



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ March 20, 2007 \_\_\_\_\_

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$8,094,922 for the year ended June 30, 2006, which included \$527,799 in tax credits from the state. The County forwarded \$6,165,964 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$1,928,958 of the local tax revenue to finance County operations, a less than one percent increase over the prior year. Other revenues included charges for service of \$533,297, operating grants, contributions and restricted interest of \$2,241,283, capital grants, contributions and restricted interest of \$93,092, unrestricted investment earnings of \$187,955 and other general revenues of \$151,250.

Expenses for County operations totaled \$5,047,069, a 7 percent increase over the prior year. Expenses included \$2,173,504 for roads and transportation, \$646,300 for mental health and \$636,265 for administration.

A copy of the report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**IDA COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2006**

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**Ida County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerry Ralston	Board of Supervisors	Jan 2007
Joseph L. Cronin	Board of Supervisors	Jan 2009
Robert C. Paulsrud	Board of Supervisors	Jan 2009
Lorna Steenbock	County Auditor	Jan 2009
Kay Cork	County Treasurer	Jan 2007
Colleen Gries	County Recorder	Jan 2007
Wade Harriman	County Sheriff	Jan 2009
Kristal Phillips	County Attorney	Jan 2007
Marva Bennigsdorf	County Assessor	Jan 2010

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Independent Auditor's Report

To the Officials of Ida County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ida County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Ida County's management. Our responsibility is to express opinions on these financial statements based on our audit.

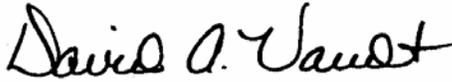
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Ida County at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

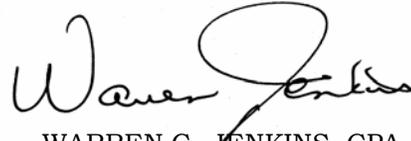
In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2007 on our consideration of Ida County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 45 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Ida County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not 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

January 26, 2007

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

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Ida County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2006 FINANCIAL HIGHLIGHTS**

- The County's governmental activities revenues increased approximately \$280,000, or 5.8%, from fiscal 2005 to fiscal 2006. Capital grants and contributions increased approximately \$73,000.
- The County's governmental activities expenses increased approximately \$348,000, or 7.4%, in fiscal 2006 over fiscal 2005. Roads and transportation expenditures increased approximately \$248,000.
- The County's net assets increased approximately \$89,000, or 1.1%, from June 30, 2005 to June 30, 2006.

### **USING THIS ANNUAL REPORT**

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ida County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ida County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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

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

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

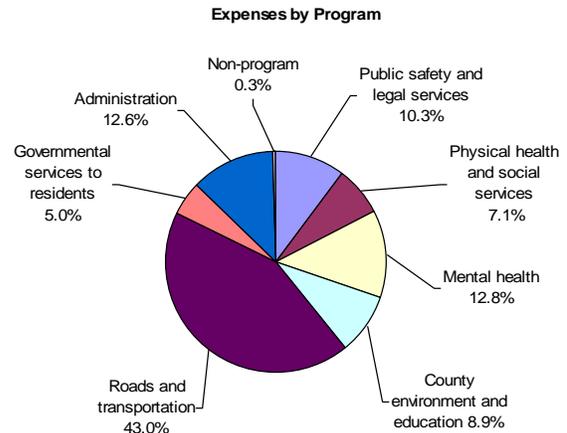
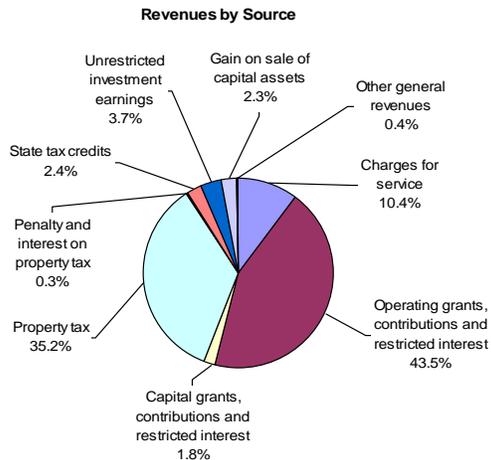
As noted earlier, net assets may serve over time as a useful indicator of financial position. Ida County's net assets increased from \$7,807,764 to \$7,896,530. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2006	2005
Current and other assets	\$ 6,378	6,579
Capital assets	4,182	3,855
Total assets	10,560	10,434
Long-term liabilities	546	501
Other liabilities	2,117	2,125
Total liabilities	2,663	2,626
Net assets:		
Invested in capital assets	4,182	3,855
Restricted	2,086	2,283
Unrestricted	1,629	1,670
Total net assets	\$ 7,897	7,808

Net assets of Ida County's governmental activities increased by 1.1% (\$7,896,530 compared to \$7,807,764). The largest portion of the County's net assets is 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—decreased from approximately \$1.67 million at June 30, 2005 to approximately \$1.63 million at June 30, 2006, a decrease of 2.4%.

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

	Year ended June 30,	
	2006	2005
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 533	534
Operating grants, contributions and restricted interest	2,242	2,248
Capital grants, contributions and restricted interest	93	20
<b>General revenues:</b>		
Property tax	1,806	1,793
Penalty and interest on property tax	17	16
State tax credits	123	130
Grants and contributions not restricted to specific purposes	-	21
Unrestricted investment earnings	188	88
Gain on sale of capital assets	116	-
Other general revenues	18	6
<b>Total revenues</b>	<b>5,136</b>	<b>4,856</b>
<b>Program expenses:</b>		
Public safety and legal services	519	481
Physical health and social services	357	310
Mental health	646	611
County environment and education	451	446
Roads and transportation	2,174	1,926
Governmental services to residents	250	268
Administration	636	643
Non-program	14	14
<b>Total expenses</b>	<b>5,047</b>	<b>4,699</b>
<b>Increase in net assets</b>	<b>89</b>	<b>157</b>
<b>Net assets beginning of year</b>	<b>7,808</b>	<b>7,651</b>
<b>Net assets end of year</b>	<b>\$ 7,897</b>	<b>7,808</b>



The County reduced property tax levy rates for 2006 by an average of 1.1% due, in part, to the decrease in the general supplemental levy and a decrease in the levy for mental health services. Taxable valuations increased approximately 1.3% for county wide levies and .48% for rural levies. Tax revenue increased approximately \$13,000 in 2006. Based on a 1.23% increase in the assessed valuation and a .18% increase in property tax rates, property tax revenue is budgeted to increase by \$25,000 next year (FY 2007).

