896,024 of the local tax revenue to finance County operations. Other revenues included charges for service of \$574,716, operating grants, contributions and restricted interest of \$2,242,602, capital grants, contributions and restricted interest of \$1,485,328, unrestricted investment earnings of \$43,495 and other general revenues of \$127,077.

Expenses for County operations totaled \$4,393,224, and included \$1,642,246 for roads and transportation, \$753,172 for mental health and \$602,233 for administration.

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

# # #

**IDA COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2004**

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**Ida County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joseph L. Cronin	Board of Supervisors	Jan 2005
Robert C. Paulsrud	Board of Supervisors	Jan 2005
Jerry Ralston	Board of Supervisors	Jan 2007
Lorna Steenbock	County Auditor	Jan 2005
Kay Cork	County Treasurer	Jan 2007
James Clausen	County Recorder	Jan 2007
Wade Harriman	County Sheriff	Jan 2005
Kristal Phillips	County Attorney	Jan 2007
Marva Bennigsdorf	County Assessor	Jan 2010

**Ida County**



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Independent Auditor's Report

To the Officials of Ida County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ida County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Ida County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Ida County at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 15 to the financial statements, during the year ended June 30, 2004, Ida County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2005 on our consideration of Ida County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Ida County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 2, 2005

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Ida County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Ida County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

### **2004 FINANCIAL HIGHLIGHTS**

- The County's governmental fund revenues increased approximately \$164,000, or 3.6%, from fiscal 2003 to fiscal 2004. Intergovernmental revenues increased approximately \$124,000, charges for service increased approximately \$76,000 and property tax and other county tax increased approximately \$28,000.
- The County's governmental fund expenditures decreased approximately \$540,000, or 10.5%, in fiscal 2004 from fiscal 2003. Roads and transportation expenditures decreased by approximately \$369,000 and capital projects expenditures decreased approximately \$294,000.
- The County's net assets increased approximately \$1,976,000, or 35%, from June 30, 2003 to June 30, 2004.

### **USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Ida County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ida County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ida 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.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911 surcharge, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Ida County's net assets increased from \$5.7 million to \$7.7 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)	
	June 30, 2004
Current and other assets	\$ 6,010
Capital assets	4,144
Total assets	<u>10,154</u>
Long-term liabilities	462
Other liabilities	2,041
Total liabilities	<u>2,503</u>
Net assets:	
Invested in capital assets, net of related debt	4,144
Restricted	1,672
Unrestricted	<u>1,835</u>
Total net assets	<u><u>\$ 7,651</u></u>

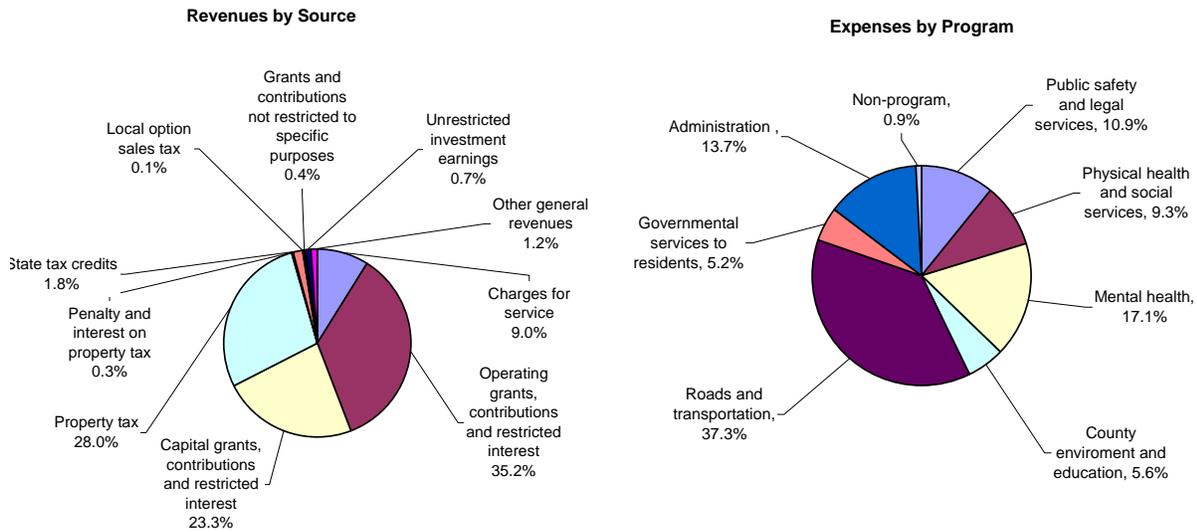
Net assets of Ida County's governmental activities increased approximately \$2 million from FY 2003. Approximately \$1.5 million of the increase was attributable to capital assets donated to Ida County by the Iowa Department of Transportation. The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—were approximately \$1.8 million at June 30, 2004.

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Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

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	Year ended June 30, 2004
Revenues:	
Program revenues:	
Charges for service	\$ 575
Operating grants, contributions and restricted interest	2,243
Capital grants, contributions and restricted interest	1,485
General revenues:	
Property tax	1,782
Penalty and interest on property tax	16
State tax credits	114
Local option sales tax	6
Grants and contributions not restricted to specific purposes	26
Unrestricted investment earnings	43
Other general revenues	79
Total revenues	6,369
Program expenses:	
Public safety and legal services	479
Physical health and social services	407
Mental health	753
County environment and education	244
Roads and transportation	1,643
Governmental services to residents	227
Administration	602
Non-program	38
Total expenses	4,393
Increase in net assets	1,976
Net assets beginning of year, as restated	5,675
Net assets end of year	\$ 7,651



The County decreased property tax rates for 2004 by an average of 1.8 percent. The County's property tax revenue increased by approximately \$28,000 in 2004. Based on a 15.5% decrease in the assessed valuation and a 19.5% increase in property tax rates, property tax revenue is budgeted to increase by \$2,000 next year (FY 2005).

