



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____ March 2, 2006

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$22,575,743 for the year ended June 30, 2005, which included \$1,082,268 in tax credits from the state. The County forwarded \$17,201,940 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,373,803 of the local tax revenue to finance County operations, a less than 1 percent decrease from the prior year. Other revenues included charges for service of \$2,085,536, operating grants and contributions of \$4,312,140, capital grants and contributions of \$334,694, local option sales tax of \$757,912, unrestricted investment earnings of \$130,862 and other general revenues of \$241,108.

Expenses for County operations totaled \$12,726,481, a 3.9 percent decrease from the prior year. Expenses included \$4,452,242 for roads and transportation, \$2,691,223 for mental health and \$2,069,141 for public safety and legal services.

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>.

###

CARROLL COUNTY

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

JUNE 30, 2005

Table of Contents

| | | Page |
|---|-----------------|-------|
| Officials | | 3 |
| Independent Auditor’s Report | | 5-6 |
| Management’s Discussion and Analysis | | 7-13 |
| Basic Financial Statements: | <u>Exhibit</u> | |
| Government-wide Financial Statements: | | |
| Statement of Net Assets | A | 16 |
| Statement of Activities | B | 17 |
| Governmental Fund Financial Statements: | | |
| Balance Sheet | C | 18-19 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets | D | 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | E | 22-23 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | F | 24 |
| Proprietary Fund Financial Statements: | | |
| Statement of Net Assets | G | 25 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets | H | 26 |
| Statement of Cash Flows | I | 27 |
| Fiduciary Fund Financial Statement: | | |
| Statement of Fiduciary Assets and Liabilities – Agency Funds | J | 28 |
| Notes to Financial Statements | | 29-41 |
| Required Supplementary Information: | | |
| Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds | | 44-45 |
| Budget to GAAP Reconciliation | | 46 |
| Notes to Required Supplementary Information – Budgetary Reporting | | 47 |
| Other Supplementary Information: | <u>Schedule</u> | |
| Nonmajor Governmental Funds: | | |
| Combining Balance Sheet | 1 | 50-51 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances | 2 | 52-53 |
| Agency Funds: | | |
| Combining Schedule of Fiduciary Assets and Liabilities | 3 | 54-55 |
| Combining Schedule of Changes in Fiduciary Assets and Liabilities | 4 | 56-57 |
| Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds | 5 | 58 |
| 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 <u>Government Auditing Standards</u> | | 59-60 |
| Schedule of Findings | | 61-66 |
| Staff | | 67 |

Carroll County

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|------------------------------|----------------------|---------------------|
| (Before January 2005) | | |
| Del McDermott | Board of Supervisors | Jan 2005 |
| Eugene Meiners | Board of Supervisors | Jan 2005 |
| Neil I. Trobak | Board of Supervisors | Jan 2005 |
| Neil Bock | Board of Supervisors | Jan 2007 |
| Marty Danzer | Board of Supervisors | Jan 2007 |
| Paul S. Fricke | County Auditor | Jan 2005 |
| Peggy Weitzl | County Treasurer | Jan 2007 |
| Marilyn Dopheide | County Recorder | Jan 2007 |
| Douglas R. Bass | County Sheriff | Jan 2005 |
| John Werden | County Attorney | Jan 2007 |
| Diane S. Janning | County Assessor | Jan 2010 |
| (After January 2005) | | |
| Neil Bock | Board of Supervisors | Jan 2007 |
| Marty Danzer | Board of Supervisors | Jan 2007 |
| Del McDermott | Board of Supervisors | Jan 2009 |
| Eugene Meiners | Board of Supervisors | Jan 2009 |
| Neil I. Trobak | Board of Supervisors | Jan 2009 |
| Paul S. Fricke | County Auditor | Jan 2009 |
| Peggy Weitzl | County Treasurer | Jan 2007 |
| Marilyn Dopheide | County Recorder | Jan 2007 |
| Douglas R. Bass | County Sheriff | Jan 2009 |
| John Werden | County Attorney | Jan 2007 |
| Diane S. Janning | County Assessor | Jan 2010 |