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Ida County completed the year, its governmental funds reported a combined fund balance of approximately \$3,998,000, a decrease of approximately \$221,000 from last year's total of approximately \$4,220,000. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$147,000 due, in part, to increases in tax revenues of approximately \$13,000, intergovernmental revenues of approximately \$70,000, which was due largely to receiving Help America Vote Act (HAVA) funds, and investment returns of approximately \$81,000. Charges for service, licenses and permits and miscellaneous revenue decreased approximately \$17,000. Expenditures increased approximately \$102,000 due to purchasing voting equipment and increased expenses in juvenile justice. The ending fund balance increased approximately \$30,700 over the prior year to approximately \$960,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$646,000, an increase of 6% over the prior year due to increases in provider rates and state cases assigned to counties. The revenues totaled approximately \$547,000, a decrease of 13% from the previous year as the result of a decrease in the revenue from mental health growth dollars of approximately \$82,000. The Mental Health Fund balance at year end decreased by approximately \$99,000 from the prior year to approximately \$38,000.
- Rural Services Fund revenues increased approximately \$12,000 due an increase in landfill revenue. Expenditures increased approximately \$5,000. The ending fund balance declined approximately \$94,000 from the prior year to approximately \$481,000.
- Secondary Roads Fund revenues decreased approximately \$33,000. Total expenditures increased approximately \$796,000 over the prior year. Roadway construction increased approximately \$143,000 due to bridge construction on D15 and various box culvert projects, roadway maintenance increased approximately \$100,000 and there were increases in machinery purchases of \$485,000 in the current fiscal year. The Secondary Roads Fund ending balance decreased approximately \$136,000.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Ida County amended its budget two times for a total of \$166,700. The first amendment was made on November 1, 2005 and resulted in an increase in budgeted disbursements of \$28,305 related to increased disbursements for juvenile services and emergency management. The second amendment was made on May 30, 2006 and resulted in an increase of \$138,465 for increased mental health, voting equipment, public health costs and juvenile services costs. The amendments were made to provide for additional disbursements in certain County departments.

The County's receipts were \$190,775 more than budgeted, a variance of 4%. The most significant variance resulted from the County receiving more miscellaneous receipts than anticipated, especially for use of money and property which was \$133,595 more than expected due to the increase in interest on investments as a result of increased interest rates.

Total disbursements were \$608,376 less than the amended budget. Actual disbursements for the capital projects, administration and county environment and education functions were \$220,335, \$145,604 and \$78,520, respectively, less than budgeted. This was primarily due to lack of capital projects completed. The decrease in administration expenditures resulted from a reduction of employees in the Auditor's Office and budgeted amounts in county government assistance were not expended. Budgeted amounts for conservation purposes were not expended and budgeted amounts for the Landfill were not expended.

Even with the amendments, the County exceeded the budgeted amount in the roads and transportation function for the year ended June 30, 2006. The County expended more for equipment purchases than were budgeted for the secondary roads department.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, Ida County had approximately \$4.2 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 \$327,000, or 8.5%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Land	\$ 242	242
Construction in progress	30	20
Buildings and improvements	653	689
Equipment and vehicles	1,563	1,293
Infrastructure	1,694	1,611
Total	\$ 4,182	3,855
This year's major additions included (in thousands):		
Roadway construction		\$ 163
Capital assets contributed by the Iowa Department of Transportation		10
Secondary roads equipment		496
Total		\$ 669

The County had depreciation expense of \$421,799 in FY 2006 and total accumulated depreciation of \$3,621,746 at June 30, 2006. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2006, Ida County had no general obligation long-term debt outstanding. Information about the County's other long-term liabilities is presented in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

Ida County’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services without raising tax levies, the Ida County Board of Supervisors is committed to limiting expenditure increases, using excess balances and reducing funding to non-mandated programs to provide essential services for the citizens of Ida County. These factors were considerations for the FY07 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2007 Dollars Certified	2006 Dollars Certified		Percentage Change
General basic levy	\$ 1,104,222	1,091,275	▲	1.2%
General supplemental levy	-	77,948	▲	-100%
Mental health levy	287,558	202,665	▲	41.9%
Rural services basic levy	463,110	460,734	▲	.5%
<b>Total</b>	<b>\$ 1,854,890</b>	<b>1,832,622</b>		<b>1.2%</b>

Continued state revenue cutbacks and health insurance increases for the past few years are driving any increases in property tax. No new services were added in the FY07 budget. The local health department was transferred to the hospital effective July 1, 2006 in hopes of reducing County expenditures. Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY07 are as follows:

	2007	2006		Percentage Change
General basic levy	\$ 3.50000 ▲	3.50000	▲	0%
General supplemental levy	- ▲	.25000	▲	-100%
Mental health levy	▲ .91146 ▲	.65000	▲	40.2%
Rural services basic levy	▲ 2.10000 ▲	2.10000	▲	0%
<b>Total</b>	<b>\$ 6.51146 ▲</b>	<b>6.50000</b>		<b>.2%</b>

Budgeted disbursements in the FY 2007 operating budget are approximately \$5.6 million, which is a 3.9% decrease from the FY 2006 final budget. Total taxable valuations were raised by approximately \$4 million. The mental health levy was increased approximately 40% due to the FY 2006 ending fund balance. The rural services basic levy remained the same. Ida County has not added any major programs to the FY 2007 budget.

**CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Ida County’s finances and to show the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ida County Auditor’s Office, 401 Moorehead Street, Ida Grove, Iowa, 51445-0236.

