



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE

June 23, 2005

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Monona 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 \$11,335,743 for the year ended June 30, 2004, which included \$662,234 in tax credits from the state. The County forwarded \$7,560,739 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,775,004 of the local tax revenue to finance County operations. Other revenues included charges for service of \$940,846, operating grants, contributions and restricted interest of \$3,323,841, capital grants, contributions and restricted interest of \$3,814,113, local option sales tax of \$266,414, unrestricted investment earnings of \$109,640 and other general revenues of \$84,010.

Expenses for County operations totaled \$8,847,103. Expenses included \$4,331,036 for roads and transportation, \$1,247,361 for public safety and legal services and \$1,017,504 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.

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**MONONA COUNTY**

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

**JUNE 30, 2004**

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**Monona County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lester Nordaker	Board of Supervisors	Jan 2005
Richard C. Merritt, Sr.	Board of Supervisors	Jan 2007
Stanley Skow	Board of Supervisors	Jan 2007
Benita J. Davis	County Auditor	Jan 2005
Lawrence Framke	County Treasurer	Jan 2007
Tena L. Hinkel	County Recorder	Jan 2007
Jeffrey R. Pratt	County Sheriff	Jan 2005
Michael D. Jensen	County Attorney	Jan 2007
Lawrence E. Keitges	County Assessor	Jan 2010

**Monona County**



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

Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monona 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 Monona 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.

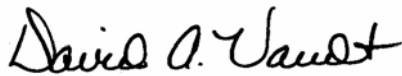
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monona County at June 30, 2004, and the respective changes in financial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

As described in Note 10 to the financial statements, during the year ended June 30, 2004, Monona 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.

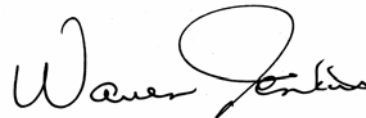
In accordance with Government Auditing Standards, we have also issued our reports dated March 25, 2005 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are 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 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Monona 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 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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

March 25, 2005

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

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Monona 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 Monona 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 2%, or \$179,000, from fiscal 2003 to fiscal 2004. Property and other county tax decreased approximately \$115,000.
- The County's governmental fund expenditures increased approximately 25%, or \$2.10 million, from fiscal 2003 to fiscal 2004. Capital projects expenditures increased approximately \$1,835,000, primarily due to construction of the Lewis and Clark Visitor Center, and roads and transportation expenditures increased by approximately \$738,000.
- The County's net assets increased 35%, or approximately \$3.5 million, 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 Monona 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 Monona 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 Monona 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## **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, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Capital Projects Fund. 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 Group Health 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 drainage districts, 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. Monona County's combined net assets increased from \$10 million to \$13.5 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

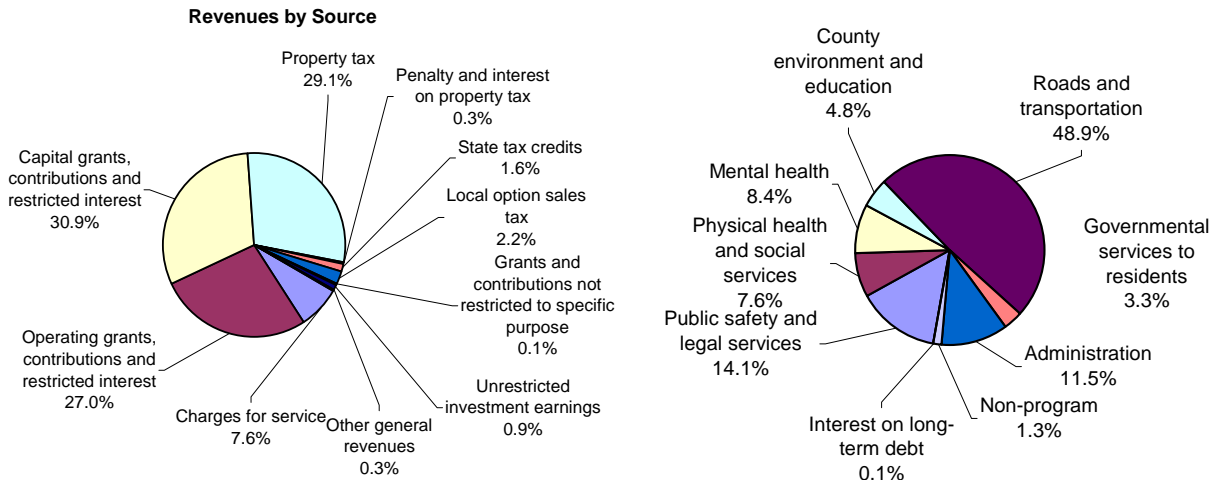
Net Assets of Governmental Activities (Expressed in Thousands)	
	June 30, 2004
Current and other assets	\$ 10,398
Capital assets	8,128
Total assets	<u>18,526</u>
Long-term debt outstanding	387
Other liabilities	4,633
Total liabilities	<u>5,020</u>
Net assets:	
Invested in capital assets	8,128
Restricted	4,079
Unrestricted	1,299
Total net assets	<u>\$ 13,506</u>

Net assets of Monona County's governmental activities increased by \$3.5 million compared to FY2003. 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—are \$1.3 million at June 30, 2004.

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

	Year ended June 30, 2004
Revenues:	
Program revenues:	
Charges for service	\$ 941
Operating grants, contributions and restricted interest	3,324
Capital grants, contributions and restricted interest	3,814
General revenues:	
Property tax	3,580
Penalty and interest on property tax	35
State tax credits	195
Local option sales tax	266
Grants and contributions not restricted to specific purpose	14
Unrestricted investment earnings	110
Other general revenues	35
Total revenues	12,314
Program expenses:	
Public safety and legal services	1,247
Physical health and social services	673
Mental health	743
County environment and education	421
Roads and transportation	4,331
Governmental services to residents	294
Administration	1,017
Non-program	116
Interest on long-term debt	5
Total expenses	8,847
Increase in net assets	3,467
Net assets beginning of year, as restated	10,039
Net assets end of year	\$ 13,506

**Expenses by Function**



The County decreased property tax rates for 2004 by an average of 2 percent. This resulted in a decrease in the County's property tax revenue by approximately \$90,000 in 2004. Based on decreases in the total assessed valuation, property tax revenue is budgeted to decrease an additional \$317,000 for the fiscal year ending June 30, 2005.