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carroll 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 Carroll 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 Carroll 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 9, 2005 on our consideration of Carroll 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 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll 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 two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2002 (which are not presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the general fixed asset account group. 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 9, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll 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 decreased 14.9%, or approximately \$2,322,000, from fiscal 2004 to fiscal 2005. Local option sales tax revenue increased approximately \$496,000 and capital grants and contributions decreased approximately \$3,180,000.
- Expenses decreased 3.9%, or approximately \$514,000, in fiscal 2005 from fiscal 2004. Non-program expenses decreased approximately \$286,000 and county environment and education expenses decreased approximately \$231,000.
- The County's net assets increased 1.8%, or approximately \$510,000, 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 Carroll 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 Carroll 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 Carroll 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 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, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Insurance 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. Carroll County’s combined net assets increased from a year ago, from \$28.0 million to \$28.5 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

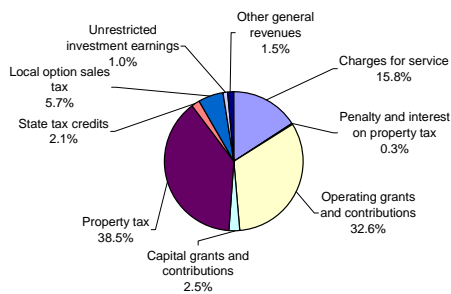
| Net Assets of Governmental Activities (Expressed in Thousands) | | |
|---|------------------|---------------|
| | June 30, | |
| | 2005 | 2004 |
| Current and other assets | \$ 11,153 | 10,320 |
| Capital assets | 24,110 | 23,939 |
| Total assets | <u>35,263</u> | <u>34,259</u> |
| Long-term debt | 674 | 495 |
| Other liabilities | 6,050 | 5,734 |
| Total liabilities | <u>6,724</u> | <u>6,229</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 23,612 | 23,633 |
| Restricted | 2,904 | 2,801 |
| Unrestricted | 2,023 | 1,595 |
| Total net assets | <u>\$ 28,539</u> | <u>28,029</u> |

Net assets of Carroll County’s governmental activities increased by 1.8% (from \$28.0 million to \$28.5 million). The largest portion of the County’s net assets is the 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 sources 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 approximately \$1,595,000 at June 30, 2004 to approximately \$2,023,000 at the end of this year, an increase of 26.8%.

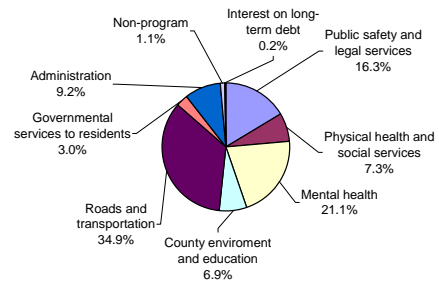
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

| | Year ended June 30, | |
|--------------------------------------|---------------------|---------------|
| | 2005 | 2004 |
| Revenues: | | |
| Program revenues: | | |
| Charges for service | \$ 2,085 | 1,851 |
| Operating grants and contributions | 4,312 | 4,199 |
| Capital grants and contributions | 335 | 3,515 |
| General revenues: | | |
| Property tax | 5,097 | 5,164 |
| Penalty and interest on property tax | 36 | 43 |
| State tax credits | 277 | 249 |
| Local option sales tax | 758 | 262 |
| Unrestricted investment earnings | 131 | 94 |
| Gain on sale of capital assets | - | 46 |
| Other general revenues | 205 | 135 |
| Total revenues | 13,236 | 15,558 |
| | | |
| Program expenses: | | |
| Public safety and legal services | 2,069 | 2,030 |
| Physical health and social services | 923 | 1,142 |
| Mental health | 2,691 | 2,335 |
| County environment and education | 879 | 1,110 |
| Roads and transportation | 4,452 | 4,630 |
| Governmental services to residents | 383 | 371 |
| Administration | 1,166 | 1,158 |
| Non-program | 140 | 426 |
| Interest on long-term debt | 23 | 38 |
| Total expenses | 12,726 | 13,240 |
| | | |
| Increase in net assets | 510 | 2,318 |
| | | |
| Net assets beginning of year | 28,029 | 25,711 |
| | | |
| Net assets end of year | \$ 28,539 | 28,029 |

