



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE March 22, 2006

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Poweshiek County, Iowa.

The County had local tax revenue of \$20,922,403 for the year ended June 30, 2005, which included \$995,482 in tax credits from the state. The County forwarded \$16,044,553 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,877,850 of the local tax revenue to finance County operations, a 1.7% increase over the prior year. Other revenues included charges for service of \$982,030, operating grants, contributions and restricted interest of \$3,363,897, capital grants, contributions and restricted interest of \$2,854,343, unrestricted investment earnings of \$123,366 and other general revenues of \$147,896.

Expenses for County operations totaled \$9,162,393, an 8 percent increase over the prior year. Expenses included \$3,626,951 for roads and transportation, \$1,528,038 for mental health and \$1,510,154 for public safety and legal services. The County also reported a special item of \$307,849 for the contribution of transfer station assets to the South Central Iowa Solid Waste Agency.

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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**POWESHIEK COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2005**

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**Poweshiek County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2005)</b>		
Roger Roudabush	Board of Supervisors	Jan 2005
Tom Law	Board of Supervisors	Jan 2007
Sandy Moffett	Board of Supervisors	Jan 2007
Jo Wray	County Auditor	Jan 2005
Lana Taylor	County Treasurer	Jan 2007
Beverly Malloy	County Recorder	Jan 2007
Thomas B. Sheets	County Sheriff	Jan 2005
Michael W. Mahaffey	County Attorney	Jan 2007
Margaret Hutchinson	County Assessor	Jan 2010
<b>(After January 2005)</b>		
Tom Law	Board of Supervisors	Jan 2007
Sandy Moffett	Board of Supervisors	Jan 2007
Doug Shutts	Board of Supervisors	Jan 2009
Jo Wray	County Auditor	Jan 2009
Lana Taylor	County Treasurer	Jan 2007
Beverly Malloy	County Recorder	Jan 2007
Thomas B. Sheets	County Sheriff	Jan 2009
Michael W. Mahaffey	County Attorney	Jan 2007
Margaret Hutchinson	County Assessor	Jan 2010

**Poweshiek County**



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Independent Auditor's Report

To the Officials of Poweshiek County:

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

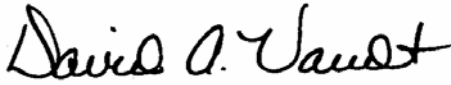
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 Poweshiek County at June 30, 2005, 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.

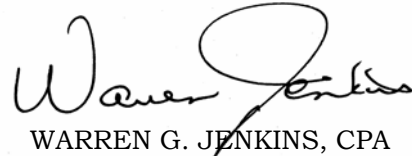
In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2005 on our consideration of Poweshiek County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 44 through 46 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 Poweshiek 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 four years ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements for the omission of general fixed assets or capital assets and materials and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 15, 2005



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

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Poweshiek 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, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2005 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 12.7%, or approximately \$1,391,000, from fiscal year 2004 to fiscal year 2005. Charges for service decreased approximately \$863,000 and capital grants and contributions increased approximately \$2,050,000.
- Program expenses of the County's governmental activities, including the special item, were 11.8%, or approximately \$1,001,000, more in fiscal year 2005 than in fiscal year 2004. Roads and transportation expenses increased by approximately \$1,024,000, county environment and education expenses decreased approximately \$852,000 and public safety and legal services expenses increased approximately \$200,000.
- The County's net assets increased 26%, or approximately \$2,879,000, from June 30, 2004 to June 30, 2005.

### **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 Poweshiek 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 Poweshiek 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 Poweshiek 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 governmental funds and the individual Agency Funds.

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

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

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets for governmental activities.

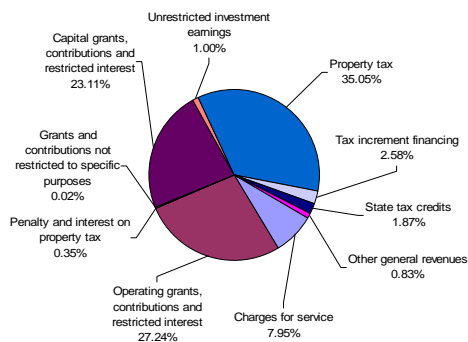
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2005	2004
Current and other assets	\$ 12,318	12,210
Capital assets	7,650	4,669
Total assets	<u>19,968</u>	<u>16,879</u>
Long-term liabilities	813	611
Other liabilities	5,404	5,396
Total liabilities	<u>6,217</u>	<u>6,007</u>
Net assets:		
Invested in capital assets, net of related debt	7,404	4,606
Restricted	4,521	4,675
Unrestricted	1,826	1,591
Total net assets	<u>\$ 13,751</u>	<u>10,872</u>

Net assets of Poweshiek County's governmental activities increased by 26% (\$13.8 million compared to \$10.9 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. 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—increased from \$1,591,186 at June 30, 2004 to \$1,825,725 at the end of this year, an increase of 15%.

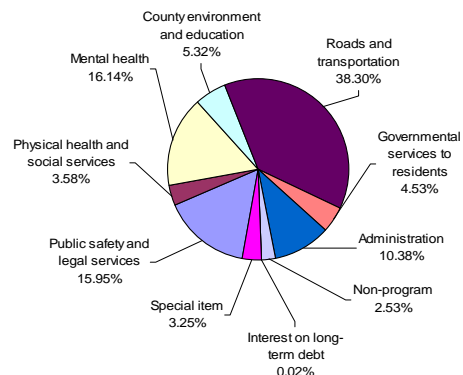
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended	
	June 30,	
	2005	2004
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 982	1,845
Operating grants, contributions and restricted interest	3,364	3,364
Capital grants, contributions and restricted interest	2,854	804
<b>General revenues:</b>		
Property tax	4,328	4,284
Tax increment financing	319	289
Penalty and interest on property tax	43	49
State tax credits	231	222
Grants and contributions not restricted to specific purposes	3	14
Unrestricted investment earnings	123	55
Other general revenues	102	32
<b>Total revenues</b>	<b>12,349</b>	<b>10,958</b>
<b>Program expenses and special item:</b>		
Public safety and legal services	1,510	1,310
Physical health and social services	339	338
Mental health	1,528	1,371
County environment and education	504	1,356
Roads and transportation	3,627	2,603
Governmental services to residents	429	392
Administration	983	832
Non-program	240	261
Interest on long-term debt	2	6
Special item	308	-
<b>Total expenses and special item</b>	<b>9,470</b>	<b>8,469</b>
<b>Increase in net assets</b>	<b>2,879</b>	<b>2,489</b>
<b>Net assets beginning of year</b>	<b>10,872</b>	<b>8,383</b>
<b>Net assets end of year</b>	<b>\$ 13,751</b>	<b>10,872</b>

**Revenue by Source**



**Expenses by Program**



The County increased property tax rates for 2005 by an average of 7 percent. This increase raised the County's property tax revenue by approximately \$49,000 in 2005. County wide taxable valuations in Poweshiek County have fluctuated as follows: from \$752,290,657 in FY03, to \$764,500,271 in FY04 and \$736,945,481 in FY05. Based on fluctuations in the total assessed valuation, property tax revenue is budgeted to increase by an additional \$7,900 next year.