### INDIVIDUAL MAJOR FUND ANALYSIS

As Ida County completed the year, its governmental funds reported a combined fund balance of approximately \$3,619,000, an increase of \$63,000 over last year's total of \$3,556,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased by \$118,000 because of lowered tax asking, lowered investment return and elimination of the personal property tax credit. Expenditures increased by a modest \$64,000 because of insurance costs and salaries. The ending fund balance showed a decline of \$151,000 from the prior year to \$924,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$586,000, a decrease of 3% from the prior year. The revenues totaled approximately \$426,000, an increase of 29% from the previous year as a result of increased property tax from the mental health levy and increased block grant revenue. The Mental Health Fund balance at year end decreased by approximately \$159,000 from the prior year to \$119,000.
- Rural Services Fund revenues decreased by \$47,000 because of the elimination of the personal property tax credit and expenditures increased by a modest \$55,000 because of the construction of a storage facility at the landfill. The ending fund balance showed a decline of \$147,000 from the prior year to \$665,000.
- Secondary Roads Fund expenditures decreased by approximately \$663,000 from the prior year, due principally to less spent in roadway construction, road maintenance and machinery. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of approximately \$458,000, or 51%.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Ida County did not amend its budget. Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted or the amounts appropriated.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2004, Ida County had approximately \$4.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,852,000, or 80.8 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)	
	June 30, 2004
Land	\$ 242
Buildings and improvements	700
Equipment and vehicles	1,568
Infrastructure	1,634
Total	<u>\$ 4,144</u>
This year's major additions included (in thousands):	
Capital assets contributed by the Iowa Department of Transportation	\$ 1,485
Construction of box culverts	153
Replacement of two motorgraders and other secondary roads equipment	465
Courthouse improvements	30
Total	<u>\$ 2,133</u>

The County had depreciation expense of \$356,757 in FY 2004 and total accumulated depreciation of \$3,212,826 at June 30, 2004. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2004, Ida County had no long-term debt. Information about the County's long-term liabilities is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Ida County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and fees that will be charged for various County activities. In an ongoing effort to maintain County services without raising tax levies, the Ida County Board of Supervisors is committed to limiting expenditure increases, using excess balances and reducing funding to non-mandated programs to provide essential services for the citizens of Ida County.

Budgeted disbursement in the FY 2005 operating budget are approximately \$5.3 million, which is a 5.8% decrease from the FY 2004 budget. These factors were taken into account when adopting the budget for fiscal year 2005. Valuations were lowered by approximately \$59,000,000. State funds were decreased and increased insurance costs and salaries led to utilizing the general supplemental levy for insurance. The mental health levy was increased due to the low FY 2004 ending fund balance. A lowered rural basic levy utilized carryover balances. Ida County has not added any major programs to the FY 2005 budget.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Ida County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ida County Auditor's Office, 401 Moorehead Street, Ida Grove, Iowa, 51445.

**Ida County**

## **Basic Financial Statements**

**Exhibit A**

Ida County  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 3,091,078
Restricted cash and pooled investments	384,132
Receivables:	
Property tax:	
Delinquent	879
Succeeding year	1,795,000
Interest and penalty on property tax	424
Accounts	72,334
Accrued interest	7,703
Due from other governments	241,786
Inventories	291,409
Prepaid insurance	124,674
Capital assets (net of accumulated depreciation)	4,144,194
<b>Total assets</b>	<u>10,153,613</u>
<b>Liabilities</b>	
Accounts payable	141,275
Salaries and benefits payable	33,247
Due to other governments	71,134
Deferred revenue:	
Succeeding year property tax	1,795,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	29,253
Portion due or payable after one year:	
Compensation absences	42,332
Estimated liability for closure and postclosure care	390,754
<b>Total liabilities</b>	<u>2,502,995</u>
<b>Net Assets</b>	
Invested in capital assets	4,144,194
Restricted for:	
Mental health purposes	118,803
Secondary roads purposes	1,376,014
Other purposes	177,059
Unrestricted	1,834,548
<b>Total net assets</b>	<u>\$ 7,650,618</u>

See notes to financial statements.

Ida County  
Statement of Activities  
Year ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions / Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 478,902	34,638	8,699	-	(435,565)
Physical health and social services	407,250	131,139	145,310	-	(130,801)
Mental health	753,172	-	344,798	-	(408,374)
County environment and education	243,997	213,380	16,850	-	(13,767)
Roads and transportation	1,642,246	8,512	1,726,327	1,485,328	1,577,921
Governmental services to residents	227,178	164,405	-	-	(62,773)
Administration	602,233	4,337	618	-	(597,278)
Non-program	38,246	18,305	-	-	(19,941)
<b>Total</b>	<b>\$ 4,393,224</b>	<b>574,716</b>	<b>2,242,602</b>	<b>1,485,328</b>	<b>(90,578)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					1,782,125
Penalty and interest on property tax					16,070
State tax credits					113,899
Local option sales tax					6,170
Grants and contributions not restricted to specific purpose					26,000
Unrestricted investment earnings					43,495
Gain on disposal of capital assets					76,457
Miscellaneous					2,380
<b>Total general revenues</b>					<b>2,066,596</b>
Change in net assets					1,976,018
Net assets beginning of year, as restated					5,674,600
Net assets end of year					<b>\$ 7,650,618</b>

See notes to financial statements.