The cost of all governmental activities this year was \$8.8 million. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$768,000 because some of the cost was paid by those directly benefited from the programs (\$941,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,138,000). The County paid for the remaining "public benefit" portion of governmental activities with approximately \$3,580,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Monona County completed the year, its governmental funds reported a combined fund balance of \$4.6 million, a decrease of \$1.5 million from last year's total of \$6.15 million. The decrease in fund balance is primarily attributable to costs incurred for the Lewis and Clark Visitor Center and less property tax revenue. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures decreased by approximately \$208,000 and \$381,000, respectively. The ending fund balance showed a modest increase of \$177,000 from the prior year to \$2.3 million. Property tax decreased by \$56,000 and approximately \$252,000 of the uniform patrol portion of the Sheriff's budget was moved to the Rural Services Fund. The proposed expenditures for replacing the courthouse roof, installing new upgrades of computer software and the purchase of Help America Vote Act (HAVA) mandated voting equipment expenditures were not accomplished in FY 2004.
- The County has continued to look for ways to effectively manage the cost of mental health services. The Mental Health Fund revenues increased approximately \$25,000. For the year, expenditures totaled approximately \$743,000, an increase of 4% from the prior year. The Mental Health Fund balance at year end decreased by approximately \$121,000 from the prior year. The Supervisors are addressing lowering the fund balance and increasing the tax levy to meet the requirements to be eligible for State funding.
- Rural Services Fund revenues decreased approximately \$100,000. This was primarily due to a decrease in property tax revenues of approximately \$61,000 and the elimination of the state allocation from the State of Iowa of approximately \$21,000. Rural Services Fund expenditures increased approximately \$66,000, due in part to the Uniformed Patrol portion of the Sheriff's budget being paid out of the Rural Services Fund and a reduction in road maintenance. The ending fund balance decreased approximately \$120,000.
- Secondary Roads Fund expenditures increased by approximately \$1.3 million over the prior year, due in part to an increase in capital projects of \$390,000 for various road work projects. In addition, additional gravel inventory was purchased during the year, equipment lease agreements were paid off and additional costs for road employees paid by the Rural Services Fund in FY2003 were paid by the Secondary Roads Fund in FY2004. The revenues increased approximately \$201,000. The increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately 14%, or \$431,000.
- The Capital Projects Fund was established during FY2004 to account for revenues and expenditures associated with construction of the Visitor Center at Lewis and Clark State Park. The deficit fund balance of \$1,074,786 in the Capital Projects Fund will be eliminated through receipt of grant funds from the Iowa Department of Transportation and the Iowa Department of Natural Resources and proceeds from a bank loan.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Monona County amended its budget one time. The amendment was made in December 2003 and resulted in an increase in budgeted disbursements related to the Lewis and Clark project. The County did not exceed the budgeted amounts in the disbursement functions for the year ended June 30, 2004.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2004, Monona County had approximately \$8.1 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 \$4.33 million, or 114 percent, over last year.

Capital Assets of Governmental Activities at Year End	
(Expressed in Thousands)	
	June 30, 2004
Land	\$ 85
Construction in progress	1,907
Buildings and improvements	834
Equipment and vehicles	2,833
Infrastructure	2,469
Total	<u>\$ 8,128</u>
This year's major additions included (in thousands):	
Infrastructure	\$ 2,552
Construction in progress	1,907
Secondary roads trucks and snowplows	218
Other secondary roads equipment	66
Treasurer's building addition and remodeling	57
Two sheriff's vehicles	49
Sheriff's radio system	37
Conservation department vehicle and equipment	37
Three copiers (Auditor, Engineer and Attorney)	21
Total	<u>\$ 4,944</u>

The County had depreciation expense of \$608,437 in FY2004 and total accumulated depreciation of \$5,736,466 at June 30, 2004.

The County's fiscal year 2004 additions included \$1.6 million for the Lewis and Clark Visitor Center and \$2.552 million for roadwork infrastructure. More detailed information about the County's capital assets is presented in Note 3 to the financial statements.

### Long-Term Debt

At June 30, 2004, Monona County had approximately \$185,000 in drainage district warrants and other long-term debt outstanding compared to approximately \$378,000 at June 30, 2003.

The County retired debt of \$8,000 on a deferred payment contract for a maintenance shed at Mapleton purchased from the State of Iowa and \$153,774 in capital lease purchase agreements for Secondary Roads equipment. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Monona County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's population decline during 1999-2004 was 2.9 percent. Unemployment in the County now stands at 8.4 percent versus 7.4 percent a year ago. This compares with the State's unemployment rate of 5.1 percent and the national rate of 5.4 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 2.2 percent for fiscal year 2004 compared with the national rate of 2.7 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2003-2004.

These indicators were taken into account when adopting the budget for fiscal year 2005. Amounts available for appropriation in the operating budget are \$10,552,198, an increase of 12.5 percent over the final 2004 disbursements. Property taxes are projected lower due to the 2004 rate decrease and decreases in assessed valuations. The County is applying for Vision Iowa CAT grant funding to complete the Lewis and Clark Visitor's Center. Budgeted disbursements are expected to rise by \$1,167,645. The County is able to continue with current programs, although revenue streams are not as forthcoming as initially projected. Employees were placed under a wage freeze and asked to pick up more out of pocket cost of their health insurance program.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of FY2005 by \$527,719, or a 13 percent reduction.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Monona 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 Monona County Auditor's Office, 101 Main Street, City of Onawa, Iowa 51040-1695.

**Monona County**

## **Basic Financial Statements**



Monona County  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,708,525
Receivables:	
Property tax:	
Delinquent	14,118
Succeeding year	3,225,000
Interest and penalty on property tax	9,881
Accounts	84,086
Accrued interest	27,383
Drainage assessments:	
Current	206,352
Future	36,627
Due from other governments	832,262
Inventories	1,081,326
Prepaid expense	171,909
Capital assets (net of accumulated depreciation)	8,128,154
<b>Total assets</b>	<u>18,525,623</u>
<b>Liabilities</b>	
Accounts payable	1,257,382
Accrued interest payable	30,534
Due to other governments	119,601
Deferred revenue:	
Succeeding year property tax	3,225,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	146,366
Drainage warrants	185,214
Portion due or payable after one year:	
Compensated absences	55,440
<b>Total liabilities</b>	<u>5,019,537</u>
<b>Net Assets</b>	
Invested in capital assets	8,128,154
Restricted for:	
Supplemental levy purposes	634,352
Mental health purposes	192,695
Secondary roads purposes	2,608,448
Drainage warrants	196,064
Other purposes	447,377
Unrestricted	1,298,996
<b>Total net assets</b>	<u>\$ 13,506,086</u>

See notes to financial statements.