The decrease in charges for service and county environment and education expenses result primarily from the transfer of the operation of the transfer station to the South Central Iowa Solid Waste Agency.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Poweshiek County completed the year, its governmental funds reported a combined fund balance of \$6.3 million, a decrease of approximately \$165,000 below last year's total of \$6.5 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance increased approximately \$237,000 over the prior year to approximately \$1,419,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Mental Health Fund revenues remained consistent when compared to the prior year. For the year ended June 30, 2005, expenditures totaled approximately \$1,521,000, an increase of 10% over the prior year. The Mental Health Fund balance at year end decreased by approximately \$309,000 from the prior year to approximately \$86,000.
- Rural Services Fund revenues increased approximately \$297,000 due to an increase in property and other county taxes, intergovernmental funds received for contract law enforcement services from cities and charges for service generated by uniformed patrol and physical health. Rural Services Fund expenditures increased approximately \$464,000 due to providing contract law enforcement services to cities, expanding law enforcement coverage in the rural areas and providing physical health services.
- Secondary Roads Fund revenues decreased by approximately \$408,000 from the prior year, due principally to four different BROS projects that were on going or completed during FY04. In FY05, Poweshiek County had no BROS funded projects. Expenditures increased approximately \$835,000.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Poweshiek County amended its budget three times. The first amendment was made in August 2004 and resulted in an increase in budgeted disbursements related to public safety and legal services, physical health and social services, governmental services to residents, administration, non program and capital projects. This amendment was made to provide for additional expenditures in the functions, primarily in capital projects. The second amendment was made in December 2004. This amendment was made to public safety and legal services, physical health and social services, governmental services to residents and administration. This amendment was made to provide for the purchase of data processing equipment, a grant from the U.S. Department of Justice and additional expenditures in other functions. The third amendment was made in May 2005. This amendment was made to public safety and legal services, physical health and social services, mental health, county environment and education, administration and nonprogram. This amendment was made to provide for additional expenditures in the above referenced functions and for the purchase of patrol cars.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2005, Poweshiek County had approximately \$7.65 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30, 2005	June 30, 2004
Land	\$ 1,286	1,027
Construction in progress	-	573
Buildings and improvements	713	742
Equipment and vehicles	1,982	2,212
Infrastructure	3,669	115
Total	\$ 7,650	4,669

This year's major additions included (in thousands):

Capital assets contributed by the Iowa Department of Transportation	\$ 2,736
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The County had depreciation expense of \$395,511 in FY05 and total accumulated depreciation of \$4,307,563 at June 30, 2005. Capital assets increased primarily from completion of a farm to market road project. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2005, Poweshiek County had approximately \$246,000 in debt outstanding compared to approximately \$63,000 at June 30, 2004. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2005	2004
General obligation notes	\$ -	\$ 41
Deferred payment contract	-	22
Installment purchase agreement	246	-
Total	\$ 246	\$ 63

Debt increased when the County entered into an installment purchase agreement for land.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County. The County's outstanding general obligation debt is well below its constitutional debt limit of \$39,044,200.

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

Poweshiek County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates and the fees charged for various County activities. In an ongoing effort to maintain County services without raising tax levies, the Poweshiek County Board of Supervisors is committed to limiting expenditure increases, using excess fund balances and reducing funding to non-mandated programs to provide essential services for the citizens of Poweshiek County. The FY 2006 county-wide property tax rate is \$7.32529 per \$1,000 of taxable valuation.

Budgeted disbursements in the FY 2006 operating budget are approximately \$12,196,089, a decrease of 1% from the final FY 2005 budget. Poweshiek County will spend down fund balances to finance programs currently offered and to offset the effect inflation has on program costs. Increased wage adjustments for union and pay-plan employees represent the largest portion of the increased expenses. Poweshiek County has added no major programs to the 2006 budget, with note of the expansion of law enforcement services in the rural areas and contract law enforcement services within the cities. Poweshiek County sold the Poweshiek County Solid Waste Transfer Station to the South Central Iowa Solid Waste Agency in an effort to provide professional management to the solid waste function.

Per Capita Income: For fiscal year 2005, July 1, 2004 through June 30, 2005, Poweshiek County ranked 37<sup>th</sup> in the state with a population of 19,036. Poweshiek County ranks 48<sup>th</sup> in the state for FY06 Property and Utility Taxes of \$4,872,248. Poweshiek County ranks 72<sup>nd</sup> in the State for per capita tax of \$256. Poweshiek County ranks 33<sup>rd</sup> in the State for taxable valuation, including utilities, of \$743,289,976. Poweshiek County ranks 28<sup>th</sup> in the State in valuation per capita of \$39,047. Poweshiek County ranks 25<sup>th</sup> in the State in area in square miles. Poweshiek County ranks 37<sup>th</sup> in the State in population per square mile of 32.32. Poweshiek County ranks 13<sup>th</sup> in the State in personal income per capita (2003) of \$28,483.

County Population: In July 2004, Poweshiek County's population was estimated at 19,036. In July 2003, Poweshiek County's population was estimated at 18,973. The estimated county population in July 2002 was 18,860 and on July 1, 2001 was 18,900. The 2000 county census reflected a population of 18,815. The 1990 county census reflected a population of 19,033. The percentage change between 2000-2004 was 1.17%. The percentage change between 1990-2004 was 0.02%. The percentage change between 1980-2004 was -1.40%. The county population of the unincorporated area is 5,826, 30.6% of total county population, and the population of the incorporated area is 13,210, 69.4% of total county population of 19,036.

County Property Tax Levies and Valuation Trends: For fiscal years 2001-2006, Poweshiek County has experienced the following trends in property taxes levied. In FY01, property taxes levied were \$3,720,447, in FY02 property taxes levied were \$3,868,797, in FY03 property taxes levied were \$4,569,251, in FY04 property taxes levied were \$4,530,461, in FY05 property taxes levied were \$4,569,251 and in FY06 property taxes levied were \$4,545,186. The five year average change for the period FY01 through FY06 is 4.1%.

For fiscal years 2001-2006, Poweshiek County has experienced the following trends in taxable valuations. In FY01, the County's taxable valuation was \$686,210,737 and continued to increase in FY02, FY03 and FY04 to \$718,561,873, \$752,290,657 and \$764,500,271, respectively. The taxable valuation decreased in FY05 to \$736,945,481 but increased in FY06 to \$743,289,976. The five year average change for the period FY01 through FY06 is 1.6%.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Poweshiek 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 Poweshiek County Auditor's Office, 302 East Main Street, Montezuma, Iowa 50171-0314.

**Poweshiek County**



## **Basic Financial Statements**

**Exhibit A**

Poweshiek County  
Statement of Net Assets  
June 30, 2005

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,462,084
Receivables:	
Property tax:	
Delinquent	15,404
Succeeding year	4,759,000
Interest and penalty on property tax	14,997
Accounts	26,973
Accrued interest	29,304
Due from other governments	452,893
Inventories	473,322
Prepaid insurance	84,131
Capital assets (net of accumulated depreciation)	7,650,134
<b>Total assets</b>	<u>19,968,242</u>
<b>Liabilities</b>	
Accounts payable	482,172
Salaries and benefits payable	26,692
Due to other governments	136,435
Deferred revenue:	
Succeeding year property tax	4,759,000
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	116,383
Compensated absences	141,438
Portion due or payable after one year:	
Installment purchase agreement	129,315
Compensated absences	50,938
Landfill postclosure care	375,000
<b>Total liabilities</b>	<u>6,217,373</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	7,404,436
Restricted for:	
Supplemental levy purposes	203,673
Mental health purposes	81,516
Secondary roads purposes	3,140,748
Debt service	11,573
Other purposes	1,083,198
Unrestricted	1,825,725
<b>Total net assets</b>	<u>\$ 13,750,869</u>

See notes to financial statements.