Ida County  
Balance Sheet  
Governmental Funds

June 30, 2004

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 861,130	206,718	642,728	978,680
Restricted cash and pooled investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	623	112	144	-
Succeeding year	1,141,000	205,000	449,000	-
Interest and penalty on property tax	424	-	-	-
Accounts	34,149	-	23,989	-
Accrued interest	7,360	-	-	-
Due from other governments	43,666	2,348	124	195,525
Inventories	-	-	-	291,409
Prepaid insurance	57,195	-	8,013	59,466
<b>Total assets</b>	<b>\$ 2,145,547</b>	<b>414,178</b>	<b>1,123,998</b>	<b>1,525,080</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 29,822	20,977	610	86,523
Salaries and benefits payable	16,982	-	605	15,577
Due to other governments	186	69,398	331	1,219
Deferred revenue:				
Succeeding year property tax	1,141,000	205,000	449,000	-
Other	33,094	112	8,277	64,433
<b>Total liabilities</b>	<b>1,221,084</b>	<b>295,487</b>	<b>458,823</b>	<b>167,752</b>
Fund balances:				
Reserved for:				
Medicaid contingencies	699	-	-	-
Closure and postclosure care	-	-	-	-
Unreserved, reported in				
General fund	923,764	-	-	-
Special revenue funds	-	118,691	665,175	1,357,328
<b>Total fund balances</b>	<b>924,463</b>	<b>118,691</b>	<b>665,175</b>	<b>1,357,328</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,145,547</b>	<b>414,178</b>	<b>1,123,998</b>	<b>1,525,080</b>

See notes to financial statements.

Nonmajor Special Revenue	Total
169,110	2,858,366
384,132	384,132
-	879
-	1,795,000
-	424
14,196	72,334
343	7,703
123	241,786
-	291,409
-	124,674
<u>567,904</u>	<u>5,776,707</u>
8	137,940
83	33,247
-	71,134
-	1,795,000
14,319	120,235
<u>14,410</u>	<u>2,157,556</u>
-	699
384,475	384,475
-	923,764
169,019	2,310,213
<u>553,494</u>	<u>3,619,151</u>
<u>567,904</u>	<u>5,776,707</u>

**Ida County**

Ida County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2004

**Total governmental fund balances (page 19)** \$ 3,619,151

***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$7,357,020 and the accumulated depreciation is \$3,212,826. 4,144,194

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 120,235

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds and to account for employee contributions and cafeteria plan benefit payments for the employee flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets. 229,377

Long-term liabilities, including the estimated liability for closure and postclosure care and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (462,339)

**Net assets of governmental activities (page 16)** \$ 7,650,618

See notes to financial statements.

Ida County

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 1,111,646	89,649	580,166	-
Interest and penalty on property tax	15,886	-	-	-
Intergovernmental	310,191	336,722	85,975	1,660,644
Licenses and permits	8,375	-	-	170
Charges for service	258,798	-	119,061	9,592
Use of money and property	41,558	-	250	-
Miscellaneous	1,483	97	911	-
Total revenues	<u>1,747,937</u>	<u>426,468</u>	<u>786,363</u>	<u>1,670,406</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	477,752	-	-	-
Physical health and social services	403,786	-	-	-
Mental health	-	585,812	-	-
County environment and education	167,360	-	247,760	-
Roads and transportation	-	-	-	1,760,485
Governmental services to residents	226,212	-	-	-
Administration	559,878	-	-	-
Capital projects	-	-	-	153,477
Total expenditures	<u>1,834,988</u>	<u>585,812</u>	<u>247,760</u>	<u>1,913,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,051)</u>	<u>(159,344)</u>	<u>538,603</u>	<u>(243,556)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	701,500
Operating transfers out	(64,226)	-	(685,259)	-
Total other financing sources (uses)	<u>(64,226)</u>	<u>-</u>	<u>(685,259)</u>	<u>701,500</u>
Net change in fund balances	(151,277)	(159,344)	(146,656)	457,944
Fund balances beginning of year, as restated	<u>1,075,740</u>	<u>278,035</u>	<u>811,831</u>	<u>899,384</u>
Fund balances end of year	<u>\$ 924,463</u>	<u>118,691</u>	<u>665,175</u>	<u>1,357,328</u>

See notes to financial statements.

Nonmajor Special Revenue	Total
-	1,781,461
-	15,886
8,457	2,401,989
-	8,545
25,835	413,286
4,663	46,471
-	2,491
38,955	4,670,129
500	478,252
-	403,786
-	585,812
13,779	428,899
-	1,760,485
-	226,212
10,000	569,878
-	153,477
24,279	4,606,801
14,676	63,328
47,985	749,485
-	(749,485)
47,985	-
62,661	63,328
490,833	3,555,823
553,494	3,619,151

Ida County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2004

**Net change in fund balances - Total governmental funds (page 23)** \$ 63,328

***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 outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 646,653	
Capital assets contributed by the Iowa Department of Transportation	1,485,328	
Depreciation expense	(356,757)	1,775,224

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.

76,457

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

Property tax	838	
Other	115,511	116,349

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:

Compensated absences	(8,246)	
Estimated closure / postclosure care costs	(46,816)	(55,062)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds and to account for employee contributions and cafeteria plan benefit payments for the employee flexible benefits plan. The change in net assets of the Internal Service Funds is reported with governmental activities.

(278)

**Change in net assets of governmental activities (page 17)**

\$ 1,976,018

See notes to financial statements.

Ida County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 232,712
<b>Liabilities</b>	
Accounts payable	<u>3,335</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 229,377</u></u>

See notes to financial statements.

**Exhibit H**

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## Ida County

Statement of Revenues, Expenses and Changes  
in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2004

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 11,619
Employee contributions		17,358
Total operating revenues		<u>28,977</u>
Operating expenses:		
Medical claims	\$ 15,183	
Cafeteria plan benefits	<u>16,746</u>	<u>31,929</u>
Operating loss		(2,952)
Non-operating revenues:		
Interest income		<u>2,674</u>
Net loss		(278)
Net assets beginning of year		<u>229,655</u>
Net assets end of year		<u>\$ 229,377</u>

See notes to financial statements.