Monona 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	\$ 1,247,361	136,308	24,889	-	(1,086,164)
Physical health and social services	672,642	236,411	265,892	-	(170,339)
Mental health	743,359	-	395,647	-	(347,712)
County environment and education	421,053	19,825	13,990	-	(387,238)
Roads and transportation	4,331,036	82,025	2,616,960	2,814,113	1,182,062
Governmental services to residents	293,871	198,834	-	-	(95,037)
Administration	1,017,504	151,772	6,463	-	(859,269)
Non-program	115,554	115,671	-	1,000,000	1,000,117
Interest on long-term debt	4,723	-	-	-	(4,723)
<b>Total</b>	<b>\$ 8,847,103</b>	<b>940,846</b>	<b>3,323,841</b>	<b>3,814,113</b>	<b>(768,303)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					3,579,978
Penalty and interest on property tax					35,502
State tax credits					195,026
Local option sales tax					266,414
Grants and contributions not restricted to specific purposes					13,962
Unrestricted investment earnings					109,640
Gain on disposal of capital assets					30,060
Miscellaneous					4,486
<b>Total general revenues</b>					<b>4,235,068</b>
Change in net assets					3,466,765
Net assets beginning of year, as restated					10,039,321
Net assets end of year					<b>\$ 13,506,086</b>

See notes to financial statements.

Monona County  
Balance Sheet  
Governmental Funds

June 30, 2004

	General	Mental Health
<b>Assets</b>		
Cash and pooled investments	\$ 2,128,396	320,736
Receivables:		
Property tax:		
Delinquent	8,532	1,133
Succeeding year	1,924,000	256,000
Interest and penalty on property tax	9,881	-
Accounts	84,086	-
Accrued interest	27,129	-
Drainage assessments	-	-
Due from other governments	75,470	168
Inventories	-	-
Prepaid items	73,277	-
	<b>\$ 4,330,771</b>	<b>578,037</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 11,982	12,725
Due to other governments	2,602	116,617
Deferred revenue:		
Succeeding year property tax	1,924,000	256,000
Other	76,770	1,133
Total liabilities	2,015,354	386,475
Fund balances:		
Reserved for:		
Supplemental levy purposes	518,656	-
Drainage warrants	-	-
Unreserved, reported in:		
General fund	1,796,761	-
Special revenue funds	-	191,562
Capital projects fund	-	-
Total fund balances	2,315,417	191,562
	<b>\$ 4,330,771</b>	<b>578,037</b>

See notes to financial statements.

Special Revenue				Nonmajor	
Rural Services	Secondary Roads	Capital Projects	Special Revenue		Total
344,333	1,260,513	2,352	276,998		4,333,328
4,453	-	-	-		14,118
1,045,000	-	-	-		3,225,000
-	-	-	-		9,881
-	-	-	-		84,086
-	-	-	41		27,170
-	-	-	242,979		242,979
329	267,099	475,000	14,196		832,262
-	1,081,326	-	-		1,081,326
4,483	94,149	-	-		171,909
1,398,598	2,703,087	477,352	534,214		10,022,059
4,474	94,257	1,083,509	51		1,206,998
-	382	-	-		119,601
1,045,000	-	-	-		3,225,000
4,453	18,984	468,629	257,175		827,144
1,053,927	113,623	1,552,138	257,226		5,378,743
112,725	-	-	-		631,381
-	-	-	6,255		6,255
-	-	-	-		1,796,761
231,946	2,589,464	-	270,733		3,283,705
-	-	(1,074,786)	-		(1,074,786)
344,671	2,589,464	(1,074,786)	276,988		4,643,316
1,398,598	2,703,087	477,352	534,214		10,022,059

**Monona County**

Monona County

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

June 30, 2004

**Total governmental fund balances (page 19)** \$ 4,643,316

***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 \$13,864,620 and the accumulated depreciation is \$5,736,466. 8,128,154

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 827,144

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 325,026

Long-term liabilities, including drainage warrants and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (417,554)

**Net assets of governmental activities (page 16)** \$ 13,506,086

See notes to financial statements.

Monona County

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

Year ended June 30, 2004

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,108,465	212,855
Interest and penalty on property tax	32,998	-
Intergovernmental	819,139	408,047
Licenses and permits	6,474	-
Charges for service	228,795	-
Use of money and property	115,058	-
Miscellaneous	31,122	1,160
Total revenues	<u>3,342,051</u>	<u>622,062</u>
Expenditures:		
Operating:		
Public safety and legal services	944,667	-
Physical health and social services	663,052	-
Mental health	-	743,359
County environment and education	252,019	-
Roads and transportation	-	-
Governmental services to residents	285,714	-
Administration	1,024,697	-
Non-program	-	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>3,170,149</u>	<u>743,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,902</u>	<u>(121,297)</u>
Other financing sources (uses):		
Sale of capital assets	2,500	-
Operating transfers in	2,435	-
Operating transfers out	-	-
Drainage warrants issued	-	-
Total other financing sources (uses)	<u>4,935</u>	<u>-</u>
Net change in fund balances	176,837	(121,297)
Fund balances beginning of year, as restated	<u>2,138,580</u>	<u>312,859</u>
Fund balances end of year	<u>\$ 2,315,417</u>	<u>191,562</u>

See notes to financial statements.