Poweshiek County  
Statement of Activities  
Year ended June 30, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,510,154	288,201	37,653	-	(1,184,300)
Physical health and social services	338,982	22,906	135,058	-	(181,018)
Mental health	1,528,038	-	766,149	-	(761,889)
County environment and education	504,290	96,174	79,549	-	(328,567)
Roads and transportation	3,626,951	57,353	2,337,588	2,854,343	1,622,333
Governmental services to residents	429,336	334,973	7,272	-	(87,091)
Administration	982,406	10,114	-	-	(972,292)
Non-program	240,314	172,309	-	-	(68,005)
Interest on long-term debt	1,922	-	628	-	(1,294)
<b>Total</b>	<b>\$ 9,162,393</b>	<b>982,030</b>	<b>3,363,897</b>	<b>2,854,343</b>	<b>(1,962,123)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					4,289,703
Debt service					38,377
Tax increment financing					319,042
Penalty and interest on property tax					42,671
State tax credits					230,728
Grants and contributions not restricted to specific purpose					3,261
Unrestricted investment earnings					123,366
Gain on sale of capital assets					27,625
Miscellaneous					74,339
Special item:					
Contribution of transfer station assets to the South Central Iowa Solid Waste Agency					(307,849)
<b>Total general revenues and special item</b>					<b>4,841,263</b>
Change in net assets					2,879,140
Net assets beginning of year					10,871,729
Net assets end of year					<b>\$ 13,750,869</b>

See notes to financial statements.

Poweshiek County  
Balance Sheet  
Governmental Funds

June 30, 2005

	Special Revenue		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments	\$ 1,331,406	297,882	303,984
Receivables:			
Property tax:			
Delinquent	7,659	1,347	5,897
Succeeding year	2,471,000	435,000	1,353,000
Interest and penalty on property tax Accounts	14,997	-	-
Accrued interest	3,325	13,593	848
Due from other funds	28,902	-	-
Due from other governments	22,072	-	-
Inventories	28,552	-	3,500
Prepaid insurance	-	-	-
Advance to Internal Service Fund	39,112	-	14,620
	100,000	-	-
<b>Total assets</b>	<b>\$ 4,047,025</b>	<b>747,822</b>	<b>1,681,849</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 101,815	68,995	9,406
Salaries and benefits payable	5,855	2,687	956
Due to other funds	-	22,072	769
Due to other governments	4,656	131,779	-
Deferred revenue:			
Succeeding year property tax	2,471,000	435,000	1,353,000
Other	44,728	1,347	5,897
Total liabilities	2,628,054	661,880	1,370,028
Fund balances:			
Reserved for:			
Supplemental levy purposes	203,673	-	-
Debt service	-	-	-
Advance to Internal Service Fund	100,000	-	-
Unreserved, reported in:			
General fund	1,115,298	-	-
Special revenue funds:			
Designated for postclosure care	-	-	-
Undesignated	-	85,942	311,821
Total fund balances	1,418,971	85,942	311,821
<b>Total liabilities and fund balances</b>	<b>\$ 4,047,025</b>	<b>747,822</b>	<b>1,681,849</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,534,294	1,467,739	5,935,305
-	501	15,404
-	500,000	4,759,000
-	-	14,997
9,207	-	26,973
-	402	29,304
769	-	22,841
419,323	1,518	452,893
473,322	-	473,322
30,399	-	84,131
-	-	100,000
<b>3,467,314</b>	<b>1,970,160</b>	<b>11,914,170</b>
216,656	300	397,172
17,105	89	26,692
-	-	22,841
-	-	136,435
-	500,000	4,759,000
224,831	501	277,304
<b>458,592</b>	<b>500,890</b>	<b>5,619,444</b>
-	-	203,673
-	11,072	11,072
-	-	100,000
-	-	1,115,298
-	375,000	375,000
3,008,722	1,083,198	4,489,683
<b>3,008,722</b>	<b>1,469,270</b>	<b>6,294,726</b>
<b>3,467,314</b>	<b>1,970,160</b>	<b>11,914,170</b>

**Poweshiek County**

Poweshiek County

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

June 30, 2005

**Total governmental fund balances (page 19)** \$ 6,294,726

***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 \$11,957,697 and the accumulated depreciation is \$4,307,563. 7,650,134

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 277,304

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 341,779

Long-term liabilities, including installment purchase agreement payable, landfill postclosure care and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (813,074)

**Net assets of governmental activities (page 16)** \$ 13,750,869

See notes to financial statements.

Poweshiek County

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

Year ended June 30, 2005

	General	Special Revenue	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 2,634,060	421,393	1,238,581
Interest and penalty on property tax	39,701	-	-
Intergovernmental	321,592	788,073	199,194
Licenses and permits	538	-	23,879
Charges for service	359,141	-	48,249
Use of money and property	187,883	-	-
Fines, forfeitures and defaults	-	-	-
Miscellaneous	13,041	2,673	4,878
Total revenues	<u>3,555,956</u>	<u>1,212,139</u>	<u>1,514,781</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	1,018,936	-	418,407
Physical health and social services	320,755	-	37,131
Mental health	-	1,521,306	-
County environment and education	273,173	-	39,789
Roads and transportation	-	-	-
Governmental services to residents	397,706	-	4,065
Administration	1,114,900	-	10,583
Non-program	104,066	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>3,229,536</u>	<u>1,521,306</u>	<u>509,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>326,420</u>	<u>(309,167)</u>	<u>1,004,806</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	(99,893)	-	(1,129,673)
Installment purchase agreement	10,000	-	-
Total other financing sources (uses)	<u>(89,893)</u>	<u>-</u>	<u>(1,129,673)</u>
Net change in fund balances	236,527	(309,167)	(124,867)
Fund balances beginning of year	<u>1,182,444</u>	<u>395,109</u>	<u>436,688</u>
Fund balances end of year	<u>\$ 1,418,971</u>	<u>85,942</u>	<u>311,821</u>

See notes to financial statements.