Revenue by Source



Expenditures by Program



Carroll County's net assets of governmental activities increased by approximately \$510,000 during the year. Revenues for governmental activities decreased by approximately \$2,322,000 from the prior year, with capital grants and contributions down from the prior year by approximately \$3,180,000, or 90.5 percent. The decrease was a result of a decrease in roads transferred from the State of Iowa to Carroll County of approximately \$2,422,000 and a decrease of revenue received from donors for the Conservation Education Center of approximately \$812,000.

The County increased property tax rates for 2005 by an average of less than one percent. This increase raised the County's property tax revenue minimally in 2005. Based on increases in the total assessed valuation, property tax revenue is budgeted to increase by approximately \$289,000 next year.

The cost of all governmental activities this year was \$12.7 million compared to \$13.2 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$6.0 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,086,000) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$4,647,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2005 from approximately \$9,565,000 to approximately \$6,732,000, due to a decrease of donations and contributions received to build the Conservation Education Center of approximately \$812,000 and a decrease of the value of roads transferred from the State of Iowa to Carroll County of approximately \$2,422,000. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$5,855,000 in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Carroll County completed the year, its governmental funds reported a combined fund balance of \$4.7 million, an increase of approximately \$400,000 from last year's total of \$4.3 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$199,000 from the prior year primarily due to a decrease in intergovernmental revenue. Expenditures decreased approximately \$1,017,000 from the prior year primarily due to a decrease in expenditures for the Conservation Education Center. The ending fund balance increased approximately \$187,000 from the prior year to approximately \$1,244,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2,676,000, an increase of 15% from the prior year. The Mental Health Fund balance at year end increased by approximately \$264,000 from the prior year to approximately \$617,000.
- The expenditures of the Rural Services Fund increased approximately \$203,000 while transfers to the Secondary Roads Fund decreased approximately \$298,000. The ending fund balance increased approximately \$191,000 from June 30, 2004 to June 30, 2005.
- Secondary Roads Fund expenditures decreased by approximately \$223,000 from the prior year, due principally to the net change (decrease) in Secondary Roads inventory in the prior year. A decrease in transfers into the Secondary Roads Fund of approximately \$400,000 resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$367,000, or 16.8%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Carroll County amended its budget two times. The first amendment was made in November 2004 and resulted in an increase in budgeted expenditures of approximately \$152,000 related to grants, an energy audit and juvenile and recorder services. The second amendment was made in April 2005. This amendment was made to increase expenditures by approximately \$564,000 due to an increase in expenditures for fuel, salt, salaries, insurance and capital projects.

The County did not exceed the budgeted amounts for the year ended June 30, 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Carroll County had approximately \$24.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$171,000, or 1 percent, from last year.

| Capital Assets of Governmental Activities at Year End | | |
|---|-----------|--------|
| (Expressed in Thousands) | | |
| | June 30, | |
| | 2005 | 2004 |
| Land | \$ 1,106 | 1,106 |
| Construction in progress | - | 2,533 |
| Buildings | 4,475 | 2,890 |
| Equipment and vehicles | 2,796 | 2,707 |
| Infrastructure | 15,733 | 14,703 |
| Total | \$ 24,110 | 23,939 |

The County had depreciation expense of approximately \$1,398,000 in FY05 and total accumulated depreciation of approximately \$17,366,000 at June 30, 2005.

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, Carroll County had approximately \$498,000 in bank loans outstanding compared to approximately \$306,000 at June 30, 2004.