Special Revenue			Nonmajor	
Rural Services	Secondary Roads	Capital Projects	Special Revenue	Total
1,257,251	266,414	-	-	3,844,985
-	-	-	-	32,998
60,194	2,718,297	319,443	55,543	4,380,663
-	420	-	-	6,894
-	25,568	-	2,364	256,727
-	-	-	367	115,425
-	-	50,000	119,835	202,117
1,317,445	3,010,699	369,443	178,109	8,839,809
289,929	-	-	1,775	1,236,371
-	-	-	-	663,052
-	-	-	-	743,359
160,566	-	-	19,192	431,777
-	3,762,048	-	-	3,762,048
-	-	-	-	285,714
-	-	-	-	1,024,697
-	-	-	61,913	61,913
-	-	-	71,039	71,039
-	654,255	1,444,229	-	2,098,484
450,495	4,416,303	1,444,229	153,919	10,378,454
866,950	(1,405,604)	(1,074,786)	24,190	(1,538,645)
-	-	-	-	2,500
-	974,565	-	10,000	987,000
(987,000)	-	-	-	(987,000)
-	-	-	28,630	28,630
(987,000)	974,565	-	38,630	31,130
(120,050)	(431,039)	(1,074,786)	62,820	(1,507,515)
464,721	3,020,503	-	214,168	6,150,831
344,671	2,589,464	(1,074,786)	276,988	4,643,316



Monona 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)** \$ (1,507,515)

**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	\$ 2,166,014	
Capital assets contributed by the Iowa Department of Transportation	2,749,828	
Depreciation expense	<u>(608,437)</u>	4,307,405

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. 27,560

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

Property tax	1,408	
Other	<u>477,005</u>	478,413

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issuances, as follows:

Issued	(28,630)	
Repaid	<u>221,195</u>	192,565

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	(7,992)	
Interest on long-term debt	<u>6,895</u>	(1,097)

The Internal Service Fund is used by management to charge the costs of the County's employee group health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (30,566)

**Change in net assets of governmental activities (page 17)** \$ 3,466,765

See notes to financial statements.

Monona County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2004

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash and cash equivalents	\$ 375,197
Accrued interest receivable	213
	375,410
<b>Total assets</b>	
<b>Liabilities</b>	
Accounts payable	50,384
	50,384
<b>Net Assets</b>	
Unrestricted	\$ 325,026
	325,026

See notes to financial statements.

**Exhibit H**

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

Year ended June 30, 2004

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 752,154
Reimbursements from employees		14,023
Other refunds and reimbursements		88
Total operating revenues		<u>766,265</u>
Operating expenses:		
Medical claims	\$ 36,731	
Insurance premiums	762,172	
Administrative fees	175	
Miscellaneous	155	799,233
Operating loss		<u>(32,968)</u>
Non-operating revenues:		
Interest income		2,402
Net loss		<u>(30,566)</u>
Net assets beginning of year		<u>355,592</u>
Net assets end of year		<u><u>\$ 325,026</u></u>

See notes to financial statements.

Monona County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2004

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 752,154
Cash received from employees and others	14,023
Cash received from other reimbursements and refunds	88
Cash paid to suppliers for services	(762,502)
Net cash provided by operating activities	3,763
Cash flows from investing activities:	
Interest on investments	2,189
Net increase in cash and cash equivalents	5,952
Cash and cash equivalents beginning of year	369,245
Cash and cash equivalents end of year	\$ 375,197
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (32,968)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Increase in accounts payable	36,731
Net cash provided by operating activities	\$ 3,763

See notes to financial statements.

## Monona County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2004

**Assets**

Cash and pooled investments:

County Treasurer	\$ 929,376
Other County officials	7,447

Receivables:

Property tax:

Delinquent	25,596
Succeeding year	7,118,000

Accounts	14,377
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Accrued interest	147
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Special assessments	160,916
---------------------	---------

Drainage assessments:

Current	33,433
---------	--------

Future	237,123
--------	---------

Due from other governments	6,544
----------------------------	-------

<b>Total assets</b>	<b><u>8,532,959</u></b>
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**Liabilities**

Accounts payable	12,117
------------------	--------

Due to other governments	8,241,830
--------------------------	-----------

Trusts payable	281
----------------	-----

Drainage warrants payable	278,731
---------------------------	---------

<b>Total liabilities</b>	<b><u>8,532,959</u></b>
--------------------------	-------------------------

**Net assets**

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

Monona County

Notes to Financial Statements

June 30, 2004

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

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

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

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

Fifty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information of the individual drainage districts can be obtained from the Monona County Auditor's Office.

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: Monona County Assessor’s Conference Board, Monona County Emergency Management Commission and Monona 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 Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, WESCO Industries, Department of Human Services Cluster Board, West Central Development Corporation, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County’s financial statements

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 governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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



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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund 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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds 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.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment and vehicles	2 - 20

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 compensatory time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 equally 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 Fund are designated for anticipated future health care 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.

**(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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,435,141 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

**(3) 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	\$ 85,300	-	-	85,300
Construction in progress, road network	-	300,365	-	300,365
Construction in progress	-	1,606,157	-	1,606,157
Total capital assets not being depreciated	85,300	1,906,522	-	1,991,822
Capital assets being depreciated:				
Buildings	932,482	54,547	-	987,029
Improvements other than buildings	535,172	2,542	-	537,714
Equipment and vehicles	7,438,032	428,185	(70,378)	7,795,839
Infrastructure, road network	-	2,552,216	-	2,552,216
Total capital assets being depreciated	8,905,686	3,037,490	(70,378)	11,872,798
Less accumulated depreciation for:				
Buildings	393,371	21,164	-	414,535
Improvements other than buildings	257,927	17,837	-	275,764
Equipment and vehicles	4,546,499	486,380	(69,768)	4,963,111
Infrastructure, road network	-	83,056	-	83,056
Total accumulated depreciation	5,197,797	608,437	(69,768)	5,736,466
Total capital assets being depreciated, net	3,707,889	2,429,053	(610)	6,136,332
Governmental activities capital assets, net	\$ 3,793,189	4,335,575	(610)	8,128,154

Depreciation expense was charged to the following functions:

Public safety and legal services	\$ 71,944
Physical health and social services	1,606
County environment and education	19,740
Roads and transportation	469,230
Governmental services to residents	2,525
Administration	<u>43,392</u>
Total depreciation expense - governmental activities	<u><u>\$ 608,437</u></u>

**(4) 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	<u>\$ 2,602</u>
Special Revenue:		
Mental Health	Services	116,617
Secondary Roads	Services	<u>382</u>
		<u>116,999</u>
Total for governmental funds		<u><u>\$ 119,601</u></u>
Agency:		
County Assessor	Collections	\$ 308,744
Schools		4,903,112
Community Colleges		211,302
Corporations		1,735,608
Townships		163,699
Auto License and Use Tax		183,437
Drainage Districts		323,827
Special Assessments		161,638
All other		<u>250,463</u>
Total for agency funds		<u><u>\$ 8,241,830</u></u>

**(5) Interfund Transfers**

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

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Services	\$ 2,435
Special Revenue: Secondary Roads	Special Revenue: Rural Services	974,565
Flood and Erosion Control		<u>10,000</u>
Total		<u><u>\$ 987,000</u></u>

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

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

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

	Deferred Payment Contract	Capital Lease Purchase Agreements	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year, as restated	\$ 8,000	153,774	216,005	193,814	571,593
Increases	-	-	28,630	180,483	209,113
Decreases	8,000	153,774	59,421	172,491	393,686
Balance end of year	\$ -	-	185,214	201,806	387,020
Due within one year	\$ -	-	185,214	146,366	331,580

Deferred Payment Contract and Capital Lease Purchase Agreements

A deferred payment contract and two capital lease purchase agreements were retired during the year. Principal payments under the deferred payment contract and capital lease purchase agreements totaled \$8,000 and \$153,774, respectively, for the year ended June 30, 2004.