Secondary Roads	Nonmajor	Total
-	357,062	4,651,096
-	-	39,701
2,362,288	136,964	3,808,111
24,796	-	49,213
-	87,004	494,394
300	3,192	191,375
-	5,058	5,058
32,629	29,013	82,234
<u>2,420,013</u>	<u>618,293</u>	<u>9,321,182</u>
-	104,877	1,542,220
-	-	357,886
-	-	1,521,306
-	403,251	716,213
3,627,542	-	3,627,542
-	35,101	436,872
-	-	1,125,483
-	-	104,066
-	43,234	43,234
182,547	87,511	270,058
<u>3,810,089</u>	<u>673,974</u>	<u>9,744,880</u>
<u>(1,390,076)</u>	<u>(55,681)</u>	<u>(423,698)</u>
1,204,566	50,000	1,254,566
-	(25,000)	(1,254,566)
-	248,630	258,630
<u>1,204,566</u>	<u>273,630</u>	<u>258,630</u>
(185,510)	217,949	(165,068)
<u>3,194,232</u>	<u>1,251,321</u>	<u>6,459,794</u>
<u>3,008,722</u>	<u>1,469,270</u>	<u>6,294,726</u>

Poweshiek County

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

Year ended June 30, 2005

**Net change in fund balances - Total governmental funds (page 23)** \$ (165,068)

**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	\$ 921,326	
Capital assets contributed by the Iowa Department of Transportation	2,735,693	
Depreciation expense	(395,511)	3,261,508

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. 27,625

In the Statement of Activities, the contribution of assets to the South Central Iowa Solid Waste Agency is reported as a special item, whereas the governmental funds report the \$1 received from the South Central Iowa Solid Waste Agency as an increase in financial resources. (307,850)

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

Property tax	(1,004)	
Other	93,578	92,574

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

Issued	(258,630)	
Repaid	75,744	(182,886)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (18,866)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 172,103

**Change in net assets of governmental activities (page 17)** \$ 2,879,140

See notes to financial statements.

Poweshiek County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2005

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash and cash equivalents	\$ 526,779
<b>Liabilities</b>	
Accounts payable	85,000
Advance from General Fund	100,000
Total liabilities	185,000
<b>Net Assets</b>	
Unrestricted	\$ 341,779

See notes to financial statements.

**Exhibit H**

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## Poweshiek County

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

Year ended June 30, 2005

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 765,360
Reimbursements from employees		80,398
Insurance reimbursements		169
Total operating revenues		<u>845,927</u>
Operating expenses:		
Medical claims	\$ 535,350	
Insurance premiums	102,432	
Administrative fees	30,154	
Miscellaneous	7,578	675,514
Operating income		<u>170,413</u>
Non-operating revenues:		
Interest income		1,690
Net income		<u>172,103</u>
Net assets beginning of year		<u>169,676</u>
Net assets end of year		<u><u>\$ 341,779</u></u>

See notes to financial statements.

Poweshiek County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2005

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 765,360
Cash received from employees and others	80,567
Cash paid to suppliers for services	<u>(690,514)</u>
Net cash provided by operating activities	155,413
Cash flows from investing activities:	
Interest on investments	<u>1,690</u>
Net increase in cash and cash equivalents	157,103
Cash and cash equivalents beginning of year	<u>369,676</u>
Cash and cash equivalents end of year	<u><u>\$ 526,779</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 170,413
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	<u>(15,000)</u>
Net cash provided by operating activities	<u><u>\$ 155,413</u></u>

See notes to financial statements.

Poweshiek County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2005

**Assets**

Cash and pooled investments:

County Treasurer	\$ 963,640
Other County officials	22,624

Receivables:

Property tax:	
Delinquent	39,828
Succeeding year	16,050,000
Accounts	19,200
Accrued interest	604
Succeeding year special assessments	4,205

Due from other governments	12,071
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<b>Total assets</b>	<u>17,112,172</u>
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**Liabilities**

Accounts payable	17,662
Due to other governments	17,059,860
Trusts payable	24,193
Compensated absences	10,457

<b>Total liabilities</b>	<u>17,112,172</u>
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<b>Net assets</b>	<u>\$ -</u>
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See notes to financial statements.

Poweshiek County

Notes to Financial Statements

June 30, 2005

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Services Commission and Poweshiek 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: Drug Task Force Agreement, South Central Iowa Solid Waste Agency and Poweshiek Area Development Corporation.

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, 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 Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

#### D. Assets, Liabilities and Fund Equity

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

Cash, 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, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2004.

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

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the 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	35,000
Land improvements	25,000
Equipment and vehicles	10,000

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	25 - 50
Land improvements	10 - 50
Infrastructure	30 - 50
Equipment	3 - 20
Vehicles	5 - 15

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide 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, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Secondary Roads and Sanitary Disposal 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.

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

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted by function and departmental disbursements did not exceed the amounts appropriated.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2005 the County had the following investments:

Type	Fair Value	Maturity
Government National Mortgage Association (GNMA)	\$ <u>6,160</u>	December 2017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$4,057,775 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The County’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

**(3) Due From and Due to Other Funds**

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

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 22,072
Special Revenue: Secondary Roads	Special Revenue: Rural Services	769
Total		<u>\$ 22,841</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

**(4) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 99,893
	Special Revenue: Rural Services	1,079,673
	Urban Renewal Revenue	25,000
		<u>1,204,566</u>
Sanitary Disposal	Special Revenue: Rural Services	50,000
Total		<u>\$ 1,254,566</u>

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

**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,026,922	258,630	-	1,285,552
Construction in progress	572,926	2,991,379	(3,564,305)	-
Total capital assets not being depreciated	<u>1,599,848</u>	<u>3,250,009</u>	<u>(3,564,305)</u>	<u>1,285,552</u>
Capital assets being depreciated:				
Buildings	1,455,366	-	-	1,455,366
Equipment and vehicles	5,664,113	434,635	(565,253)	5,533,495
Infrastructure	118,979	3,564,305	-	3,683,284
Total capital assets being depreciated	<u>7,238,458</u>	<u>3,998,940</u>	<u>(565,253)</u>	<u>10,672,145</u>
Less accumulated depreciation for:				
Buildings	713,374	29,057	-	742,431
Equipment and vehicles	3,452,115	356,519	(257,403)	3,551,231
Infrastructure	3,966	9,935	-	13,901
Total accumulated depreciation	<u>4,169,455</u>	<u>395,511</u>	<u>(257,403)</u>	<u>4,307,563</u>
Total capital assets being depreciated, net	<u>3,069,003</u>	<u>3,603,429</u>	<u>(307,850)</u>	<u>6,364,582</u>
Governmental activities capital assets, net	<u>\$ 4,668,851</u>	<u>6,853,438</u>	<u>(3,872,155)</u>	<u>7,650,134</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 40,087
Physical health and social services	1,971
Mental health	12,701
County environment and education	23,762
Roads and transportation	260,798
Governmental services to residents	1,940
Administration	54,252
Total depreciation expense - governmental activities	<u>\$ 395,511</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. 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	\$ 4,656
Special Revenue:		
Mental Health	Services	131,779
Total for governmental funds		<u>\$ 136,435</u>
Agency:		
County Assessor	Collections	\$ 577,040
Schools		10,010,055
Community Colleges		725,252
Corporations		4,942,426
Auto License and Use Tax		381,224
All other		423,863
Total for agency funds		<u>\$ 17,059,860</u>

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

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

	Installment Purchase Agreement	General Obligation Notes	Deferred Payment Contract	Compensated Absences	Estimated Liability for Landfill Postclosure Care	Total
Balance beginning of year	\$ -	41,312	21,500	173,510	375,000	611,322
Increases	258,630	-	-	205,330	-	463,960
Decreases	12,932	41,312	21,500	186,464	-	262,208
Balance end of year	<u>\$ 245,698</u>	<u>-</u>	<u>-</u>	<u>192,376</u>	<u>375,000</u>	<u>813,074</u>
Due within one year	<u>\$ 116,383</u>	<u>-</u>	<u>-</u>	<u>141,438</u>	<u>-</u>	<u>257,821</u>

Installment Purchase Agreement

On May 24, 2005, the County entered into an installment purchase agreement for land. The total cost was \$258,630, with no interest, to be financed over a four-year period. During the year ended June 30, 2005, \$12,932 was paid under this agreement.