During the year ended June 30, 2005, the County Conservation Foundation entered into a bank loan for \$486,000 to finance the construction for the Conservation Education Center. The proceeds from the loan were placed in the Conservation Foundation Special Revenue fund.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Carroll County's outstanding debt is significantly below its constitutional debt limit of \$35.6 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.2 percent versus 2.5 percent a year ago.

These indicators were taken into account when adopting the budget for fiscal year 2006. Amounts available for appropriation in the operating budget are approximately \$13.3 million, an increase of less than one percent from the final 2005 budget. The County has added no major new programs or initiatives to the 2006 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$439,000 by the close of 2006.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Carroll 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 Carroll County Auditor's Office, 114 E. 6th, Carroll Iowa, 51401.

Carroll County

Basic Financial Statements

Exhibit A

Carroll County
Statement of Net Assets
June 30, 2005

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Cash and pooled investments | \$ 4,331,455 |
| Receivables: | |
| Property tax: | |
| Delinquent | 7,869 |
| Succeeding year | 5,377,000 |
| Interest and penalty on property tax | 51,237 |
| Accounts (net of allowance for doubtful accounts of \$130,217) | 332,384 |
| Accrued interest | 11,478 |
| Due from other governments | 363,916 |
| Inventories | 580,825 |
| Prepaid insurance | 96,633 |
| Capital assets (net of accumulated depreciation) | 24,110,054 |
| Total assets | <u>35,262,851</u> |
| Liabilities | |
| Accounts payable | 319,431 |
| Accrued interest payable | 456 |
| Salaries and benefits payable | 19,031 |
| Due to other governments | 334,073 |
| Deferred revenue: | |
| Succeeding year property tax | 5,377,000 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Bank loans | 293,733 |
| Compensated absences | 130,495 |
| Portion due or payable after one year: | |
| Bank loans | 204,712 |
| Compensated absences | 44,918 |
| Total liabilities | <u>6,723,849</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 23,611,609 |
| Restricted for: | |
| Supplemental levy purposes | 128,103 |
| Mental health purposes | 608,132 |
| Secondary roads purposes | 1,736,198 |
| Debt service | 2,469 |
| Other purposes | 428,989 |
| Unrestricted | 2,023,502 |
| Total net assets | <u>\$ 28,539,002</u> |

See notes to financial statements.

Carroll County
 Statement of Activities
 Year ended June 30, 2005

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | |
|---|----------------------|------------------------|--|--|--|
| | Expenses | Charges for Service | Operating Grants and Contributions | | Capital Grants and Contributions |
| Functions/Programs: | | | | | |
| Governmental activities: | | | | | |
| Public safety and legal services | \$ 2,069,141 | 912,700 | 85,287 | - | (1,071,154) |
| Physical health and social services | 923,171 | 274,465 | 167,383 | 13,736 | (467,587) |
| Mental health | 2,691,223 | 37,704 | 1,433,876 | - | (1,219,643) |
| County environment and education | 879,046 | 92,540 | 81,621 | 286,440 | (418,445) |
| Roads and transportation | 4,452,242 | 325,012 | 2,543,973 | 34,518 | (1,548,739) |
| Governmental services to residents | 382,490 | 312,589 | - | - | (69,901) |
| Administration | 1,165,914 | 96,068 | - | - | (1,069,846) |
| Non-program | 140,193 | 34,458 | - | - | (105,735) |
| Interest on long-term debt | 23,061 | - | - | - | (23,061) |
| Total | \$ 12,726,481 | 2,085,536 | 4,312,140 | 334,694 | (5,994,111) |
| General Revenues: | | | | | |
| Property and other county tax levied for: | | | | | |
| General purposes | | | | | 5,062,039 |
| Debt service | | | | | 34,912 |
| Penalty and interest on property tax | | | | | 35,924 |
| State tax credits | | | | | 276,852 |
| Local option sales tax | | | | | 757,912 |
| Unrestricted investment earnings | | | | | 130,862 |
| Miscellaneous | | | | | 205,184 |
| Total general revenues | | | | | 6,503,685 |
| Change in net assets | | | | | 509,574 |
| Net assets beginning of year | | | | | 28,029,428 |
| Net assets end of year | | | | | \$ 28,539,002 |

See notes to financial statements.