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

**(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 \$192,501, \$191,903 and \$183,035, respectively, equal to the required contributions for each year.

**(8) Risk Management**

Monona 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 \$196,683.

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 \$1,000,000 and \$200,000, 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) Hospital Revenue Bonds**

The County has issued a total of \$2,870,000 of hospital revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the net revenues of the hospital and the bond principal and interest do not constitute liabilities of the County. The principal balance outstanding at June 30, 2004 is \$2,080,000

**(10) 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 during 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 Fund 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	\$ 6,104,627
GASB Interpretation 6 adjustments	46,204
Net assets July 1, 2003, as restated for governmental funds	<u>6,150,831</u>
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$5,197,797	3,793,189
Internal Service Fund	355,592
Long-term liabilities	(609,022)
Deferral of long-term assets	<u>348,731</u>
Net assets July 1, 2003, as restated	<u>\$ 10,039,321</u>

**(11) Construction Commitment**

The County has entered into contracts totaling \$1,470,885 for roadway construction. As of June 30, 2004, costs of \$300,364 on the project have been incurred. The balance remaining at June 30, 2004 of \$1,170,521 will be paid as work progresses.

**(12) Deficit Fund Balance**

The Capital Projects Fund had a deficit balance of \$1,074,786 at June 30, 2004. The deficit will be eliminated with the receipt of future grant funds and bank loan proceeds.

**(13) Lewis and Clark Visitor Center**

Friends of Discovery, a non-profit organization, solicited and received funds to build the Lewis and Clark Educational and Interpretive Visitor Center (Visitor Center) at Lewis and Clark State Park, Monona, Iowa. The Friends of Discovery entered into various contracts in relation to the Visitor Center.

On behalf of Friends of Discovery, Monona County applied for and was awarded a Community Attraction and Tourism (CAT) grant of approximately \$900,000 from the Vision Iowa Board. The funds were to be used for construction of the Visitor Center. The receipt of the CAT grant from the Vision Iowa Board was dependent on the receipt of matching funds.

Neither the County nor Friends of Discovery could demonstrate to the Vision Iowa Board that additional matching funds could be secured. As a result, the CAT grant was allowed to expire.

**(14) Litigation**

A lawsuit was filed against the County alleging breach of contract and seeking monetary damages of \$654,000. The County has denied liability. However, on March 8, 2005, a settlement agreement was signed stating the County will pay construction costs, subject to financing.

**(15) Subsequent Event**

In December 2004, the County entered into an agreement with Community Bank, Dunlap, Iowa for a \$400,000 loan at an annual interest rate of 2.25%. In addition, the County has been awarded a Highway Planning and Construction grant of \$475,000 from the Iowa Department of Transportation and a \$270,000 Resource Enhancement and Protection grant from the Iowa Department of Natural Resources. The grants and loan proceeds will be used to pay construction costs for the Lewis and Clark Visitor Center.

**Required Supplementary Information**

Monona 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	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 3,862,348	-
Interest and penalty on property tax	32,998	-
Intergovernmental	4,374,208	538
Licenses and permits	6,894	-
Charges for service	242,882	-
Use of money and property	113,327	115
Miscellaneous	227,945	114,868
Total receipts	<u>8,860,602</u>	<u>115,521</u>
Disbursements:		
Public safety and legal services	1,308,610	-
Physical health and social services	659,182	-
Mental health	666,852	-
County environment and education	450,808	-
Roads and transportation	3,956,719	-
Governmental services to residents	286,556	-
Administration	1,036,284	-
Non-program	64,577	64,577
Debt service	71,039	71,039
Capital projects	989,542	-
Total disbursements	<u>9,490,169</u>	<u>135,616</u>
Excess (deficiency) of receipts over (under) disbursements	(629,567)	(20,095)
Other financing sources, net	31,130	28,630
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(598,437)	8,535
Balance beginning of year	<u>4,931,765</u>	<u>160,331</u>
Balance end of year	<u>\$ 4,333,328</u>	<u>168,866</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
3,862,348	3,826,971	3,826,971	35,377
32,998	5,875	5,875	27,123
4,373,670	5,098,128	6,886,200	(2,512,530)
6,894	5,710	5,710	1,184
242,882	173,275	173,275	69,607
113,212	132,441	132,441	(19,229)
113,077	33,800	279,268	(166,191)
8,745,081	9,276,200	11,309,740	(2,564,659)
1,308,610	1,443,783	1,443,783	135,173
659,182	747,177	747,177	87,995
666,852	787,750	787,750	120,898
450,808	517,491	517,491	66,683
3,956,719	4,022,747	4,022,747	66,028
286,556	335,123	335,123	48,567
1,036,284	1,271,547	1,271,547	235,263
-	-	-	-
-	-	-	-
989,542	806,000	2,839,540	1,849,998
9,354,553	9,931,618	11,965,158	2,610,605
(609,472)	(655,418)	(655,418)	45,946
2,500	-	-	2,500
(606,972)	(655,418)	(655,418)	48,446
4,771,434	3,564,768	3,564,768	1,206,666
4,164,462	2,909,350	2,909,350	1,255,112

Monona 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	\$ 8,860,602	(20,793)	8,839,809
Expenditures	9,490,169	888,285	10,378,454
Net	(629,567)	(909,078)	(1,538,645)
Other financing sources, net	31,130	-	31,130
Beginning fund balances	4,931,765	1,219,066	6,150,831
Ending fund balances	\$ 4,333,328	309,988	4,643,316

See accompanying independent auditor's report.

Monona 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 blended component units, the Internal Service Fund 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. 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, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,033,540. The budget amendment is reflected in the final budgeted amounts.