General Obligation Notes Payable

During the year ended June 30, 2005, the County retired notes of \$41,312.



### Deferred Payment Contract

On November 30, 2001, the County entered into a deferred payment contract to purchase land and a building. The total cost was \$86,000, with no interest, to be financed over a four-year period. During the year ended June 30, 2005, the remaining balance of \$21,500 was paid under this agreement.

### **(8) Pension and Retirement Benefits**

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

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, 2005, 2004 and 2003 were \$167,209, \$171,492 and \$175,964, respectively, equal to the required contributions for each year.

### **(9) Risk Management**

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2005 were \$168,261.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, boiler and machinery and employee blanket bond in the amount of \$1,000,000, \$1,000,000 and \$80,000, 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.

#### **(10) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Employee Group Services, LTD., (EGS). The agreement was effective July 1, 1991 and is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$25,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to EGS from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2005 was \$765,360.

Amounts payable from the Employee Group Health Fund at June 30, 2005 total \$85,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to

pay prior-year and current-year claims and to establish a reserve for catastrophic losses. The reserve was \$341,779 at June 30, 2005 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 100,000
Incurred claims (including claims incurred but not reported at June 30, 2005)	520,350
Payment on claims during the fiscal year	<u>(535,350)</u>
Unpaid claims end of year	<u>\$ 85,000</u>

**(11) Postclosure Care**

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure 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. These costs for the Poweshiek County Sanitary Landfill have been estimated at \$375,000 as of June 30, 2005 and a liability of that amount has been recognized.

Chapter 111 of the Iowa Administrative Code has been promulgated to implement financial assurance rules. Since the Poweshiek County Sanitary Landfill stopped waste disposal prior to the Chapter 111 effective date of August 24, 1994, financial assurance is not required for the Landfill. However, the County has accumulated resources to fund postclosure care and, at June 30, 2005, deposits of \$375,000 held for these purposes are reported in the Special Revenue, Sanitary Disposal Fund.

**(12) Contingent Liability for Closure and Postclosure Care**

Poweshiek County participates in the South Central Iowa Solid Waste Agency, created under Chapter 28E of the Code of Iowa. The purpose of the Agency includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.

The County has provided a local government guarantee for a portion of the closure and postclosure care of the landfill per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation totals \$26,057.

In the event the South Central Iowa Solid Waste Agency fails to perform closure or postclosure care in accordance with the appropriate plan or permit whenever required to do so or fails to obtain alternate financial assurance within 90 days of intent to cancel, Poweshiek County will perform or pay a third party to perform closure and/or postclosure care or establish a standby trust fund in the name of the South Central Iowa Solid Waste Agency or obtain alternate financial assurance in the amount of \$26,057.

**(13) Special Item**

On July 1, 2004, the County sold the transfer station to the South Central Iowa Solid Waste Agency (Agency) for \$1. Poweshiek County and the South Central Iowa Solid Waste Agency determined it was more efficient for the Agency to operate both locations and Poweshiek County is a member of the four-county intergovernmental agency. The transfer station assets sold to the Agency consisted of 6.87 acres of land, buildings on the land and various pieces of equipment. The land and the buildings were not on the capital asset listing as they were less than the County's thresholds for capitalization. The equipment sold to the Agency had an original purchase price of \$475,699 and accumulated depreciation of \$167,849, which resulted in a loss or contribution of \$307,849.

**(14) Development Agreement**

The County entered into a development agreement to assist in an urban renewal project. The County agreed to rebate 100% of the incremental tax paid by the developer in exchange for the construction of a corn processing facility. The incremental tax to be received by the County under Chapter 403.19 of the Code of Iowa from the developer will be rebated in twenty semi-annual payments beginning on December 1, 2003. The total to be paid by the County under this agreement is not to exceed \$2,509,260. During the year ended June 30, 2005, \$205,254 was rebated to the developer, bringing the cumulative total to \$400,664.

**(15) Pending Litigation**

The County is subject to a potential lawsuit and is a defendant in lawsuits for which the probability and amount of loss, if any, is undeterminable.

**(16) Subsequent Event**

In July 2005, the County issued \$595,085 of general obligation notes to pay the costs of acquiring voting equipment, computer equipment and patrol cars for the Sheriff's Department.

**Required Supplementary Information**

Poweshiek 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, 2005

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual Variance
<b>Receipts:</b>				
Property and other county tax	\$ 4,651,096	4,614,426	4,614,426	36,670
Interest and penalty on property tax	39,701	35,000	35,000	4,701
Intergovernmental	3,864,697	3,622,970	3,862,970	1,727
Licenses and permits	49,733	36,838	36,838	12,895
Charges for service	545,358	1,141,814	1,141,814	(596,456)
Use of money and property	167,891	109,170	109,170	58,721
Fines, forfeitures and defaults	50,709	-	-	50,709
Miscellaneous	75,254	32,050	32,050	43,204
Total receipts	<u>9,444,439</u>	<u>9,592,268</u>	<u>9,832,268</u>	<u>(387,829)</u>
<b>Disbursements:</b>				
Public safety and legal services	1,536,257	1,450,473	1,836,411	300,154
Physical health and social services	342,199	406,502	431,502	89,303
Mental health	1,470,488	1,364,713	1,478,231	7,743
County environment and education	573,024	1,443,405	1,663,405	1,090,381
Roads and transportation	3,547,252	3,905,852	3,905,852	358,600
Governmental services to residents	434,939	462,363	511,263	76,324
Administration	1,076,531	998,665	1,432,134	355,603
Non-program	103,307	109,804	117,152	13,845
Debt service	43,233	43,237	43,237	4
Capital projects	319,474	48,500	348,500	29,026
Total disbursements	<u>9,446,704</u>	<u>10,233,514</u>	<u>11,767,687</u>	<u>2,320,983</u>
Excess (deficiency) of receipts over (under) disbursements	(2,265)	(641,246)	(1,935,419)	1,933,154
Other financing sources, net	-	2,700	2,700	(2,700)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,265)	(638,546)	(1,932,719)	1,930,454
Balance beginning of year	5,937,570	4,227,547	4,227,547	1,710,023
Balance end of year	<u>\$ 5,935,305</u>	<u>3,589,001</u>	<u>2,294,828</u>	<u>3,640,477</u>

See accompanying independent auditor's report.

Poweshiek County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,444,439	(123,257)	9,321,182
Expenditures	9,446,704	298,176	9,744,880
Net	(2,265)	(421,433)	(423,698)
Other financing sources, net	-	258,630	258,630
Beginning fund balances	5,937,570	522,224	6,459,794
Ending fund balances	\$ 5,935,305	359,421	6,294,726

See accompanying independent auditor's report.

Poweshiek County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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 and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,534,173. 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, 2005, disbursements did not exceed the amounts budgeted by function and departmental disbursements did not exceed the amount appropriated.