**Ida County**

## **Basic Financial Statements**

**Exhibit A**

Ida County  
Statement of Net Assets  
June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 3,318,398
Restricted cash and pooled investments	512,257
Receivables:	
Property tax:	
Delinquent	266
Succeeding year	1,823,000
Interest and penalty on property tax	334
Accounts	56,146
Accrued interest	31,585
Due from other governments	182,766
Inventories	366,846
Prepaid insurance	86,276
Capital assets, net of accumulated depreciation	4,182,157
<b>Total assets</b>	<u>10,560,031</u>
<b>Liabilities</b>	
Accounts payable	138,682
Salaries and benefits payable	26,578
Due to other governments	129,321
Deferred revenue:	
Succeeding year property tax	1,823,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	52,931
Portion due or payable after one year:	
Compensated absences	12,712
Estimated liability for closure and postclosure care	480,277
<b>Total liabilities</b>	<u>2,663,501</u>
<b>Net Assets</b>	
Invested in capital assets	4,182,157
Restricted for:	
Supplemental levy purposes	57,439
Mental health purposes	37,914
Secondary roads purposes	1,822,698
Other purposes	167,017
Unrestricted	1,629,305
<b>Total net assets</b>	<u>\$ 7,896,530</u>

See notes to financial statements.

Ida County  
Statement of Activities  
Year ended June 30, 2006

	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	\$ 519,151	38,622	25,655	-	(454,874)
Physical health and social services	356,978	79,874	165,311	-	(111,793)
Mental health	646,300	-	334,089	-	(312,211)
County environment and education	451,352	265,583	9,105	-	(176,664)
Roads and transportation	2,173,504	4,957	1,702,123	10,200	(456,224)
Governmental services to residents	249,936	123,229	-	82,892	(43,815)
Administration	636,265	8,000	5,000	-	(623,265)
Non-program	13,583	13,032	-	-	(551)
<b>Total</b>	<b>\$ 5,047,069</b>	<b>533,297</b>	<b>2,241,283</b>	<b>93,092</b>	<b>(2,179,397)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					1,805,626
Penalty and interest on property tax					17,056
State tax credits					123,332
Unrestricted investment earnings					187,955
Gain on sale of capital assets					116,132
Miscellaneous					18,062
<b>Total general revenues</b>					<b>2,268,163</b>
Change in net assets					88,766
Net assets beginning of year					7,807,764
Net assets end of year					<b>\$ 7,896,530</b>

See notes to financial statements.

Ida County  
Balance Sheet  
Governmental Funds

June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 894,118	188,434	439,572	1,426,559
Restricted cash and pooled investments	-	-	-	-
Receivables:				
Property tax:				
Delinquent	194	34	38	-
Succeeding year	1,085,000	283,000	455,000	-
Interest and penalty on property tax	334	-	-	-
Accounts	10,099	-	46,027	20
Accrued interest	25,486	-	-	-
Due from other funds	468	-	-	-
Due from other governments	42,873	589	-	134,665
Inventories	-	-	-	366,846
Prepaid insurance	41,745	-	5,209	38,842
<b>Total assets</b>	<b>\$ 2,100,317</b>	<b>472,057</b>	<b>945,846</b>	<b>1,966,932</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 24,226	32,311	8,655	73,490
Salaries and benefits payable	5,394	-	882	20,165
Due to other governments	9,143	118,832	361	985
Deferred revenue:				
Succeeding year property tax	1,085,000	283,000	455,000	-
Other	16,558	34	38	-
Total liabilities	<u>1,140,321</u>	<u>434,177</u>	<u>464,936</u>	<u>94,640</u>
Fund balances:				
Reserved for:				
Supplemental levy purposes	57,439	-	-	-
Medicaid contingencies	699	-	-	-
Closure and postclosure care	-	-	-	-
Sheriff's surcharge	3,110	-	-	-
Unreserved, reported in				
General fund	898,748	-	-	-
Special revenue funds	-	37,880	480,910	1,872,292
Total fund balances	<u>959,996</u>	<u>37,880</u>	<u>480,910</u>	<u>1,872,292</u>
<b>Total liabilities and fund balances</b>	<b>\$ 2,100,317</b>	<b>472,057</b>	<b>945,846</b>	<b>1,966,932</b>

See notes to financial statements.

Nonmajor	Total
124,507	3,073,190
512,257	512,257
-	266
-	1,823,000
-	334
-	56,146
5,548	31,034
-	468
4,639	182,766
-	366,846
480	86,276
<u>647,431</u>	<u>6,132,583</u>
-	138,682
137	26,578
-	129,321
-	1,823,000
-	16,630
<u>137</u>	<u>2,134,211</u>
-	57,439
-	699
517,752	517,752
-	3,110
-	898,748
129,542	2,520,624
<u>647,294</u>	<u>3,998,372</u>
<u>647,431</u>	<u>6,132,583</u>

**Ida County**

Ida County

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

June 30, 2006

**Total governmental fund balances (page 19)** \$ 3,998,372

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$7,803,903 and the accumulated depreciation is \$3,621,746. 4,182,157

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 16,630

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds and to account for employee contributions and cafeteria plan benefit payments for the employee flexible benefits plan. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets. 245,291

Long-term liabilities, including the estimated liability for closure and postclosure care and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (545,920)

**Net assets of governmental activities (page 16)** \$ 7,896,530

See notes to financial statements.

Ida County

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

Year ended June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 1,153,884	200,006	451,587	-
Interest and penalty on property tax	16,904	-	-	-
Intergovernmental	361,573	343,569	82,573	1,702,123
Licenses and permits	13,258	-	-	625
Charges for service	257,639	-	165,035	-
Use of money and property	156,788	-	-	-
Miscellaneous	5,584	3,300	143	4,331
Total revenues	<u>1,965,630</u>	<u>546,875</u>	<u>699,338</u>	<u>1,707,079</u>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	519,155	-	-	-
Physical health and social services	360,158	-	-	-
Mental health	-	646,308	-	-
County environment and education	156,477	-	193,866	-
Roads and transportation	-	-	-	2,281,399
Governmental services to residents	242,077	-	-	-
Administration	602,036	-	-	-
Capital projects	-	-	-	197,100
Total expenditures	<u>1,879,903</u>	<u>646,308</u>	<u>193,866</u>	<u>2,478,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,727</u>	<u>(99,433)</u>	<u>505,472</u>	<u>(771,420)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	35,900
Operating transfers in	-	-	-	600,000
Operating transfers out	(55,028)	-	(599,491)	-
Total other financing sources (uses)	<u>(55,028)</u>	<u>-</u>	<u>(599,491)</u>	<u>635,900</u>
Net change in fund balances	30,699	(99,433)	(94,019)	(135,520)
Fund balances beginning of year	<u>929,297</u>	<u>137,313</u>	<u>574,929</u>	<u>2,007,812</u>
Fund balances end of year	<u>\$ 959,996</u>	<u>37,880</u>	<u>480,910</u>	<u>1,872,292</u>

See notes to financial statements.