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

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



**Monona County**

**Other Supplementary Information**

Monona County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2004

	County Attorney Confiscated Property	County Sheriff Confiscated Prpoerty	DARE Fund	Resource Enhancement and Protection	County Recorder's Records Management
<b>Assets</b>					
Cash and pooled investments	\$ 22,297	12,995	2,123	17,688	25,373
Receivables:					
Accrued interest	-	-	-	9	14
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 22,297</b>	<b>12,995</b>	<b>2,123</b>	<b>17,697</b>	<b>25,387</b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balances:					
Reserved for drainage warrants	-	-	-	-	-
Unreserved	22,297	12,995	2,123	17,697	25,387
Total fund equity	22,297	12,995	2,123	17,697	25,387
<b>Total liabilities and fund equity</b>	<b>\$ 22,297</b>	<b>12,995</b>	<b>2,123</b>	<b>17,697</b>	<b>25,387</b>

See accompanying independent auditor's report.

County Recorder's Electronic Transaction Fee	Conservation Land Acquisition	Conservation Trust	Drainage Districts	Total
22,723	128	4,805	168,866	276,998
-	-	-	18	41
-	-	-	206,352	206,352
-	-	-	36,627	36,627
14,196	-	-	-	14,196
<b>36,919</b>	<b>128</b>	<b>4,805</b>	<b>411,863</b>	<b>534,214</b>
-	-	-	51	51
14,196	-	-	242,979	257,175
14,196	-	-	243,030	257,226
-	-	-	6,255	6,255
22,723	128	4,805	162,578	270,733
22,723	128	4,805	168,833	276,988
<b>36,919</b>	<b>128</b>	<b>4,805</b>	<b>411,863</b>	<b>534,214</b>

Monona County

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

Year ended June 30, 2004

	County Attorney Confiscated Property	County Sheriff Confiscated Property	Dare Fund	Resource Enhancement and Protection	County Recorder's Records Management
Revenues:					
Intergovernmental	\$ 10,243	9,268	-	12,804	-
Charges for service	-	-	-	-	2,364
Use of money and property	-	-	-	77	142
Miscellaneous	-	-	3,780	-	-
Total revenues	10,243	9,268	3,780	12,881	2,506
Expenditures:					
Operating:					
Public safety and legal services	1,775	-	-	-	-
County environment and education	-	-	1,703	5,301	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	1,775	-	1,703	5,301	-
Excess (deficiency) of revenues over (under) expenditures	8,468	9,268	2,077	7,580	2,506
Other financing sources:					
Operating transfers in	-	-	-	-	-
Drainage warrant proceeds	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	8,468	9,268	2,077	7,580	2,506
Fund balances beginning of year	13,829	3,727	46	10,117	22,881
Fund balances end of year	\$ 22,297	12,995	2,123	17,697	25,387

See accompanying independent auditor's report.

County Recorder's Electronic Transaction Fee	Conservation Land Acquisition	Conservation Trust	Drainage Districts	Flood and Erosion	Total
22,689	-	-	539	-	55,543
-	-	-	-	-	2,364
34	-	-	114	-	367
-	-	1,186	114,869	-	119,835
22,723	-	1,186	115,522	-	178,109
-	-	-	-	-	1,775
-	-	2,188	-	10,000	19,192
-	-	-	61,913	-	61,913
-	-	-	71,039	-	71,039
-	-	2,188	132,952	10,000	153,919
22,723	-	(1,002)	(17,430)	(10,000)	24,190
-	-	-	-	10,000	10,000
-	-	-	28,630	-	28,630
-	-	-	28,630	10,000	38,630
22,723	-	(1,002)	11,200	-	62,820
-	128	5,807	157,633	-	214,168
22,723	128	4,805	168,833	-	276,988

Monona County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	1,384	97,678	103,087	4,258
Other County officials	7,447	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	310	928	16,970	909
Succeeding year	-	70,000	210,000	4,780,000	206,000
Accounts	292	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments:					
Current	-	-	-	-	-
Future	-	-	-	-	-
Due from other governments	-	46	138	3,055	135
<b>Total assets</b>	<b>\$ 7,739</b>	<b>71,740</b>	<b>308,744</b>	<b>4,903,112</b>	<b>211,302</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Due to other governments	7,458	71,740	308,744	4,903,112	211,302
Trusts payable	281	-	-	-	-
Drainage warrants payable	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 7,739</b>	<b>71,740</b>	<b>308,744</b>	<b>4,903,112</b>	<b>211,302</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
36,787	2,878	722	183,437	499,145	929,376
-	-	-	-	-	7,447
5,701	772	-	-	6	25,596
1,691,000	160,000	-	-	1,000	7,118,000
-	-	-	-	14,085	14,377
-	-	-	-	147	147
-	-	160,916	-	-	160,916
-	-	-	-	33,433	33,433
-	-	-	-	237,123	237,123
2,120	49	-	-	1,001	6,544
<b>1,735,608</b>	<b>163,699</b>	<b>161,638</b>	<b>183,437</b>	<b>785,940</b>	<b>8,532,959</b>
-	-	-	-	12,117	12,117
1,735,608	163,699	161,638	183,437	495,092	8,241,830
-	-	-	-	-	281
-	-	-	-	278,731	278,731
<b>1,735,608</b>	<b>163,699</b>	<b>161,638</b>	<b>183,437</b>	<b>785,940</b>	<b>8,532,959</b>



Monona 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	\$ 10,580	72,567	298,780	5,404,537
Additions:				
Property and other county tax	-	70,177	210,671	4,785,657
E911 surcharges	-	-	-	-
State tax credits	-	4,133	9,936	303,548
Office fees and collections	271,808	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	17,526	-	-	-
Miscellaneous	-	-	1,355	-
Total additions	289,334	74,310	221,962	5,089,205
Deductions:				
Agency remittances:				
To other funds	202,678	-	-	-
To other governments	72,038	75,137	211,998	5,590,630
Trusts paid out	17,459	-	-	-
Total deductions	292,175	75,137	211,998	5,590,630
Balances end of year	\$ 7,739	71,740	308,744	4,903,112