Ida County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2004

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 11,619
Cash received from employees	16,746
Cash received from miscellaneous receipts	572
Cash paid for medical claims	(15,183)
Cash paid for cafeteria plan benefits	(16,746)
Net cash used by operating activities	(2,992)
Cash flows from investing activities:	
Interest on investments	3,056
Net increase in cash and cash equivalents	64
Cash and cash equivalents beginning of year	232,648
Cash and cash equivalents end of year	\$ 232,712
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (2,952)
Adjustment to reconcile operating loss to net cash used by operating activities:	
(Decrease) in accounts payable	(40)
Net cash used by operating activities	\$ (2,992)

See notes to financial statements.

Ida County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2004

**Assets**

Cash and pooled investments:

County Treasurer	\$ 531,036
Other County officials	7,204

Receivables:

Property tax:

Delinquent	3,405
Succeeding year	5,634,200

Accounts	15,404
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Due from other governments	11,849
----------------------------	--------

<b>Total assets</b>	<u>6,203,098</u>
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**Liabilities**

Accounts payable	27,567
------------------	--------

Salaries and benefits payable	4,221
-------------------------------	-------

Due to other governments	6,116,569
--------------------------	-----------

Trusts payable	3,682
----------------	-------

Compensated absences	51,059
----------------------	--------

<b>Total liabilities</b>	<u>6,203,098</u>
--------------------------	------------------

**Net assets**

\$	<u><u>-</u></u>
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See notes to financial statements.

Ida County

Notes to Financial Statements

June 30, 2004

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

For financial reporting purposes, Ida 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 Standards Board criteria.

Ida County Public Safety Commission – Ida County is a member of the Ida County Public Safety and Communications Commission established pursuant to Chapter 28E of the Code of Iowa. The Commission plans for County-wide law enforcement and communications within the boundaries of Ida County, including all rural areas, and participating municipalities. The Commission also can contract with any and all public agencies who wish to enter into contracts with the Commission for the provision of law enforcement, communications and public safety services. The Commission furnishes law enforcement services, emergency communications, and such other services as may be necessary to protect the rights and property of all citizens of any public agency contracting with the Commission. The Commission's Board is composed of three representatives selected by and from the Ida County Board of Supervisors and one representative selected by each participating municipality. The Commission is funded primarily by assessments made against each participating member. The County's participating share cannot be less than 45 percent of the annual budget. The County has an ongoing financial responsibility to the Commission for its continued existence. Membership in the Commission for the year ended June 30, 2004 included

four municipalities and the County. Ida County contributed \$322,398 and the municipalities contributed \$394,043 to support the Commission. Financial transactions of the Commission are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: West Central Iowa Sheltered Workshop, Siouxland Regional 12 Transit, Regional 12 Landfill, Third Judicial District Department of Corrections, Mid Sioux Community Action Agency, Northwest Iowa Multicounty Regional Detention Center and Simpco.

#### B. Basis of Presentation

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

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

*Invested in capital assets* consists of capital assets, net of accumulated depreciation.

*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 funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor 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 not paid from other funds.

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Fund - Internal Service Funds are 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-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost 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
Land and buildings	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40
Infrastructure	10 - 65
Equipment and vehicles	5 - 12

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.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads 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.

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Funds are designated for anticipated future health care and cafeteria plan benefit costs of County employees.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted or the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2004 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	\$ 64,226 637,274
Landfill Closure/Postclosure	Rural Services	47,985
Total		<u>\$ 749,485</u>

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year, (as restated)	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 241,692	-	-	241,692
Capital assets being depreciated:				
Buildings	1,324,386	136,405	-	1,460,791
Equipment and vehicles	3,864,949	465,271	314,488	4,015,732
Infrastructure, road network	-	1,485,328	-	1,485,328
Infrastructure, other	-	153,477	-	153,477
Total capital assets being depreciated	5,189,335	2,240,481	314,488	7,115,328
Less accumulated depreciation for:				
Buildings	725,103	35,816	-	760,919
Equipment and vehicles	2,413,411	316,102	282,445	2,447,068
Infrastructure, road network	-	4,069	-	4,069
Infrastructure, other	-	770	-	770
Total accumulated depreciation	3,138,514	356,757	282,445	3,212,826
Total capital assets being depreciated, net	2,050,821	1,883,724	32,043	3,902,502
Governmental activities capital assets, net	\$ 2,292,513	1,883,724	32,043	4,144,194

Depreciation expense was charged to the following functions:

Governmental activities:	
County environment and education	\$ 44,326
Roads and transportation	280,341
Administration	32,090
Total depreciation expense - governmental activities	<u>\$ 356,757</u>

**(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. 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	\$ 186
Special Revenue:		
Mental Health	Services	69,398
Rural Services	Services	331
Secondary Roads	Services	1,219
		<u>70,948</u>
Total for governmental funds		<u>\$ 71,134</u>
Agency:		
County Offices	Collections	\$ 3,916
Agricultural Extension Education		90,414
County Assessor		168,226
Schools		3,978,615
Community Colleges		179,166
Corporations		1,251,887
Townships		120,268
Auto License and Use Tax		163,922
All other		160,155
Total for agency funds		<u>\$ 6,116,569</u>

**(6) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Compen- sated Absences	Estimated Liability for Closure and Postclosure Care	Total
Balance beginning of year, as restated	\$ 63,339	343,938	407,277
Increases	84,510	46,816	131,326
Decreases	76,264	-	76,264
Balance end of year	<u>\$ 71,585</u>	<u>390,754</u>	<u>462,339</u>
Due within one year	<u>\$ 29,253</u>	<u>-</u>	<u>29,253</u>

**(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$101,020, \$99,388 and \$100,689, respectively, equal to the required contributions for each year.

**(8) Risk Management**

Ida County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2004 were \$101,063.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also 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 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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

**(9) Employee Health Insurance Plan**

The Internal Service, Employee Health Insurance 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. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Employee Health Insurance 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 Health Insurance Fund. The County's contribution for the year ended June 30, 2004 was \$11,619.