**Other Supplementary Information**

Poweshiek County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2005

	Urban Renewal Revenue	Resource Enhancement and Protection	County Recorder's Records Management	Special Conservation Land Acquisition
Revenues:				
Property and other county tax	\$ 319,042	-	-	-
Intergovernmental	1,841	11,088	-	-
Charges for service	-	-	4,515	37,188
Use of money and property	-	1,001	463	200
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	-	-	-	26,732
Total revenues	<u>320,883</u>	<u>12,089</u>	<u>4,978</u>	<u>64,120</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	205,254	185,698	-	-
Governmental services to residents	-	-	8,147	-
Debt service	-	-	-	-
Capital projects	-	-	-	87,511
Total expenditures	<u>205,254</u>	<u>185,698</u>	<u>8,147</u>	<u>87,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,629</u>	<u>(173,609)</u>	<u>(3,169)</u>	<u>(23,391)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(25,000)	-	-	-
Installment purchase agreement	-	185,698	-	62,932
Total other financing sources (uses)	<u>(25,000)</u>	<u>185,698</u>	<u>-</u>	<u>62,932</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	90,629	12,089	(3,169)	39,541
Fund balances beginning of year	<u>17,972</u>	<u>55,167</u>	<u>28,149</u>	<u>29,430</u>
Fund balances end of year	<u>\$ 108,601</u>	<u>67,256</u>	<u>24,980</u>	<u>68,971</u>

See accompanying independent auditor's report.

Revenue								
County Recorder's Electronic Transaction Fee	Sheriff/Jail	Special Law Enforcement	Contract Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Debt Service	Total	
-	-	-	-	-	-	38,020	357,062	
-	-	-	81,405	-	40,728	1,902	136,964	
14,196	-	-	-	-	31,105	-	87,004	
419	481	-	-	-	-	628	3,192	
-	-	-	-	5,058	-	-	5,058	
-	-	-	-	-	1,596	685	29,013	
14,615	481	-	81,405	5,058	73,429	41,235	618,293	
-	-	29,507	73,620	1,750	-	-	104,877	
-	-	-	-	-	12,299	-	403,251	
26,954	-	-	-	-	-	-	35,101	
-	-	-	-	-	-	43,234	43,234	
-	-	-	-	-	-	-	87,511	
26,954	-	29,507	73,620	1,750	12,299	43,234	673,974	
(12,339)	481	(29,507)	7,785	3,308	61,130	(1,999)	(55,681)	
-	-	-	-	-	50,000	-	50,000	
-	-	-	-	-	-	-	(25,000)	
-	-	-	-	-	-	-	248,630	
-	-	-	-	-	50,000	-	273,630	
(12,339)	481	(29,507)	7,785	3,308	111,130	(1,999)	217,949	
22,719	1,324	51,913	76,670	915	953,991	13,071	1,251,321	
10,380	1,805	22,406	84,455	4,223	1,065,121	11,072	1,469,270	

Poweshiek County

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

Year ended June 30, 2005

	Special			
	Urban Renewal Revenue	Resource Enhancement and Protection	County Recorder's Records Management	Conservation Land Acquisition
Revenues:				
Property and other county tax	\$ 319,042	-	-	-
Intergovernmental	1,841	11,088	-	-
Charges for service	-	-	4,515	37,188
Use of money and property	-	1,001	463	200
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	-	-	-	26,732
Total revenues	<u>320,883</u>	<u>12,089</u>	<u>4,978</u>	<u>64,120</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	205,254	185,698	-	-
Governmental services to residents	-	-	8,147	-
Debt service	-	-	-	-
Capital projects	-	-	-	87,511
Total expenditures	<u>205,254</u>	<u>185,698</u>	<u>8,147</u>	<u>87,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,629</u>	<u>(173,609)</u>	<u>(3,169)</u>	<u>(23,391)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(25,000)	-	-	-
Installment purchase agreement	-	185,698	-	62,932
Total other financing sources (uses)	<u>(25,000)</u>	<u>185,698</u>	<u>-</u>	<u>62,932</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	90,629	12,089	(3,169)	39,541
Fund balances beginning of year	<u>17,972</u>	<u>55,167</u>	<u>28,149</u>	<u>29,430</u>
Fund balances end of year	<u>\$ 108,601</u>	<u>67,256</u>	<u>24,980</u>	<u>68,971</u>

See accompanying independent auditor's report.

Revenue								
County								
Recorder's Electronic Transaction Fee	Sheriff/ Jail	Special Law Enforcement	Contract Law Enforcement	County Attorney Forfeiture	Sanitary Disposal	Debt Service	Total	
-	-	-	-	-	-	38,020	357,062	
-	-	-	81,405	-	40,728	1,902	136,964	
14,196	-	-	-	-	31,105	-	87,004	
419	481	-	-	-	-	628	3,192	
-	-	-	-	5,058	-	-	5,058	
-	-	-	-	-	1,596	685	29,013	
14,615	481	-	81,405	5,058	73,429	41,235	618,293	
-	-	29,507	73,620	1,750	-	-	104,877	
-	-	-	-	-	12,299	-	403,251	
26,954	-	-	-	-	-	-	35,101	
-	-	-	-	-	-	43,234	43,234	
-	-	-	-	-	-	-	87,511	
26,954	-	29,507	73,620	1,750	12,299	43,234	673,974	
(12,339)	481	(29,507)	7,785	3,308	61,130	(1,999)	(55,681)	
-	-	-	-	-	50,000	-	50,000	
-	-	-	-	-	-	-	(25,000)	
-	-	-	-	-	-	-	248,630	
-	-	-	-	-	50,000	-	273,630	
(12,339)	481	(29,507)	7,785	3,308	111,130	(1,999)	217,949	
22,719	1,324	51,913	76,670	915	953,991	13,071	1,251,321	
10,380	1,805	22,406	84,455	4,223	1,065,121	11,072	1,469,270	

Poweshiek County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,002	224,902	134,910
Other County officials	22,624	-	-	-
Receivables:				
Property tax:				
Delinquent	-	228	889	31,145
Succeeding year	-	75,000	361,000	9,844,000
Accounts	-	-	-	-
Accrued interest	-	-	243	-
Succeeding year special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 22,624</b>	<b>76,230</b>	<b>587,034</b>	<b>10,010,055</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	143	-
Due to other governments	14,916	76,230	577,040	10,010,055
Trusts payable	7,708	-	-	-
Compensated absences	-	-	9,851	-
<b>Total liabilities</b>	<b>\$ 22,624</b>	<b>76,230</b>	<b>587,034</b>	<b>10,010,055</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	E11	Other	Total
9,238	51,745	773	381,224	131,726	28,120	963,640
-	-	-	-	-	-	22,624
2,014	4,681	119	-	-	752	39,828
714,000	4,886,000	46,000	-	-	124,000	16,050,000
-	-	-	-	19,110	90	19,200
-	-	-	-	360	1	604
-	-	-	-	-	4,205	4,205
-	-	-	-	-	12,071	12,071
<b>725,252</b>	<b>4,942,426</b>	<b>46,892</b>	<b>381,224</b>	<b>151,196</b>	<b>169,239</b>	<b>17,112,172</b>
-	-	-	-	7,349	10,170	17,662
725,252	4,942,426	46,892	381,224	143,847	141,978	17,059,860
-	-	-	-	-	16,485	24,193
-	-	-	-	-	606	10,457
<b>725,252</b>	<b>4,942,426</b>	<b>46,892</b>	<b>381,224</b>	<b>151,196</b>	<b>169,239</b>	<b>17,112,172</b>

Poweshiek County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2005

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 16,335	75,250	509,996	10,250,301
Additions:				
Property and other county tax	-	72,292	348,281	9,402,729
E911 surcharge	-	-	-	-
State tax credits	-	3,744	14,141	503,150
Drivers license fees	-	-	-	-
Office fees and collections	374,611	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	223,867	-	-	-
Miscellaneous	-	-	34,379	-
Total additions	598,478	76,036	396,801	9,905,879
Deductions:				
Agency remittances:				
To other funds	239,614	-	-	-
To other governments	125,311	75,056	319,763	10,146,125
Trusts paid out	227,264	-	-	-
Total deductions	592,189	75,056	319,763	10,146,125
Balances end of year	\$ 22,624	76,230	587,034	10,010,055

See accompanying independent auditor's report.