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
226,478	1,831,607	171,636	144,956	168,804	836,950	9,166,895
206,391	1,658,959	161,069	-	-	607	7,093,531
-	-	-	-	-	63,007	63,007
12,697	128,095	8,201	505	-	93	467,208
-	-	-	-	-	-	271,808
-	-	-	-	-	11,801	11,801
-	-	-	-	2,146,389	-	2,146,389
-	-	-	42,271	-	614,084	656,355
-	-	-	-	-	96,008	113,534
-	-	-	-	-	187,857	189,212
219,088	1,787,054	169,270	42,776	2,146,389	973,457	11,012,845
-	-	-	-	83,880	-	286,558
234,264	1,883,053	177,207	26,094	2,047,876	952,483	11,270,780
-	-	-	-	-	71,984	89,443
234,264	1,883,053	177,207	26,094	2,131,756	1,024,467	11,646,781
211,302	1,735,608	163,699	161,638	183,437	785,940	8,532,959

**Schedule 5**

## Monona 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
Revenues:				
Property and other county tax	\$ 3,844,985	3,960,037	4,025,280	3,251,311
Interest and penalty on property tax	32,998	29,779	36,635	27,592
Intergovernmental	4,380,663	3,964,265	4,240,160	4,514,153
Licenses and permits	6,894	4,428	5,065	5,311
Charges for service	256,727	232,201	222,179	185,234
Use of money and property	115,425	149,762	214,789	294,075
Miscellaneous	202,117	319,966	638,430	259,866
Total	\$ 8,839,809	8,660,438	9,382,538	8,537,542
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,236,371	1,342,558	1,147,604	1,296,869
Physical health and social services	663,052	659,620	669,676	613,781
Mental health	743,359	713,374	799,518	801,328
County environment and education	431,777	480,139	477,124	470,445
Roads and transportation	3,762,048	3,024,313	3,663,506	3,751,110
Governmental services to residents	285,714	263,465	296,038	296,632
Administration	1,024,697	1,048,211	1,010,075	916,023
Non-program	61,913	160,425	415,278	145,575
Debt service	71,039	323,124	184,230	242,437
Capital projects	2,098,484	263,873	708,162	771,318
Total	\$ 10,378,454	8,279,102	9,371,211	9,305,518

See accompanying independent auditor's report.

Monona County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 5,110
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP -ES-0625(601)-8I-67	475,000
Iowa Department Natural Resources:			
Highway Planning and Construction	20.205	STP -ES-0625(601)-8I-67	261,650
			<u>736,650</u>
U.S. Department of Health and Human Services:			
Siouxland Aging Service, Inc.:			
Special Programs for the Aging - Title III, Part B-			
Grants for Supportive Services and Senior Centers	93.044		3,500
Alzheimer's Disease Demonstration Grants to States	93.051		<u>14,021</u>
Iowa Department of Public Health:			
Immunization Grants	93.268	58831455	2,652
Immunization Grants	93.268	58841455	2,430
			<u>5,082</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		3,427
Woodbury County:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		19,387
			<u>22,814</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		6,638
Refugee and Entrant Assistance - State Administered Programs	93.566		22
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,216
Foster Care - Title IV-E	93.658		<u>3,051</u>
Adoption Assistance	93.659		<u>807</u>
Medical Assistance Program	93.778		<u>6,672</u>
Social Services Block Grant	93.667		4,364
Social Services Block Grant	93.667		48,133
			<u>52,497</u>

**Schedule 6**

Monona County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Cass County:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		<u>3,168</u>
Myrtue Memorial Hospital:			
Family Planning - Service Delivery Improvement Research Grants	93.974		<u>4,624</u>
Crawford County:			
Maternal and Child Health Services Block Grant to the State	93.994		<u>16,770</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		<u>15,228</u>
Total			<u><u>\$ 897,870</u></u>

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

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Monona County:

We have audited the financial statements of Monona County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated March 25, 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 Monona 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. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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 except for item IV-C-04.

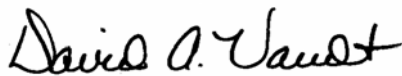
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monona 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 Monona 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 Part II of the accompanying Schedule of Findings and Questioned Costs.

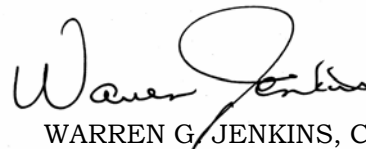
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items II-A-04, II-B-04, II-C-04, II-E-04, II-G-04 and II-I-04.

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

March 25, 2005



**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 with Requirements  
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Monona County:

Compliance

We have audited the compliance of Monona County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2004. Monona County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Monona County's management. Our responsibility is to express an opinion on Monona County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monona County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Monona County's compliance with those requirements.

In our opinion, Monona County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

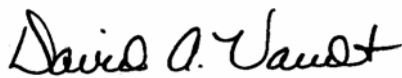
Internal Control Over Compliance

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

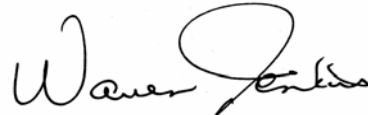


Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 25, 2005

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements. The reportable conditions are not considered to be material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Monona County did not qualify as a low-risk auditee.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

II-A-04 Segregation of Duties - During our review of internal control, the existing procedures 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:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared, so the listing can not be compared to deposits by an independent person.	Treasurer
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash.	Sheriff

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, an initial listing of receipts should be prepared when mail is opened and the listing should be compared to deposits by an independent person. In addition, the County Treasurer should review the control activities of the office to obtain the maximum internal control possible under the circumstances. The County Treasurer should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by independent persons should be evidenced by initials or signature of the reviewer and the date of the review.

Responses -

Sheriff - We will make an attempt to have someone besides our clerk open and record checks coming into the office. Once the deposits are compiled myself or another administration supervisor will initial that the deposit is correct.

Treasurer - Recommendation will be followed.

Conclusion - Responses accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- II-B-04 Electronic Data Processing Systems – The County does not have a complete written disaster recovery plan.

Recommendation – A complete written disaster recovery plan should be developed.

Response – The Board of Supervisors, Elected Officials, Department Heads, and Computer Support Technician have collaborated on drafting a policy for adoption of the Securities and Procedures for the Health Insurance Portability Act of 1996 (HIPAA) which includes a section committed to developing a disaster recovery plan which was discussed in this process completed on 04-19-05.

Conclusion – Response accepted.

- II-C-04 Cellular Phones, Phone Cards and Credit Card Policies – Expenditures were made by the County for cellular telephone service, telephone credit card charges and other credit card charges. However, written policies governing the use of cellular phones, telephone credit cards and other credit cards have not been adopted.