Amounts payable from the Employee Health Insurance Fund at June 30, 2004 total \$3,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$229,712 at June 30, 2004 and is reported as a designation

of the Internal Service, Employee Health Insurance 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 beginning of year	\$ 3,000
Incurred claims (including claims incurred but not reported at June 30, 2004)	15,183
Payment on claims during the fiscal year	<u>(15,183)</u>
Unpaid claims end of year	<u>\$ 3,000</u>

**(10) Cafeteria Plan**

The County entered into a claims processing services agreement with American Family Life Assurance Company (AFLAC) to administer an employee flexible benefits plan adopted and administered in accordance with Sections 105, 125 and 129 of the Internal Revenue Code. The agreement was effective June 30, 1993 and is subject to automatic renewal provisions. Amounts withheld from employees are remitted to the Internal Service, Cafeteria Plan Fund maintained by the County Treasurer. Payments for reimbursement of plan benefits are made from the Internal Service, Cafeteria Plan Fund.

**(11) Landfill Closure and Postclosure Care**

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Ida County Landfill have been estimated at \$135,922 for closure and \$387,628 for postclosure, for a total of \$523,550 as of June 30, 2004, and the portion of the liability that has been recognized is \$390,754. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2004. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 3.67 years and the capacity used at June 30, 2004 is 78 percent.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2004, assets of \$384,475 are restricted for these purposes, of which \$108,489 is for closure and \$275,986 is for postclosure care.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the County is required to demonstrate financial assurance for the unfunded costs. The County has adopted the dedicated fund mechanism.

Chapter 567-111.8(7) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill is not required to establish closure and post closure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

**(12) Solid Waste Tonnage Fees Retained**

The County has established an account for restricting and using solid waste tonnage fees retained by the County. At June 30, 2004, the County had no unspent amounts retained or restricted for the required purposes.

**(13) Deficit Net Assets**

The Internal Service, Cafeteria Plan Fund had a deficit net asset balance of \$335 at June 30, 2004. The deficit net asset balance was the result of cafeteria plan payments made prior to receipt of employee contributions. The deficit will be eliminated upon receipt of future employee contributions.

**(14) Ida County Public Safety Commission**

Ida County participates in the Ida County Public Safety Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2004:

	Public Safety and Communications Commission			
	Operating	Confiscated Property	Sheriff's K-9 Fund	Total
Additions:				
Contributions from governmental units:				
Ida County	\$ 322,398	-	-	322,398
Ida Grove	225,249	-	-	225,249
Holstein	130,679	-	-	130,679
Arthur	21,780	-	-	21,780
Galva	16,335	-	-	16,335
	<u>716,441</u>	<u>-</u>	<u>-</u>	<u>716,441</u>
Miscellaneous:				
Communications Center reimbursement from				
Battle Creek	13,233	-	-	13,233
Prisoner boarding fees	23,320	-	-	23,320
Miscellaneous	8,047	849	16,940	25,836
	<u>44,600</u>	<u>849</u>	<u>16,940</u>	<u>62,389</u>
Total additions	<u>761,041</u>	<u>849</u>	<u>16,940</u>	<u>778,830</u>
Deductions:				
Salaries and wages	421,261	-	-	421,261
Benefits	198,050	-	-	198,050
Iowa system rental	3,036	-	-	3,036
Postage and mailing	545	-	-	545
Office supplies	9,330	-	-	9,330
Mileage and subsistence	292	-	-	292
Education and training	4,405	-	-	4,405
Uniform allowance	3,128	-	-	3,128
Insurance	2,532	-	-	2,532
Equipment maintenance and repair	16,576	-	-	16,576
Motor vehicles and equipment	29,909	-	-	29,909
Motor vehicle supplies	25,143	-	-	25,143
Telephone and fax	9,680	-	-	9,680
Radio equipment repair and maintenance	5,214	-	-	5,214
Investigations	804	-	-	804
Jail food and provisions	15,456	-	-	15,456
Jail supplies	4,012	-	-	4,012
Medical supplies	1,819	-	-	1,819
Improvements	1,987	-	-	1,987
Housing at other facilities	2,300	-	-	2,300
Miscellaneous	3,403	-	5,609	9,012
Total deductions	<u>758,882</u>	<u>-</u>	<u>5,609</u>	<u>764,491</u>
Net	2,162	849	11,331	14,339
Balance beginning of year	65,479	560	-	66,039
Balance end of year	<u>\$ 67,641</u>	<u>1,409</u>	<u>11,331</u>	<u>80,378</u>

**(15) Accounting Change and Restatements**

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented for the year ended June 30, 2004. The Statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Funds and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	<u>Amount</u>
Net assets June 30, 2003, as previously reported	\$ 3,541,957
GASB Interpretation 6 adjustment	13,866
Net assets July 1, 2003, as restated for governmental funds	<u>3,555,823</u>
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$3,138,514	2,292,513
Internal Service Funds	229,655
Long-term liabilities	(407,277)
Deferral of long-term assets	3,886
Net assets July 1, 2003, as restated	<u>\$ 5,674,600</u>