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Nonmajor	Total
-	1,805,477
-	16,904
9,105	2,498,943
-	13,883
1,696	424,370
33,878	190,666
5,050	18,408
<u>49,729</u>	<u>4,968,651</u>

-	519,155
-	360,158
-	646,308
14,178	364,521
-	2,281,399
8,227	250,304
5,000	607,036
-	197,100
<u>27,405</u>	<u>5,225,981</u>

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22,324	(257,330)
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-	35,900
54,519	654,519
-	(654,519)
<u>54,519</u>	<u>35,900</u>

76,843	(221,430)
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570,451	4,219,802
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647,294	3,998,372
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Ida County

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

Year ended June 30, 2006

**Net change in fund balances - Total governmental funds (page 23)** \$ (221,430)

***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	\$ 658,794	
Capital assets contributed by the Iowa Department of Transportation	10,200	
Depreciation expense	<u>(421,799)</u>	247,195

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 80,232

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	(36)	
Other	<u>16,364</u>	16,328

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 the governmental funds, as follows:

Compensated absences	3,353	
Estimated closure/postclosure care costs	<u>(48,168)</u>	(44,815)

The Internal Service Funds are used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds and to account for employee contributions and cafeteria plan benefit payments for the employee flexible benefits plan. The change in net assets of the Internal Service Funds is reported with governmental activities. 11,256

**Change in net assets of governmental activities (page 17)** \$ 88,766

See notes to financial statements.

Ida County  
 Statement of Net Assets  
 Proprietary Funds  
 June 30, 2006

	Internal Service
<b>Assets</b>	
Cash and cash equivalents	\$ 245,208
Accrued interest receivable	551
<b>Total assets</b>	245,759
<b>Liabilities</b>	
Due to other funds	468
<b>Net Assets</b>	
Unrestricted	\$ 245,291

See notes to financial statements.

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

Year ended June 30, 2006

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 9,246
Employee contributions		10,656
Total operating revenues		<u>19,902</u>
Operating expenses:		
Medical claims	\$ 8,989	
Cafeteria plan benefits	<u>11,145</u>	<u>20,134</u>
Operating loss		(232)
Non-operating revenues:		
Interest income		11,488
Net income		<u>11,256</u>
Net assets beginning of year		<u>234,035</u>
Net assets end of year		<u><u>\$ 245,291</u></u>

See notes to financial statements.

Ida County

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2006

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 9,246
Cash received from employees	10,656
Cash paid for medical claims	(11,989)
Cash paid for cafeteria plan benefits	(10,677)
Net cash used by operating activities	(2,764)
Cash flows from investing activities:	
Interest on investments	10,937
Net increase in cash and cash equivalents	8,173
Cash and cash equivalents beginning of year	237,035
Cash and cash equivalents end of year	\$ 245,208
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (232)
Adjustment to reconcile operating loss to net cash used by operating activities:	
(Decrease) in accounts payable	(2,532)
Net cash used by operating activities	\$ (2,764)

See notes to financial statements.

Ida County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

**Assets**

Cash and pooled investments:

County Treasurer	\$ 421,401
Other County officials	9,061

Receivables:

Property tax:

Delinquent	2,019
Succeeding year	5,769,000

Accounts	14,512
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Due from other governments	10,960
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<b>Total assets</b>	<u>6,226,953</u>
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**Liabilities**

Accounts payable	21,040
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Salaries and benefits payable	5,399
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Due to other governments	6,153,512
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Trusts payable	4,860
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Compensated absences	42,142
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<b>Total liabilities</b>	<u>6,226,953</u>
--------------------------	------------------

**Net assets**

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

Ida County

Notes to Financial Statements

June 30, 2006

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

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

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

A. Reporting Entity

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

Ida County Public Safety and Communications Commission – Ida County is a member of the Ida County Public Safety and Communications Commission (the Commission) established pursuant to Chapter 28E of the Code of Iowa. The Commission plans for County-wide law enforcement and communications within the boundaries of Ida County, including all rural areas, and participating municipalities. The Commission also can contract with any and all public agencies which wish to enter into contracts with the Commission for the provision of law enforcement, communications and public safety services. The Commission furnishes law enforcement services, emergency communications and such other services as may be necessary to protect the rights and property of all citizens of any public agency contracting with the Commission. The Commission's Board is composed of three representatives selected by and from the Ida County Board of Supervisors and one representative selected by each participating municipality. The Commission is funded primarily by assessments made against each participating member. The County's participating share cannot be less than 45 percent of the annual budget. The County has an ongoing financial responsibility to the Commission for its continued existence. Membership in the Commission for the year ended June 30, 2006 included five municipalities and the County. Ida County

contributed \$368,803 and the municipalities contributed \$481,549 to support the Commission. Financial transactions of the Commission are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

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

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

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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, contributions and interest 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.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value 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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net

Assets. Capital assets are recorded at historical cost 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 and buildings	25,000
Equipment and vehicles	5,000

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary

fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the roads and transportation function.