Recommendation – The Board of Supervisors, in conjunction with the various office and department heads, should establish written policies governing the use of cellular phones, telephone cards and other credit cards. In addition, cellular phone bills, phone bills and credit card bills should be scrutinized for proper usage by office and department heads, the County Auditor's office and the Board of Supervisors.

Response – Drafts of language for these policies have been shared with the County Attorney for approval and this project is on the agenda for the staff meeting on Tuesday, April 26<sup>th</sup>, to address the existing department policies versus policies approved by the Supervisors for all County Employees.

Conclusion – Response accepted.

- II-D-04 Sanitarian/Zoning/Well Closing Office – Hours on 4 time logs for the Sanitarian for the month of May did not agree to the time cards for those days. In addition, two Monona County Environmental/Zoning pre-numbered receipts were missing and could not be accounted for. Also, several receipts included in the County Treasurer's records could not be supported by a corresponding prenumbered receipt issued by the Sanitarian/Zoning/Well Closing office.

Recommendation – Time cards should agree with time logs and the time cards and time logs should be reviewed and signed by an independent person for propriety. Pre-numbered office receipts should be issued for all funds received by the office, should be properly accounted for and reconciled to the County Treasurer's miscellaneous receipt reports for each month.

Response – The Board of Supervisors will meet with the Sanitation to discuss these recommendations as to how to proceed in implementing the items as outlined.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- II-E-04 County Vehicle Policy – The County owns vehicles for use by various employees while on County business. The County has established a complete formal policy to regulate the use of these vehicles. However, the policy does not include provisions for commuting or personal use.

Recommendation – The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle uses, reimbursement by employees for personal use and additional compensation for employees. Documentation required should include mileage logs to be maintained and submitted periodically. In addition, the mileage logs should include the odometer reading at the start of each day.

Response – County Attorney Michael P. Jensen dictated the following language be added to the vehicle policy: “All County employees driving a County vehicle shall complete a daily written odometer log showing readings at the start of each day and at the end of each day. Any and all stops during the day shall also be recorded in this log.”

Conclusion – Response accepted.

- II-F-04 Treasurer’s Bank Reconciliation – There were several errors in the Treasurer’s bank reconciliation at June 30, 2004. These errors included 8 checks that cleared the bank on or prior to June 30, 2004 but were carried as outstanding checks. One bank balance was not properly recorded on the reconciliation. A reconciling item for an electronic funds transfer received in June 2004 but not receipted until July 2004 was not on the reconciliation. The certificate of deposit balance was overstated by \$100,000 at June 30, 2004. These matters were resolved for audit purposes. Reconciliations are not reviewed by an independent person for propriety.

Recommendation – When performing the bank reconciliation, the County Treasurer should ensure the list of outstanding checks is correct, ensure bank balances shown agree with bank statements and reconciling items are properly documented to agree with the accounting records. In addition, another person in the office should review the bank reconciliation and initial and date the bank reconciliation to document the review.

Response – Bank statement from U.S. Bank were never received by mail until the 20<sup>th</sup> of the following month, in an effort to reconcile and close month end on a timely basis printouts of bank account were requested locally.

Upon receiving those statements the checks mentioned were not on those printouts. Not until receiving bank statements at a later date did it show the checks. In an effort to avoid this problem the bank account has been switched to another bank which will deliver bank statements at an earlier date to enable reconciliation on a more timely basis. The recommendation will be complied with.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- II-G-04 Investments – Although a record of investment transactions was maintained by the County Treasurer, the record was not current or complete.

Recommendation – A complete detailed record of investment transactions should be maintained. This record should include investment number, interest rate, purchase date, number of days, redemption date, date reinvested, investment number into which investment was rolled over, amount invested or reinvested, amount rolled over or cashed, date cashed, account number into which deposited, total amount of principal invested and amount of interest received, date and receipt number.

Response – The investment record is now being maintained on a spreadsheet.

Conclusion – Response accepted.

- II-H-04 County Sheriff – Deposits are made intact, but not timely.

Recommendation – Deposits should be made intact and timely.

Response – I will work with our clerk to make sure deposits are made on a more routine basis.

Conclusion – Response accepted.

- II-I-04 Public Health Nurse Receivables – Accounts receivable listings were not retained at the end of each month. Also, amounts billed, collections and accounts receivable for medicare, medicaid and other reimbursements were not reconciled.

In addition, uncollectible accounts written off during the year were not approved by the Local Board of Health.

Recommendation – Accounts receivable listings should be retained and billings, collections and accounts receivable should be reconciled monthly. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response – The Local Health Department will continue to make every effort to comply with the recommendations of the State Auditor. We will improve upon the processes and reports that were initiated at this time last fiscal year.

Conclusion – Response accepted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over the major program were noted.

Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

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

IV-A-04 Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004, except as follows:

<u>Office</u>	<u>Depository</u>	<u>Maximum Authorized Deposit</u>
Treasurer	U.S. Bank	\$ 6,000,000
Treasurer	Moorehead State Bank	1,000,000

Recommendation - A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board.

Response - Resolution Number 2005-16 was adopted by Supervisors at their March 29, 2005 Board meeting addressing these dollar amounts.

Conclusion - Response accepted.

IV-B-04 Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.

IV-C-04 Questionable Expenditures - Lodging expense of \$1,260 was paid to Fillenwarth Beach for four nights for the Assistant County Attorney to attend the County Attorney Spring Training Conference in Arnolds Park, Iowa. This expenditure may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

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

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

Response - Verification of lodging expense was obtained by County Attorney from Fillenwarth Beach. The charges were all for one person's lodging. Assistant County Attorney, Stephen W. Allen, attended and received valuable continuing education to effectively do his job as County Attorney.

Conclusion - Response accepted.



Monona County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-D-04 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-04 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Richard Merritt, Sr., Supervisor, owner of Merritt Pumping Service	Cesspool pumping	\$ 650
Lyle Vandenhull, husband of Public Health office employee, owner of Vandenhull Printing & More	Printing, supplies and services	788

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

IV-F-04 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-04 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-04 Deposits and Investments – Except as noted above, 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.

IV-I-04 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).

IV-J-04 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.

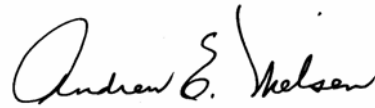
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Monona County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor  
Kimberly M. Knight, CPA, Senior Auditor  
Stephanie A. Bernard, Staff Auditor  
Scott P. Boisen, Staff Auditor  
Jennifer R. Edgar, Staff Auditor  
Ryan J. Johnson, Staff Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State