Carroll County
Balance Sheet
Governmental Funds

June 30, 2005

| | General | Mental Health |
|--|--------------|------------------|
| Assets | | |
| Cash and pooled investments | \$ 1,103,786 | 917,897 |
| Receivables: | | |
| Property tax: | | |
| Delinquent | 5,639 | 1,982 |
| Succeeding year | 3,308,000 | 1,162,000 |
| Interest and penalty on property tax | 51,237 | - |
| Accounts (net of allowance for doubtful accounts of \$130,217) | 262,750 | 37,703 |
| Accrued interest | 11,478 | - |
| Due from other funds | 1,819 | - |
| Due from other governments | 87,787 | - |
| Inventories | - | - |
| Prepaid insurance | 96,633 | - |
| | \$ 4,929,129 | 2,119,582 |
| Liabilities and Fund Balances | | |
| Liabilities: | | |
| Accounts payable | \$ 94,174 | 37,442 |
| Salaries and benefits payable | 18,630 | - |
| Due to other funds | 19,957 | 68 |
| Due to other governments | 32,843 | 301,013 |
| Deferred revenue: | | |
| Succeeding year property tax | 3,308,000 | 1,162,000 |
| Other | 211,350 | 1,982 |
| Total liabilities | 3,684,954 | 1,502,505 |
| Fund balances: | | |
| Reserved for: | | |
| Supplemental levy purposes | 135,916 | - |
| Drainage warrants/drainage improvement certificates | - | - |
| Debt service | - | - |
| Unreserved, reported in: | | |
| General fund | 1,108,259 | - |
| Special revenue funds | - | 617,077 |
| Capital projects fund | - | - |
| Total fund balances | 1,244,175 | 617,077 |
| | \$ 4,929,129 | 2,119,582 |

See notes to financial statements.

| Special Revenue | | | |
|------------------|------------------|----------------|-------------------|
| Rural Services | Secondary Roads | Nonmajor | Total |
| 557,969 | 1,050,106 | 428,558 | 4,058,316 |
| 183 | - | 65 | 7,869 |
| 873,000 | - | 34,000 | 5,377,000 |
| - | - | - | 51,237 |
| - | 31,931 | - | 332,384 |
| - | - | - | 11,478 |
| - | 5,367 | - | 7,186 |
| 34,675 | 234,786 | 6,668 | 363,916 |
| - | 580,825 | - | 580,825 |
| - | - | - | 96,633 |
| 1,465,827 | 1,903,015 | 469,291 | 10,886,844 |
| 233 | 89,240 | 1,558 | 222,647 |
| 401 | - | - | 19,031 |
| - | - | 1,819 | 21,844 |
| - | 217 | - | 334,073 |
| 873,000 | - | 34,000 | 5,377,000 |
| 183 | - | 65 | 213,580 |
| 873,817 | 89,457 | 37,442 | 6,188,175 |
| - | - | - | 135,916 |
| - | - | 85,985 | 85,985 |
| - | - | 2,860 | 2,860 |
| - | - | - | 1,108,259 |
| 592,010 | 1,813,558 | 79,103 | 3,101,748 |
| - | - | 263,901 | 263,901 |
| 592,010 | 1,813,558 | 431,849 | 4,698,669 |
| 1,465,827 | 1,903,015 | 469,291 | 10,886,844 |

Carroll County

Carroll County

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

June 30, 2005

Total governmental fund balances (page 19) \$ 4,698,669

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 \$41,475,714 and the accumulated depreciation is \$17,365,660. 24,110,054

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 213,580

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. 191,013

Long-term liabilities, including bank loans payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (674,314)

Net assets of governmental activities (page 16) \$ 28,539,002

See notes to financial statements.