#### (2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 55,028
	Special Revenue:	
	Rural Services	544,972
Landfill Closure /Postclosure	Rural Services	54,519
Total		<u>\$ 654,519</u>

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 241,692	-	-	241,692
Construction in progress, road network	20,013	10,200	-	30,213
Total capital assets not being depreciated	<u>261,705</u>	<u>10,200</u>	<u>-</u>	<u>271,905</u>
Capital assets being depreciated:				
Buildings	1,486,755	-	-	1,486,755
Equipment and vehicles	4,004,492	606,034	(420,730)	4,189,796
Infrastructure, road network	1,692,787	162,660	-	1,855,447
Total capital assets being depreciated	<u>7,184,034</u>	<u>768,694</u>	<u>(420,730)</u>	<u>7,531,998</u>
Less accumulated depreciation for:				
Buildings	797,384	36,465	-	833,849
Equipment and vehicles	2,711,247	306,796	(391,062)	2,626,981
Infrastructure, road network	82,378	78,538	-	160,916
Total accumulated depreciation	<u>3,591,009</u>	<u>421,799</u>	<u>(391,062)</u>	<u>3,621,746</u>
Total capital assets being depreciated, net	<u>3,593,025</u>	<u>346,895</u>	<u>(29,668)</u>	<u>3,910,252</u>
Governmental activities capital assets, net	<u>\$ 3,854,730</u>	<u>357,095</u>	<u>(29,668)</u>	<u>4,182,157</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
County environment and education	\$ 37,898
Roads and transportation	355,010
Administration	<u>28,891</u>
Total depreciation expense - governmental activities	<u><u>\$ 421,799</u></u>

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	<u>\$ 9,143</u>
Special Revenue:		
Mental Health	Services	118,832
Rural Services	Services	361
Secondary Roads	Services	<u>985</u>
		<u>120,178</u>
Total for governmental funds		<u><u>\$ 129,321</u></u>
Agency:		
County Offices	Collections	\$ 4,339
Agricultural Extension Education		93,508
County Assessor		158,509
Schools		4,032,721
Community Colleges		221,709
Corporations		1,280,051
Townships		126,308
Auto License and Use Tax		133,398
All other		<u>102,969</u>
Total for agency funds		<u><u>\$ 6,153,512</u></u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Compen- sated Absences	Estimated Liability for Closure and Postclosure Care	Total
Balance beginning of year	\$ 68,996	432,109	501,105
Increases	44,305	48,168	92,473
Decreases	47,658	-	<u>47,658</u>
Balance end of year	<u>\$ 65,643</u>	<u>480,277</u>	<u>545,920</u>
Due within one year	<u>\$ 52,931</u>	<u>-</u>	<u>52,931</u>

**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$108,070, \$102,999 and \$101,020, respectively, equal to the required contributions for each year.

**(8) Risk Management**

Ida County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 531 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 and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 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, 2006 were \$106,361.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

**(9) Employee Health Insurance Plan**

The Internal Service, Employee Health Insurance Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the Employee Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Health Insurance Fund. The County's contribution for the year ended June 30, 2006 was \$9,246.

**(10) Cafeteria Plan**

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

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

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid

waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

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

These costs for the Ida County Landfill have been estimated at \$143,499 for closure and \$409,237 for postclosure care, for a total of \$552,736 as of June 30, 2006, and the portion of the liability that has been recognized is \$480,277. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2006. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is .67 years and the capacity used at June 30, 2005 is 88 percent.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The County has begun accumulating resources to fund these costs and, at June 30, 2006, assets of \$517,752 are restricted for these purposes, of which \$137,653 is for closure and \$380,099 is for postclosure care.

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

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

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

The County has established an account for restricting and using solid waste tonnage fees retained by the County in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2006, the County had no unspent amounts retained or restricted for the required purposes.

**(13) Ida County Public Safety and Communications Commission**

Ida County participates in the Ida County Public Safety and Communications Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2006:

	Public Safety and Communications Commission					Total
	Operating	Confiscated Property	Sheriff's K-9	Sheriff's Reserve Deputy	Sheriff's DARE	
<b>Additions:</b>						
Contributions from governmental units:						
Ida County	\$ 368,803	-	-	-	-	368,803
Ida Grove	234,147	-	-	-	-	234,147
Holstein	139,802	-	-	-	-	139,802
Arthur	22,300	-	-	-	-	22,300
Galva	28,304	-	-	-	-	28,304
Battle Creek	56,996	-	-	-	-	56,996
	<u>850,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,352</u>
Miscellaneous:						
Prisoner boarding fees	16,726	-	-	-	-	16,726
Miscellaneous	34,074	1,227	600	691	261	36,853
	<u>50,800</u>	<u>1,227</u>	<u>600</u>	<u>691</u>	<u>261</u>	<u>53,579</u>
Total additions	<u>901,152</u>	<u>1,227</u>	<u>600</u>	<u>691</u>	<u>261</u>	<u>903,931</u>
<b>Deductions:</b>						
Salaries and wages	474,404	-	-	-	-	474,404
Benefits	179,891	-	-	-	-	179,891
Iowa system rental	2,783	-	-	-	-	2,783
Postage and mailing	1,017	-	-	-	-	1,017
Office supplies	11,037	-	-	-	-	11,037
Mileage and subsistence	457	-	-	-	-	457
Education and training	17,515	-	-	-	-	17,515
Uniform allowance	13,904	-	-	-	-	13,904
Insurance	16,764	-	-	-	-	16,764
Equipment maintenance and repair	25,622	-	-	-	-	25,622
Motor vehicles and equipment	59,506	-	-	-	-	59,506
Motor vehicle supplies	48,825	-	-	-	-	48,825
Telephone and fax	8,421	-	-	-	-	8,421
Radio equipment repair and maintenance	6,902	-	-	-	-	6,902
Investigations	369	2,000	-	-	-	2,369
Jail food and provisions	13,207	-	-	-	-	13,207
Jail supplies	3,434	-	-	-	-	3,434
Medical supplies	3,064	-	-	-	-	3,064
Improvements	1,739	-	-	-	-	1,739
Miscellaneous	9,436	-	2,347	636	49	12,468
Total deductions	<u>898,297</u>	<u>2,000</u>	<u>2,347</u>	<u>636</u>	<u>49</u>	<u>903,329</u>
Net	2,855	(773)	(1,747)	55	212	602
Balance beginning of year	64,791	3,422	1,747	1,072	-	71,032
Balance end of year	<u>\$ 67,646</u>	<u>2,649</u>	<u>-</u>	<u>1,127</u>	<u>212</u>	<u>71,634</u>

**(14) Public Health Services Agreement**

On February 16, 2006, an agreement was entered into between Horn Memorial Hospital, Ida County and the Ida County Board of Health for the purpose of consolidating services offered by Horn Memorial Hospital and the Ida County Board of Health. In the agreement, Horn Memorial Hospital agrees to provide public health nursing services and home care services for and on behalf of the Ida County Board of Health to the residents of Ida County. Under the agreement, the Board of Health shall continue as an organizational entity and shall continue to act in compliance with Chapter 137 of the Code of Iowa and Chapter 79 of the Iowa Administrative Code, where applicable. The agreement was effective and commences July 1, 2006, and will continue year to year unless terminated.