Community Colleges	Corporations	Townships	Auto License and Use Tax	E911	Other	Total
754,225	4,876,787	48,949	345,229	185,922	164,928	17,227,922
681,934	4,611,020	44,517	-	-	119,026	15,279,799
-	-	-	-	119,404	-	119,404
34,556	199,910	2,734	-	-	6,519	764,754
-	-	-	77,285	-	-	77,285
-	-	-	-	-	-	374,611
-	-	-	-	-	4,651	4,651
-	-	-	4,505,991	-	-	4,505,991
-	-	-	-	-	2,686	2,686
-	-	-	-	-	159,326	383,193
-	-	-	-	3,054	68,544	105,977
716,490	4,810,930	47,251	4,583,276	122,458	360,752	21,618,351
-	-	-	167,152	-	1,728	408,494
745,463	4,745,291	49,308	4,380,129	157,184	194,217	20,937,847
-	-	-	-	-	160,496	387,760
745,463	4,745,291	49,308	4,547,281	157,184	356,441	21,734,101
725,252	4,942,426	46,892	381,224	151,196	169,239	17,112,172

**Schedule 5**

## Poweshiek County

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

For the Last Five Years

	Modified Accrual Basis				
	2005	2004	2003	2002	2001
<b>Revenues:</b>					
Property and other county tax	\$ 4,651,096	4,578,672	3,908,321	3,689,156	3,502,756
Interest and penalty on property tax	39,701	48,489	44,116	46,858	39,931
Intergovernmental	3,808,111	4,299,715	3,872,610	4,062,443	4,070,871
Licenses and permits	49,213	62,408	48,469	45,997	40,464
Charges for service	494,394	1,340,996	1,063,772	996,763	921,388
Use of money and property	191,375	81,265	117,772	172,538	345,233
Fines, forfeitures and defaults	5,058	48,279	-	-	-
Miscellaneous	82,234	60,738	76,899	195,345	213,550
<b>Total</b>	<b>\$ 9,321,182</b>	<b>10,520,562</b>	<b>9,131,959</b>	<b>9,209,100</b>	<b>9,134,193</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 1,542,220	1,313,854	1,386,366	1,331,694	1,211,084
Physical health and social services	357,886	339,050	316,497	473,582	566,829
Mental health	1,521,306	1,388,723	1,469,530	1,346,804	1,269,632
County environment and education	716,213	1,337,631	979,027	962,059	1,388,742
Roads and transportation	3,627,542	2,424,210	3,053,470	3,665,304	4,021,593
Governmental services to residents	436,872	390,692	345,860	452,403	410,997
Administration	1,125,483	837,374	752,288	797,830	816,767
Non-program	104,066	114,127	118,863	19,440	24,346
Debt service	43,234	95,482	97,733	99,982	68,023
Capital projects	270,058	715,414	30,517	492,267	42,346
<b>Total</b>	<b>\$ 9,744,880</b>	<b>8,956,557</b>	<b>8,550,151</b>	<b>9,641,365</b>	<b>9,820,359</b>

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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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 Poweshiek County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Poweshiek County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated December 15, 2005. 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 Poweshiek 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 Poweshiek 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.

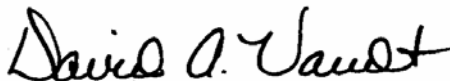
Compliance and Other Matters


As part of obtaining reasonable assurance about whether Poweshiek 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, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

December 15, 2005

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

- (A) Segregation of Duties – During our review of internal control, the existing 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 individual in the Sheriff's office, the Recorder's office, the Engineer's office, the Central Point Coordinator's office, the Conservation's office and the Sanitarian's Office may have control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. Bank reconciliations are not reviewed by an independent person with no responsibility for receipts and disbursements in the Sheriff's office and the Recorder's office. In the Treasurer's office, investments are not periodically inspected, confirmed or reconciled to the investment records by an independent person having no responsibility for investments.

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

An employee who is not authorized to make entries to the accounting records should open all incoming mail. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash. The bank reconciliations should then be reviewed by an independent person with no responsibility for receipts and disbursements. Investments should be periodically inspected, confirmed or reconciled to the investment records by an independent person having no responsibility for investments.

Response –

- (a) Sheriff's Office – Segregation of duties is difficult due to the limited number of employees. I will review the operating procedures of the office in reference to internal control but due to short staffing it will be difficult. The use of current personnel to provide additional control is difficult because of the extra duties required of them as the dispatch/jailer positions they hold. We have tried this in the past and the error rate increased significantly, causing additional workload to our already understaffed office.
- (b) Recorder's Office – Incoming mail is opened by an individual that does not process instruments being entered into the system. A listing of checks and

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

cash will be started again, time permitting. This listing will be compared to the cash receipt records.

- (c) Treasurer's Office – With regard to the periodic inspection of investments, the Treasurer would note that the Board did inspect and confirm investment records on June 30, 2005. However, the Treasurer agrees the investment records should be reviewed by an independent person having no responsibility for investments more than once during the fiscal year. Because the Treasurer's motor vehicle employees have no usual contact, control over, or access to county investments, the Treasurer will appoint one individual from motor vehicle to randomly review and confirm investments. This review will be evidenced by initial or signature of the reviewer and date of the review.
- (d) Engineer's Office – Although we are not documenting it, Keith reviews the receipt book annually and compares it to the Treasurer's records. In the future, Keith will document his review.
- (e) Central Point Coordinator's (CPC) Office – To correct the segregation of duties over receipts we will start an initial listing of receipts which will be entered by the CPC assistant. Once receipted in, the CPC administrator will compare receipts with the initial listing and verify by initialing the completed transactions.
- (f) Conservation's Office – The Poweshiek County Conservation Board personnel will review each other during the collecting and depositing of funds that the Board receives.
- (g) Sanitarian's Office – I will work with the County Engineer's Office to try and develop an agreement to improve controls over receipts.

Conclusion –

- (a) Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.
- (b) Response acknowledged. For offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions.
- (c) Response accepted.
- (d) Response acknowledged. The review of the receipt books should be done on a more frequent basis.
- (e) Response accepted.
- (f) Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

(g) Response accepted.

- (B) Information Systems – During our review of internal control, the existing control activities in the County’s computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County’s computer based systems were noted:

The County does not have written policies for:

- password privacy and confidentiality.
- ensuring only software licensed to the County is installed on computers.
- usage of the internet.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County’s written policies should address the above items in order to improve the County’s control over computer based systems. A written disaster recovery plan should be developed.