**Ida County**

**Required Supplementary Information**

Ida County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2004

	Actual	Budgeted Amounts Original/ Final	Final to Actual Variance
<b>Receipts:</b>			
Property and other county tax	\$ 1,781,461	1,780,475	986
Interest and penalty on property tax	15,886	5,000	10,886
Intergovernmental	2,421,948	2,433,587	(11,639)
Licenses and permits	8,366	8,210	156
Charges for service	409,772	304,978	104,794
Use of money and property	43,965	51,080	(7,115)
Miscellaneous	15,891	29,100	(13,209)
Total receipts	<u>4,697,289</u>	<u>4,612,430</u>	<u>84,859</u>
<b>Disbursements:</b>			
Public safety and legal services	480,257	517,023	36,766
Physical health and social services	393,467	461,564	68,097
Mental health	581,050	625,287	44,237
County environment and education	429,767	454,242	24,475
Roads and transportation	1,798,981	2,225,000	426,019
Governmental services to residents	229,425	243,895	14,470
Administration	563,113	671,842	108,729
Non-program	-	-	-
Debt service	-	-	-
Capital projects	153,477	400,000	246,523
Total disbursements	<u>4,629,537</u>	<u>5,598,853</u>	<u>969,316</u>
Excess (deficiency) of receipts over (under) disbursements	67,752	(986,423)	1,054,175
Other financing sources, net	-	500	(500)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	67,752	(985,923)	1,053,675
Balance beginning of year	<u>3,174,746</u>	<u>3,082,378</u>	<u>92,368</u>
Balance end of year	<u>\$ 3,242,498</u>	<u>2,096,455</u>	<u>1,146,043</u>

See accompanying independent auditor's report.

Ida County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 4,697,289	(27,160)	4,670,129
Expenditures	4,629,537	(22,736)	4,606,801
Net	67,752	(4,424)	63,328
Beginning fund balances, as restated	3,174,746	381,077	3,555,823
Ending fund balances	\$ 3,242,498	376,653	3,619,151

See accompanying independent auditor's report.

Ida County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department.

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

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted or the amounts appropriated.

**Other Supplementary Information**

Ida County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2004

	County Recorder's Records Management	County Government Assistance	Resource Enhancement and Protection
<b>Assets</b>			
Cash and pooled investments	\$ 8,635	117,056	19,200
Restricted cash and pooled investments	-	-	-
Receivables:			
Accounts			
Accrued interest	-	-	-
Due from other governments	-	-	123
<b>Total assets</b>	<b>\$ 8,635</b>	<b>117,056</b>	<b>19,323</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	-	8
Salaries and benefits payable	-	-	83
Deferred revenue	-	-	123
Total liabilities	-	-	214
Fund equity:			
Fund balances:			
Reserved for closure and postclosure care	-	-	-
Unreserved	8,635	117,056	19,109
Total fund equity	8,635	117,056	19,109
<b>Total liabilities and fund equity</b>	<b>\$ 8,635</b>	<b>117,056</b>	<b>19,323</b>

See accompanying independent auditor's report.

Confiscated Funds - County Attorney	Landfill Closure/ Postclosure	Recorders Electronic Transaction Fee	Total
370	-	23,849	169,110
-	384,132	-	384,132
		14,196	14,196
-	343	-	343
-	-	-	123
<b>370</b>	<b>384,475</b>	<b>38,045</b>	<b>567,904</b>
-		-	8
-		-	83
-		14,196	14,319
-	-	14,196	14,410
-	384,475	-	384,475
370		23,849	169,019
370	384,475	23,849	553,494
370	384,475	38,045	567,904

Ida County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds

Year ended June 30, 2004

	Recorder's Records Management	County Government Assistance	Resource Enhancement and Protection
Revenues:			
Intergovernmental	\$ -	-	8,457
Charges for service	2,049	-	-
Use of money and property	22	-	278
Total revenues	<u>2,071</u>	-	<u>8,735</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	13,779
Administration	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>13,779</u>
Excess (deficiency) of revenues over (under) expenditures	2,071	-	(5,044)
Other financing sources:			
Operating transfers in	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>2,071</u>	<u>-</u>	<u>(5,044)</u>
Fund balances beginning of year	<u>6,564</u>	<u>117,056</u>	<u>24,153</u>
Fund balances end of year	<u>\$ 8,635</u>	<u>117,056</u>	<u>19,109</u>

See accompanying independent auditor's report.

Confiscated Funds - County Attorney	Landfill Closure/ Postclosure	Recorders Electronic Transaction Fee	Ida County Foundation Trust	Total
-	-	-	-	8,457
-	-	23,786	-	25,835
-	4,300	63	-	4,663
-	4,300	23,849	-	38,955
500	-	-	-	500
-	-	-	-	13,779
-	-	-	10,000	10,000
500	-	-	10,000	24,279
(500)	4,300	23,849	(10,000)	14,676
-	47,985	-	-	47,985
(500)	52,285	23,849	(10,000)	62,661
870	332,190	-	10,000	490,833
370	384,475	23,849	-	553,494

**Schedule 3**

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Ida County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2004

	Employee Health Insurance	Cafeteria Plan	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 232,712	-	232,712
<b>Liabilities</b>			
Accounts payable	3,000	335	3,335
<b>Net assets</b>			
Unrestricted	\$ 229,712	(335)	229,377

See accompanying independent auditor's report.

## Ida County

Combining Schedule of Revenues, Expenses and  
Changes in Fund Net Assets  
Internal Service Funds

Year ended June 30, 2004

	Employee Health Insurance	Cafeteria Plan	Total
Operating revenues:			
Charges for service:			
Reimbursements from operating funds	\$ 11,619	-	11,619
Employee contributions	572	16,786	17,358
	<u>12,191</u>	<u>16,786</u>	<u>28,977</u>
Operating expenses:			
Medical claims	15,183	-	15,183
Cafeteria plan benefits	-	16,746	16,746
	<u>15,183</u>	<u>16,746</u>	<u>31,929</u>
Operating income (loss)	(2,992)	40	(2,952)
Non-operating revenues:			
Interest on investments	2,674	-	2,674
Net income (loss)	<u>(318)</u>	40	<u>(278)</u>
Net assets (deficit) beginning of the year	<u>230,030</u>	<u>(375)</u>	<u>229,655</u>
Net assets (deficit) end of year	<u>\$ 229,712</u>	<u>(335)</u>	<u>229,377</u>

See accompanying independent auditor's report.