The services provided by home health, public health and homemakers service will be under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Ida County may be unable to pay for said services, in which case the Hospital may submit monthly claims for reimbursements for services and fees to the County for payment. In addition, the County agrees to pay the Hospital an annual fee of \$85,000 per year for public health services, which will be paid in quarterly increments beginning July 1, 2006. An annual cost of living increase, as determined by the cost of living index for Social Security benefits, will be provided for each following year.

The Hospital will perform in good faith all duties delegated to it by the Board of Health, including duties that may be imposed upon the Board of Health by statute or administrative rule, provided the Hospital shall receive adequate compensation for those additional duties or services.

**(15) Subsequent Event**

The Ida County Solid Waste Management Commission plans to close all existing cells by October 1, 2007 in order to comply with minimum liner standards established by the Environmental Protection Agency and adopted by the Iowa Department of Natural Resources. Options are being considered by the County to determine further action.

**Ida County**

**Required Supplementary Information**

Ida County

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

Required Supplementary Information

Year ended June 30, 2006

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Receipts:</b>				
Property and other county tax	\$ 1,805,478	1,811,395	1,811,395	(5,917)
Interest and penalty on property tax	16,904	6,000	6,000	10,904
Intergovernmental	2,500,048	2,428,835	2,458,835	41,213
Licenses and permits	13,938	12,100	12,100	1,838
Charges for service	404,050	405,948	405,948	(1,898)
Use of money and property	162,395	28,800	28,800	133,595
Miscellaneous	47,140	36,100	36,100	11,040
<b>Total receipts</b>	<b>4,949,953</b>	<b>4,729,178</b>	<b>4,759,178</b>	<b>190,775</b>
<b>Disbursements:</b>				
Public safety and legal services	529,584	554,676	577,481	47,897
Physical health and social services	363,382	360,958	404,923	41,541
Mental health	607,194	580,450	659,450	52,256
County environment and education	370,821	449,341	449,341	78,520
Roads and transportation	2,289,107	2,286,000	2,286,000	(3,107)
Governmental services to residents	256,467	281,797	281,797	25,330
Administration	627,150	751,754	772,754	145,604
Capital projects	179,665	400,000	400,000	220,335
<b>Total disbursements</b>	<b>5,223,370</b>	<b>5,664,976</b>	<b>5,831,746</b>	<b>608,376</b>
Excess (deficiency) of receipts over (under) disbursements	(273,417)	(935,798)	(1,072,568)	799,151
Other financing sources, net	35,910	100	100	35,810
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(237,507)	(935,698)	(1,072,468)	834,961
Balance beginning of year	3,823,422	2,702,386	2,702,386	1,121,036
Balance end of year	<b>\$ 3,585,915</b>	<b>1,766,688</b>	<b>1,629,918</b>	<b>1,955,997</b>

See accompanying independent auditor's report.

Ida County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 4,949,953	18,698	4,968,651
Expenditures	5,223,370	2,611	5,225,981
Net	(273,417)	16,087	(257,330)
Other financing sources, net	35,910	(10)	35,900
Beginning fund balances	3,823,422	396,380	4,219,802
Ending fund balances	\$ 3,585,915	412,457	3,998,372

See accompanying independent auditor's report.

Ida County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$166,770. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the 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, 2006, disbursements exceeded the amount budgeted in the roads and transportation function.

**Ida County**

**Other Supplementary Information**

Ida County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds

June 30, 2006

	County Recorder's Records Management	County Government Assistance	Resource Enhancement and Protection	Confiscated Funds - County Attorney
<b>Assets</b>				
Cash and pooled investments	\$ 6,637	103,802	4,981	370
Restricted cash and pooled investments	-	-	-	-
Accrued interest receivable	22	-	31	-
Due from other governments	-	-	4,639	-
Prepaid Insurance	-	-	480	-
<b>Total assets</b>	<b>\$ 6,659</b>	<b>103,802</b>	<b>10,131</b>	<b>370</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Salaries and benefits payable	\$ -	-	137	-
Fund equity:				
Fund balances:				
Reserved for closure and postclosure care	-	-	-	-
Unreserved	6,659	103,802	9,994	370
Total fund equity	6,659	103,802	9,994	370
<b>Total liabilities and fund equity</b>	<b>\$ 6,659</b>	<b>103,802</b>	<b>10,131</b>	<b>370</b>

See accompanying independent auditor's report.

Landfill Closure/ Postclosure	Recorders Electronic Transaction Fee	Public Health Services Enhancement	Total
-	59	8,658	124,507
512,257	-	-	512,257
5,495	-	-	5,548
-	-	-	4,639
-	-	-	480
517,752	59	8,658	647,431
-	-	-	137
517,752	-	-	517,752
-	59	8,658	129,542
517,752	59	8,658	647,294
517,752	59	8,658	647,431

Ida County

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

Year ended June 30, 2006

	County Recorder's Records Management	County Government Assistance	Resource Enhancement and Protection	Confiscated Funds - County Attorney
Revenues:				
Intergovernmental	\$ -	-	9,105	-
Charges for service	1,696	-	-	-
Use of money and property	82	14,000	196	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,778</u>	<u>14,000</u>	<u>9,301</u>	<u>-</u>
Expenditures:				
Operating:				
County environment and education	-	-	14,178	-
Governmental services to residents	-	-	-	-
Administration	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>14,178</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,778	14,000	(4,877)	-
Other financing sources:				
Operating transfers in	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	1,778	14,000	(4,877)	-
Fund balances beginning of year	4,881	89,802	14,871	370
Fund balances end of year	<u>\$ 6,659</u>	<u>103,802</u>	<u>9,994</u>	<u>370</u>

See accompanying independent auditor's report.