Response – The County adopted a policy on August 1, 2005.

Conclusion – Response accepted.

- (C) Capital Assets – A lack of segregation of duties exists in recording and reconciling capital assets. An independent person does not reconcile significant assets with the accounting records. Periodic comparisons are not made between amounts recorded in the accounting system and the physical assets. Capital assets are not tested periodically by an individual with no responsibility for capital assets. Depreciation calculations are not reviewed to ensure accuracy. Records for equipment are not promptly adjusted when equipment is disposed of. The Auditor’s Office does not receive a copy of each authorization for equipment transactions.

Recommendation – The Board of Supervisors should develop a policy for capital assets including, but not limited to, responsibilities for custody and safekeeping of assets. Depreciation calculations should be reviewed to ensure accuracy and equipment records should be promptly adjusted when equipment is disposed of. Copies of authorization for equipment transactions should be sent to the Auditor’s Office.

Response – We will review our policy for compliance and completeness.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

- (D) Timely Reimbursement Requests – As of June 30, 2005, \$224,831 of grant expenditures incurred as of March 2005 had not been requested for reimbursement. In addition, grant reimbursements are not requested until the project is completed.

Recommendation – The County should establish procedures to ensure grant reimbursement requests are submitted and received in a timely manner.

Response – Some of our lag time is in coordination with the Iowa Department of Transportation, but we will work to do better.

Conclusion – Response acknowledged. The County should establish procedures to ensure grant reimbursement requests are submitted and received in a timely manner.



Poweshiek County

Schedule of Findings

Year ended June 30, 2005

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

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year, except for deposits at Montezuma State Bank for the Employee Group Health Account. The maximum authorized amount of \$500,000 was exceeded for four months during the year ended June 30, 2005.

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

Response – In order to comply with the depository resolution, the funds were divided and deposited among other institutions.

Conclusion – Response accepted.

- (2) Certified Budget – Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted by function and departmental disbursements did not exceed the amounts appropriated.

- (3) 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.

- (4) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- (5) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Tom Sheets, Sheriff, Brother-in-Law is owner of Taylor Auto Body	Supplies, parts and labor	\$ 5,832

In accordance with Chapter 331.342(10) of the Code of Iowa, the transaction may represent a conflict of interest since the total transactions exceeded \$1,500 during the fiscal year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – Poweshiek County Board of Supervisors will consult with legal counsel.

Conclusion – Response accepted.

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2005 for the County Extension Office did not exceed the amount budgeted.

- (11) Budgets – A budget for Emergency Management was not certified by February 28 as required by Chapter 29C.17(5) of the Code of Iowa.

Recommendation – A budget should be certified before February 28 as required by Chapter 29C.17(5) of the Code.

Response – This will be discussed with the Emergency Management Coordinator and the Chairman of the Emergency Management Commission to ensure future budgets will be certified timely.

Conclusion – Response accepted.

- (12) Records of Account – Chapter 80D.11 of the Code of Iowa defines County Sheriff reserve peace officers as employees of the County. The funds for the Poweshiek County Reserves and Poweshiek County Sheriff Officer's Association are maintained in separate checking and savings accounts and are not accounted for in a Special Revenue Fund of the County.

Recommendation – The County should establish Special Revenue Funds to account for the funds and activity of the Poweshiek County Reserves and Poweshiek County Sheriff Officer's Association. The current checking and savings accounts maintained separately should be closed and the funds should be deposited into a Special Revenue Fund with the County Treasurer. Disbursements from the accounts should be made through County claims approved by the County Board of Supervisors and charged against the budget.

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

Response – Because of the Iowa Code Chapter 80D.11 which defines the Reserves as officers employed by the governing body, any future Reserve Officer collections will be remitted to the County Treasurer for credit in a Special Revenue Fund. Disbursements from the account will be made by the Sheriff when preparing claims.

We are currently in the process of legally incorporating the Sheriff Officer's Association.

Conclusion – Response accepted.

- (13) General Fund Corrective Transfer – The Special Revenue, Mental Health Fund did not make a corrective transfer of \$22,072 for federal cost recoveries to the General Fund.

Recommendation – The County should make the corrective transfer to repay the General Fund.

Response – The CPC Administrator will communicate with the County Auditor in working out a corrective action in repaying the General Fund for prior years' indirect costs from the Mental Health Fund.

Conclusion – Response accepted.

- (14) E-911 Claims – Chapter 34A.7(4) of the Code of Iowa states, in part, "Moneys in an E911 service fund may only be used for nonrecurring and recurring costs of the E911 service plan as approved by the program manager." Further, Chapter 34A.2(7)(e)(2) states, in part, "Costs do not include expenditures for any other purpose, and specifically exclude costs attributable to other emergency services or expenditures for buildings or personnel, except for the costs of personnel for database management and personnel directly associated with addressing."

The E-911 coordinator submits a claim of \$1,900 to the Board of Supervisors monthly. However, this claim does not include any supporting documentation, such as hours worked or specific services provided. The signed letter of understanding between the Coordinator and the E-911 Board does not include expectations for the number of hours to be worked or any documentation of the work to be done to permit the E-911 Board to manage the arrangement. Accordingly, it can not be determined whether the services provided are allowable under the statutory language cited above.

In addition, the E-911 Coordinator became a member of the County Board of Supervisors in January 2005 and has not abstained from approving this \$1,900 monthly payment.

Recommendation – Chapter 331.504(8) of the Code of Iowa requires claims, before being audited or paid, to be itemized to clearly show the basis of the claim and whether for property sold or furnished for services rendered or for another purpose. The County also received similar legal advice dated July 20, 2004 on this issue. The claims should have proper supporting documentation, including documentation of the work performed to allow the E-911 Board and the County Board of Supervisors to determine whether the disbursement meets the statutory criteria necessary for allowing payment from the E-911 Services Fund.

Poweshiek County

Schedule of Findings

Year ended June 30, 2005

Also, in accordance with Chapter 331.302(13) of the Code of Iowa, the E-911 Coordinator should abstain from voting to approve payments to himself.

In addition, any future agreements should have established benchmarks or hours to be worked and documentation of the services to be provided.

Response – The Poweshiek County Board of Supervisors reviewed the comments of statutory noncompliance with the Chairman and coordinators of the E-911 Service Board. They have agreed to work towards statutory compliance as well as complying with State Auditor's recommendations.

Conclusion – Response accepted.

- (15) Installment Purchase Agreement – During the year ended June 30, 2005, the County entered into an installment purchase agreement for the purchase of land for the Conservation Department. However, a public hearing was not held prior to the authorization of this installment purchase agreement as required by Chapter 331.479 of the Code of Iowa.

Recommendation – The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of an installment purchase agreement as required by Chapter 331.479 of the Code of Iowa.

Response – The Poweshiek County Conservation Board will hold a public hearing before any future installment purchase agreements are signed.

Conclusion – Response accepted.

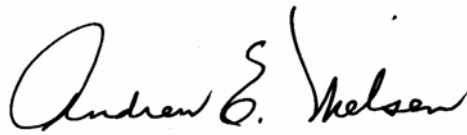
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Poweshiek County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Jedd D. Moore, Staff Auditor  
Trevor L. Theulen, Staff Auditor  
Curtis E. Van Zee, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State