**Schedule 5**

Ida County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2004

	Employee Health Insurance	Cafeteria Plan	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 11,619	-	11,619
Cash received from employees	-	16,746	16,746
Cash received from miscellaneous receipts	572	-	572
Cash paid for medical claims	(15,183)	-	(15,183)
Cash paid for cafeteria plan benefits	-	(16,746)	(16,746)
Net cash used by operating activities	(2,992)	-	(2,992)
Cash flows from investing activities			
Interest on investments	3,056	-	3,056
Net increase in cash and cash equivalents	64	-	64
Cash and cash equivalents at beginning of year	232,648	-	232,648
Cash and cash equivalents at end of year	\$ 232,712	-	232,712
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>			
Operating income (loss)	\$ (2,992)	40	(2,952)
Adjustment to reconcile operating income (loss) to net cash used by operating activities:			
(Decrease) in accounts payable	-	(40)	(40)
Net cash used by operating activities	\$ (2,992)	-	(2,992)

See accompanying independent auditor's report.

**Ida County**

Ida County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ -	1,366	81,333
Other County officials	7,204	-	-
Receivables:			
Property tax:			
Delinquent	-	48	53
Succeeding year	-	89,000	98,000
Accounts	394	-	12
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 7,598</b>	<b>90,414</b>	<b>179,398</b>
<b>Liabilities</b>			
Accounts payable	\$ -	-	237
Salaries and benefits payable	-	-	673
Due to other governments	3,916	90,414	168,226
Trusts payable	3,682	-	-
Compensated absences	-	-	10,262
<b>Total liabilities</b>	<b>\$ 7,598</b>	<b>90,414</b>	<b>179,398</b>

See accompanying independent auditor's report.

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
67,667	3,072	7,657	2,237	163,922	203,782	531,036
-	-	-	-	-	-	7,204
1,948	94	1,230	31	-	1	3,405
3,909,000	176,000	1,243,000	118,000	-	1,200	5,634,200
-	-	-	-	-	14,998	15,404
-	-	-	-	-	11,849	11,849
<b>3,978,615</b>	<b>179,166</b>	<b>1,251,887</b>	<b>120,268</b>	<b>163,922</b>	<b>231,830</b>	<b>6,203,098</b>
-	-	-	-	-	27,330	27,567
-	-	-	-	-	3,548	4,221
3,978,615	179,166	1,251,887	120,268	163,922	160,155	6,116,569
-	-	-	-	-	-	3,682
-	-	-	-	-	40,797	51,059
<b>3,978,615</b>	<b>179,166</b>	<b>1,251,887</b>	<b>120,268</b>	<b>163,922</b>	<b>231,830</b>	<b>6,203,098</b>

Ida County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 24,307	89,671	177,064	4,444,988
Additions:				
Property and other county tax	-	88,644	97,840	3,903,638
E911 surcharge	-	-	-	-
State tax credits	-	5,936	6,559	294,111
Drivers license fees	-	-	-	-
Office fees and collections	165,661	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	59,024	-	-	-
Miscellaneous	-	-	469	-
Total additions	224,685	94,580	104,868	4,197,749
Deductions:				
Agency remittances:				
To other funds	125,308	-	-	-
To other governments	58,737	93,837	102,534	4,664,122
Trusts paid out	57,349	-	-	-
Total deductions	241,394	93,837	102,534	4,664,122
Balances end of year	\$ 7,598	90,414	179,398	3,978,615

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
202,247	1,218,307	128,840	31,065	162,650	198,410	6,677,549
176,131	1,255,853	118,495	-	-	18,643	5,659,244
-	-	-	-	-	55,986	55,986
13,329	94,319	8,021	-	-	97	422,372
-	-	-	-	16,933	-	16,933
-	-	-	-	-	-	165,661
-	-	-	-	1,922,061	-	1,922,061
-	-	-	-	-	-	59,024
-	-	-	-	-	891,688	892,157
189,460	1,350,172	126,516	-	1,938,994	966,414	9,193,438
-	-	-	-	79,365	-	204,673
212,541	1,316,592	135,088	31,065	1,858,357	932,994	9,405,867
-	-	-	-	-	-	57,349
212,541	1,316,592	135,088	31,065	1,937,722	932,994	9,667,889
179,166	1,251,887	120,268	-	163,922	231,830	6,203,098

**Schedule 8**

## Ida County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
<b>Revenues:</b>				
Property and other county tax	\$ 1,781,461	1,753,654	1,711,400	1,764,020
Interest and penalty on property tax	15,886	13,930	14,823	17,467
Intergovernmental	2,401,989	2,277,734	2,457,162	2,381,672
Licenses and permits	8,545	8,877	6,665	7,583
Charges for service	413,286	336,877	357,731	306,442
Use of money and property	46,471	77,434	116,107	245,255
Fines, forfeitures and defaults	-	-	224	814
Miscellaneous	2,491	37,749	29,538	12,174
Total	<u>\$ 4,670,129</u>	<u>4,506,255</u>	<u>4,693,650</u>	<u>4,735,427</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	\$ 478,252	462,695	446,205	391,722
Physical health and social services	403,786	414,539	415,643	399,138
Mental health	585,812	600,863	590,865	596,809
County environment and education	428,899	352,426	333,195	339,395
Roads and transportation	1,760,485	2,129,355	1,867,319	1,727,312
Governmental services to residents	226,212	218,386	197,742	177,693
Debt service	569,878	521,064	498,273	486,639
Capital projects	153,477	447,737	71,441	282,783
Total	<u>\$ 4,606,801</u>	<u>5,147,065</u>	<u>4,420,683</u>	<u>4,401,491</u>

See accompanying independent auditor's report.

**Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting**

**Ida County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of Ida County:

We have audited the financial statements of Ida County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated February 2, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ida County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ida County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

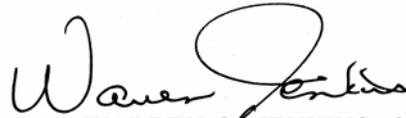
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness. Prior year reportable conditions have been resolved except for items (A), (C), (D) and (E).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Ida County and other parties to whom Ida County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 2, 2005

**Ida County**

Ida County

Schedule of Findings

Year ended June 30, 2004

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

	<hr/> <u>Applicable Offices</u> <hr/>
(1) A list of money and checks received is not prepared and compared to cash receipt records.	Treasurer, Recorder and Sheriff
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash receipts.	Treasurer, Recorder and Sheriff
(3) Investment - custody and accounting functions are not segregated and investments are not reviewed by an independent person.	Treasurer
(4) Cash - preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety. The change fund is shared among employees and is not verified by surprise counts.	Treasurer, Recorder and Sheriff
(5) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks, handling or recording cash receipts.	Recorder
(6) Checks are not restrictively endorsed immediately upon receipt.	Landfill

Ida County

Schedule of Findings

Year ended June 30, 2004

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – County-wide, we will try to do a better job of these recommendations, but with such a small staff who work in each department it is difficult to segregate duties. We do attempt to change who does what on occasion. In addition, a restricted endorsement will be placed on all incoming checks immediately upon receipt.

Conclusion – Response accepted.

- (B) Inventory – Detailed inventory records should be maintained by a person who does not handle or purchase inventory items.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – Preparation of annual inventory shall henceforth be made by personnel other than purchasing agent.

Conclusion – Response accepted.

- (C) Electronic Data Processing System – Personnel in the County Treasurer's Office share the same computer terminal from time to time and each person does not log-on and log-off prior to other personnel entering transactions on that terminal. The County does not have a written policy requiring personnel who share the same computer terminal to log-on and log-off prior to other personnel entering transactions on the same terminal.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. The County Treasurer should require personnel who share the same computer terminal to log-on and log-off prior to other personnel entering transactions on the same terminal.

Response – The Board of Supervisors will develop a written policy for password privacy and confidentiality. It is impractical when we have customers to be spending time signing in and out. I realize it would be best if it could be done as recommended but it would require more staff and/or more equipment.

Conclusion – Response acknowledged. The County should establish a system to identify who performed each transaction.

Ida County

Schedule of Findings

Year ended June 30, 2004

- (D) Public Health Nurse Receivables – Accounts receivable listings are retained at the end of each month. However, a monthly reconciliation of billings, collections and accounts receivable for medicare, medicaid and other reimbursements was not prepared. In addition, uncollectible accounts written off during the year were not approved by the Local Board of Health.

Recommendation – A reconciliation of billings, collections and accounts receivable should be prepared monthly. In addition, the Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response – This recommendation will be complied with.

Conclusion – Response accepted.

- (E) Timesheets – Salaried personnel, other than elected officials, of the County do not prepare and file timesheets.

Recommendation – Except for elected officials, timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. For internal control, as well as for potential legal claims (payroll dispute/grievance), time sheets would provide an accurate record of hours worked.

Response – We will follow the recommendations of the State Auditor's Office.

Conclusion – Response accepted.

- (F) Credit Cards – The County Sheriff has been issued credit cards. The Sheriff has a written policy regarding the use of these cards. However, the policy has not been adopted by the Board of Supervisors.

Recommendation – The Board should adopt a written policy governing the use of County owned credit cards. The policy should specify the individuals who are authorized to use the cards and should include types of expenses allowed to be charged and the documentation required to be submitted to support the expense incurred and to allow authorization for payment. Board policy should prohibit the use of County owned credit cards for personal expenses.

Response – I have a written policy for the Sheriff's office on the use of credit cards. I will present the policy to the Board of Supervisors for approval at their next scheduled meeting.

Conclusion – Response accepted.

Ida County

Schedule of Findings

Year ended June 30, 2004

- (G) Capital Assets – Detailed capital asset records are maintained. However, an independent person does not reconcile significant assets with the accounting records, including the detail and control accounts.

Recommendation – A listing of capital asset additions and deletions should be prepared and a system for independent review and reconciliation should be developed. Information should include appropriate details to ensure assets are properly included or deleted from the capital assets records timely.

Response – Capital asset claims will be reviewed and coded appropriately to ensure verification. The County Auditor will periodically reconcile records to ensure that assets are included or deleted timely.

Conclusion – Response accepted.

Ida County

Schedule of Findings

Year ended June 30, 2004

**Other Findings Related to Required Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- (2) Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.
- (3) Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) 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.
- (9) 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).
- (10) Solid Waste Fees Retainage – During the year ended June 30, 2004, the County retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

Ida County

Schedule of Findings

Year ended June 30, 2004

- (11) Financial Assurance – Ida County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 135,922	387,628
Less: Balance of funds held in the local dedicated fund at June 30, 2003	97,440	234,750
	38,482	152,878
Divided by the number of years remaining in the pay-in period	÷ 4	4
Required payment into the local dedicated fund for the year ended June 30, 2004	9,621	38,220
Balance of funds held in the local dedicated fund at June 30, 2003	97,440	234,750
Required balance of funds to be held in the local dedicated fund at June 30, 2004	\$ 107,061	272,970
Amount County has reserved for closure and postclosure care at June 30, 2004	\$ 108,489	275,986

- (12) 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, 2004 for the County Extension Office did not exceed the amount budgeted.

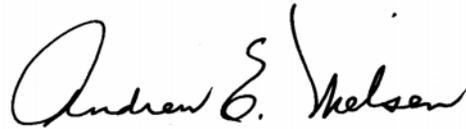
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Ida County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor  
Timothy D. Houlette, CPA, Senior Auditor  
Bobbie J. Zediker, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and a distinct "E".

Andrew E. Nielsen, CPA  
Deputy Auditor of State