Landfill Closure/ Postclosure	Recorders Electronic Transaction Fee	Ida County Foundation Trust	Public Health Services Enhancement	Total
-	-	-	-	9,105
-	-	-	-	1,696
19,535	65	-	-	33,878
-	50	5,000	-	5,050
19,535	115	5,000	-	49,729
-	-	-	-	14,178
-	8,227	-	-	8,227
-	-	5,000	-	5,000
-	8,227	5,000	-	27,405
19,535	(8,112)	-	-	22,324
54,519	-	-	-	54,519
74,054	(8,112)	-	-	76,843
443,698	8,171	-	8,658	570,451
517,752	59	-	8,658	647,294

**Schedule 3**

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Ida County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2006

	Employee Health Insurance	Cafeteria Plan	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 245,208	-	245,208
Accrued interest receivable	551	-	551
	<u>245,759</u>	-	<u>245,759</u>
<b>Liabilities</b>			
Due to other funds	-	468	468
			<u>468</u>
<b>Net assets</b>			
Unrestricted	\$ 245,759	(468)	<u>245,291</u>

See accompanying independent auditor's report.

## Ida County

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

Year ended June 30, 2006

	Employee Health Insurance	Cafeteria Plan	Total
Operating revenues:			
Charges for service:			
Reimbursements from operating funds	\$ 9,246	-	9,246
Employee contributions	181	10,475	10,656
Total operating revenues	9,427	10,475	19,902
Operating expenses:			
Medical claims	8,989	-	8,989
Cafeteria plan benefits	-	11,145	11,145
Total operating expenses	8,989	11,145	20,134
Operating income (loss)	438	(670)	(232)
Non-operating revenues:			
Interest on investments	11,488	-	11,488
Net income	11,926	(670)	11,256
Net assets beginning of the year	233,833	202	234,035
Net assets (deficit) end of year	\$ 245,759	(468)	245,291

See accompanying independent auditor's report.

**Schedule 5**

Ida County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2006

	Employee Health Insurance	Cafeteria Plan	Total
Cash flows from operating activities:			
Cash received from operating funds	\$ 9,246	-	9,246
Cash received from employees	181	10,475	10,656
Cash paid for medical claims	(11,989)	-	(11,989)
Cash paid for cafeteria plan benefits	-	(10,677)	(10,677)
Net cash used by operating activities	(2,562)	(202)	(2,764)
Cash flows from investing activities			
Interest on investments	10,937	-	10,937
Net increase (decrease) in cash and cash equivalents	8,375	(202)	8,173
Cash and cash equivalents at beginning of year	236,833	202	237,035
Cash and cash equivalents at end of year	\$ 245,208	-	245,208
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>			
Operating income (loss)	\$ 438	(670)	(232)
Adjustment to reconcile operating income (loss) to net cash used by operating activities:			
Increase (decrease) in accounts payable	(3,000)	468	(2,532)
Net cash used by operating activities	\$ (2,562)	(202)	(2,764)

See accompanying independent auditor's report.

**Ida County**

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

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,493	62,473	67,027
Other County officials	9,061	-	-	-
Receivables:				
Property tax:				
Delinquent	-	15	17	694
Succeeding year	-	92,000	101,000	3,965,000
Accounts	138	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 9,199</b>	<b>93,508</b>	<b>163,490</b>	<b>4,032,721</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	348	-
Salaries and benefits payable	-	-	-	-
Due to other governments	4,339	93,508	158,509	4,032,721
Trusts payable	4,860	-	-	-
Compensated absences	-	-	4,633	-
<b>Total liabilities</b>	<b>\$ 9,199</b>	<b>93,508</b>	<b>163,490</b>	<b>4,032,721</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
3,672	10,818	2,285	133,398	140,235	421,401
-	-	-	-	-	9,061
37	1,233	23	-	-	2,019
218,000	1,268,000	124,000	-	1,000	5,769,000
-	-	-	-	14,374	14,512
-	-	-	-	10,960	10,960
221,709	1,280,051	126,308	133,398	166,569	6,226,953
-	-	-	-	20,692	21,040
-	-	-	-	5,399	5,399
221,709	1,280,051	126,308	133,398	102,969	6,153,512
-	-	-	-	-	4,860
-	-	-	-	37,509	42,142
221,709	1,280,051	126,308	133,398	166,569	6,226,953

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

Year ended June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 8,600	91,536	170,943	4,058,829
Additions:				
Property and other county tax	-	91,650	100,882	3,961,439
E911 surcharge	-	-	-	-
State tax credits	-	6,146	6,779	273,466
Drivers license fees	-	-	-	-
Office fees and collections	181,394	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	94,161	-	-	-
Miscellaneous	-	-	872	-
Total additions	275,555	97,796	108,533	4,234,905
Deductions:				
Agency remittances:				
To other funds	110,008	-	-	-
To other governments	72,987	95,824	115,986	4,261,013
Trusts paid out	91,961	-	-	-
Total deductions	274,956	95,824	115,986	4,261,013
Balances end of year	\$ 9,199	93,508	163,490	4,032,721

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Other	Total
221,083	1,303,968	121,344	142,407	145,433	6,264,143
218,011	1,263,929	124,355	-	1,231	5,761,497
-	-	-	-	62,865	62,865
15,066	95,099	7,827	-	84	404,467
-	-	-	15,624	-	15,624
-	-	-	-	-	181,394
-	-	-	1,879,707	-	1,879,707
-	-	-	-	5,868	5,868
-	-	-	-	-	94,161
-	-	-	-	1,063,514	1,064,386
233,077	1,359,028	132,182	1,895,331	1,133,562	9,469,969
-	-	-	75,507	10	185,525
232,451	1,382,945	127,218	1,828,833	1,112,416	9,229,673
-	-	-	-	-	91,961
232,451	1,382,945	127,218	1,904,340	1,112,426	9,507,159
221,709	1,280,051	126,308	133,398	166,569	6,226,953