Carroll County

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

Year ended June 30, 2005

| | General | Mental Health |
|---|---------------------|------------------|
| Revenues: | | |
| Property and other county tax | \$ 2,972,980 | 1,391,642 |
| Interest and penalty on property tax | 28,243 | - |
| Intergovernmental | 578,618 | 1,509,217 |
| Licenses and permits | 55,143 | - |
| Charges for service | 1,364,660 | 37,704 |
| Use of money and property | 218,719 | - |
| Fines, forfeitures and defaults | 3,711 | - |
| Miscellaneous | 96,244 | 1,387 |
| Total revenues | <u>5,318,318</u> | <u>2,939,950</u> |
| Expenditures: | | |
| Operating: | | |
| Public safety and legal services | 1,890,036 | - |
| Physical health and social services | 932,524 | - |
| Mental health | - | 2,675,722 |
| County environment and education | 670,317 | - |
| Roads and transportation | - | - |
| Governmental services to residents | 349,093 | - |
| Administration | 1,086,741 | - |
| Non-program | 89,785 | - |
| Debt service | - | - |
| Capital projects | - | - |
| Total expenditures | <u>5,018,496</u> | <u>2,675,722</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>299,822</u> | <u>264,228</u> |
| Other financing sources (uses): | | |
| Operating transfers in | - | - |
| Operating transfers out | (112,500) | - |
| Bank loan proceeds | - | - |
| Total other financing sources (uses) | <u>(112,500)</u> | <u>-</u> |
| Net change in fund balances | 187,322 | 264,228 |
| Fund balances beginning of year | <u>1,056,853</u> | <u>352,849</u> |
| Fund balances end of year | <u>\$ 1,244,175</u> | <u>617,077</u> |

See notes to financial statements.

| Special Revenue | | | |
|-----------------|-----------------|-----------|-------------|
| Rural Services | Secondary Roads | Nonmajor | Total |
| 1,381,798 | - | 107,790 | 5,854,210 |
| - | - | - | 28,243 |
| 55,455 | 2,613,777 | 18,754 | 4,775,821 |
| - | - | - | 55,143 |
| - | 565 | 18,691 | 1,421,620 |
| - | 350 | 1,814 | 220,883 |
| - | - | - | 3,711 |
| - | 388,323 | 273,675 | 759,629 |
| 1,437,253 | 3,003,015 | 420,724 | 13,119,260 |
| 200,517 | - | - | 2,090,553 |
| - | - | - | 932,524 |
| - | - | - | 2,675,722 |
| 123,358 | - | 58,521 | 852,196 |
| 12,000 | 3,572,619 | - | 3,584,619 |
| - | - | - | 349,093 |
| - | - | 29,623 | 1,116,364 |
| - | - | 18,524 | 108,309 |
| - | - | 276,627 | 276,627 |
| - | 707,408 | 557,596 | 1,265,004 |
| 335,875 | 4,280,027 | 940,891 | 13,251,011 |
| 1,101,378 | (1,277,012) | (520,167) | (131,751) |
| - | 909,900 | 112,500 | 1,022,400 |
| (909,900) | - | - | (1,022,400) |
| - | - | 486,000 | 486,000 |
| (909,900) | 909,900 | 598,500 | 486,000 |
| 191,478 | (367,112) | 78,333 | 354,249 |
| 400,532 | 2,180,670 | 353,516 | 4,344,420 |
| 592,010 | 1,813,558 | 431,849 | 4,698,669 |

Carroll 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) \$ 354,249

**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 | \$ 1,670,813 | |
| Capital assets contributed by other governments | 34,518 | |
| Depreciation expense | <u>(1,398,285)</u> | 307,046 |

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (135,879)

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 | 8,336 | |
| Other | <u>78,775</u> | 87,111 |

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

| | | |
|--------|----------------|-----------|
| Issued | (486,000) | |
| Repaid | <u>293,094</u> | (192,906) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

| | | |
|----------------------------|------------|--------|
| Compensated absences | 13,879 | |
| Interest on long-term debt | <u>152</u> | 14,031 |

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. 75,922

Change in net assets of governmental activities (page 17) \$ 509,574

See notes to financial statements.