**Schedule 8**

## Ida County

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

For the Last Six Years

	Modified Accrual Basis					
	2006	2005	2004	2003	2002	2001
<b>Revenues:</b>						
Property and other county tax	\$ 1,805,477	1,794,080	1,781,461	1,753,654	1,711,400	1,764,020
Interest and penalty on property tax	16,904	16,512	15,886	13,930	14,823	17,467
Intergovernmental	2,498,943	2,556,140	2,401,989	2,277,734	2,457,162	2,381,672
Licenses and permits	13,883	9,907	8,545	8,877	6,665	7,583
Charges for service	424,370	436,497	413,286	336,877	357,731	306,442
Use of money and property	190,666	85,074	46,471	77,434	116,107	245,255
Fines, forfeitures and defaults	-	-	-	-	224	814
Miscellaneous	18,408	36,389	2,491	37,749	29,538	12,174
<b>Total</b>	<b>\$ 4,968,651</b>	<b>4,934,599</b>	<b>4,670,129</b>	<b>4,506,255</b>	<b>4,693,650</b>	<b>4,735,427</b>
<b>Expenditures:</b>						
<b>Operating:</b>						
Public safety and legal services	\$ 519,155	480,795	478,252	462,695	446,205	391,722
Physical health and social services	360,158	318,038	403,786	414,539	415,643	399,138
Mental health	646,308	610,672	585,812	600,863	590,865	596,809
County environment and education	364,521	360,779	428,899	352,426	333,195	339,395
Roads and transportation	2,281,399	1,628,623	1,760,485	2,129,355	1,867,319	1,727,312
Governmental services to residents	250,304	268,221	226,212	218,386	197,742	177,693
Administration	607,036	612,838	569,878	521,064	498,273	486,639
Capital projects	197,100	53,982	153,477	447,737	71,441	282,783
<b>Total</b>	<b>\$ 5,225,981</b>	<b>4,333,948</b>	<b>4,606,801</b>	<b>5,147,065</b>	<b>4,420,683</b>	<b>4,401,491</b>

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

**Ida County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Ida County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ida County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 26, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

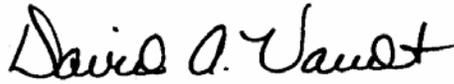
Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 26, 2007

Ida County

Schedule of Findings

Year ended June 30, 2006

**Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

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

	<u>Applicable Offices</u>
(1) A list of money and checks received is not prepared and compared to cash receipt records.	Treasurer and Sheriff
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash receipts.	Treasurer, Recorder and Sheriff
(3) Investment – custody and accounting functions are not segregated and investments are not reviewed by an independent person.	Treasurer
(4) Cash - preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety. The change fund is shared among employees and is not verified by surprise counts.	Treasurer and Recorder

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

Ida County

Schedule of Findings

Year ended June 30, 2006

Responses -

Sheriff - I will try to get my chief deputy involved in opening the mail and making a list on a test basis and later I will trace the receipts to the deposits and receipts. I will try to reconcile some receipts to deposits and the cash book on a test basis.

Recorder - We will try to comply with the recommendations.

Treasurer - We will attempt to comply with the recommendations

Conclusion - Responses accepted.

- (B) Landfill Receipts - Although pre-numbered receipts are issued at the landfill, an independent review should be done to ensure all receipts are accounted for.

Also, landfill collections are not deposited on a timely basis with the County Treasurer.

Recommendation - An independent review should be completed to ensure all receipts have been accounted for and deposited. In addition, to safeguard cash and increase funds available for investment, receipts should be recorded and deposited intact on a timely basis.

Response - We will try to have someone independent of the landfill attendant reconcile the prenumbered receipts from the landfill to the deposits made with the County Treasurer. We will try to have the landfill attendant deposit receipts with the County Treasurer on a more timely basis (hopefully once a week).

Conclusion - Response accepted

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

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

Responses -

Treasurer - We realize this is a weakness. However, since everyone in the office is using the only terminal available for cash receipting, signing off and on for each tax transaction and miscellaneous receipt we ring in is not customer friendly or time efficient. Hopefully, when we get an updated software package there is an option available to have more than one clerk signed in without signing off each time.

Ida County

Schedule of Findings

Year ended June 30, 2006

Board of Supervisors – The County will develop written policies addressing the above items in order to improve the County’s control over computer based systems.

Conclusion – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Ida County

Schedule of Findings

Year ended June 30, 2006

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amount budgeted in the roads and transportation function.

Recommendations – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – It was necessary during the fiscal year 2005 audit to move some of the roads and transportation disbursements from fiscal year 2005 to fiscal year 2006 because of the actual receipt of the equipment. We inadvertently failed to amend the budget for fiscal year 2006 for that change. We will watch this in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Sheriff – The County Sheriff prepaid \$5,000 to Pronto for gasoline on June 13, 2006.

Recommendation – The County should not prepay any expenses, except for maintenance agreements, postage and insurance.

Ida County

Schedule of Findings

Year ended June 30, 2006

Response – We will no longer engage in this practice.

Conclusion – Response accepted.

- (10) Solid Waste Fees Retainage – During the year ended June 30, 2006, the County retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.
- (11) Financial Assurance – Ida County has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Postclosure Care
Total estimated costs for closure and postclosure care	\$ 143,499	409,237
Less: Balance of funds held in the local dedicated fund at June 30, 2005	121,208	322,490
	22,291	86,747
Divided by the number of years remaining in the pay-in period	÷     2	2
Required payment into the local dedicated fund for the year ended June 30, 2006	11,145	43,374
Balance of funds held in the local dedicated fund at June 30, 2005	121,208	322,490
Required balance of funds to be held in the local dedicated fund at June 30, 2006	\$ 132,353	365,864
Amount County has reserved for closure and postclosure care at June 30, 2006	\$ 137,653	380,099

- (12) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2006 for the County Extension Office did not exceed the amount budgeted.

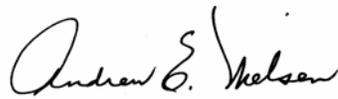
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Ida County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor  
Marc D. Johnson, Staff Auditor  
Rick W. Reeves, Assistant Auditor  
Patrick M. Garaghty, Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State