Carroll County
 Statement of Net Assets
 Proprietary Fund

June 30, 2005

| | Internal Service - Employee Group Health |
|---------------------------|--|
| Assets | |
| Cash and cash equivalents | \$ 273,139 |
| Due from other funds | 14,658 |
| Total assets | 287,797 |
| Liabilities | |
| Accounts payable | 96,784 |
| Net Assets | |
| Unrestricted | <u><u>\$ 191,013</u></u> |

See notes to financial statements.

Carroll 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 | | \$ 963,304 |
| Reimbursements from employees | | <u>26,622</u> |
| Total operating revenues | | 989,926 |
| Operating expenses: | | |
| Medical claims | \$ 723,240 | |
| Administrative fees | <u>192,752</u> | <u>915,992</u> |
| Operating income | | 73,934 |
| Non-operating revenues: | | |
| Interest income | | <u>1,988</u> |
| Net income | | 75,922 |
| Net assets beginning of year | | <u>115,091</u> |
| Net assets end of year | | <u><u>\$ 191,013</u></u> |

See notes to financial statements.

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

| | Internal Service - Employee Group Health |
|---|--|
| Cash flows from operating activities: | |
| Cash received from operating fund reimbursements | \$ 948,646 |
| Cash received from employees and others | 26,622 |
| Cash paid to suppliers for services | (958,162) |
| Net cash provided by operating activities | 17,106 |
| Cash flows from investing activities: | |
| Interest on investments | 1,988 |
| Net increase in cash and cash equivalents | 19,094 |
| Cash and cash equivalents beginning of year | 254,045 |
| Cash and cash equivalents end of year | \$ 273,139 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 73,934 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| (Increase) in due from other funds | (14,658) |
| (Decrease) in accounts payable | (42,170) |
| Net cash provided by operating activities | \$ 17,106 |

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

| | |
|------------------------------|-------------------|
| Cash and pooled investments: | |
| County Treasurer | \$ 810,256 |
| Other County officials | 30,084 |
| Receivables: | |
| Property tax: | |
| Delinquent | 38,247 |
| Succeeding year | 16,439,000 |
| Accounts | 34,394 |
| Accrued interest | 461 |
| Due from other governments | 157 |
| Total assets | <u>17,352,599</u> |

Liabilities

| | |
|--------------------------|-------------------|
| Accounts payable | 7,357 |
| Due to other governments | 17,330,021 |
| Trusts payable | 13,250 |
| Compensated absences | 1,971 |
| Total liabilities | <u>17,352,599</u> |

Net assets \$ -

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

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

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

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail, the Conservation Education Center and the Four Corner Park and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

Jointly Governed Organizations – The County also 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: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and 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.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), SYNERGY and Resource, Conservation and Development.

B. Basis of Presentation

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

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

Invested in capital assets, 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 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 roads 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 agency 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 balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents.

Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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 government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets

with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

| Asset Class | Estimated Useful lives (In Years) |
|----------------|-----------------------------------|
| Buildings | 30 - 50 |
| Infrastructure | 15 - 65 |
| Equipment | 2 - 40 |
| Vehicles | 4 - 10 |

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 for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

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

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

Net Assets – The net assets of the Employee Group Health Fund is 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. Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

(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.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$185,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(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: Drainage Districts | \$ 1,819 |
| Special Revenue: Secondary Roads | General Special Revenue: Mental Health | 5,299 68 |
| Internal Service: Employee Group Health | General | 14,658 |
| Total | | \$ 21,844 |

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 | Special Revenue: Rural Services | \$ 909,900 |
| Capital Projects | General | 112,500 |
| Total | | \$ 1,022,400 |

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 |
|---|---------------------------------|-----------|-------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,106,131 | - | - | 1,106,131 |
| Construction in progress | 2,532,949 | 1,123,620 | (3,656,569) | - |
| Total capital assets not being depreciated | 3,639,080 | 1,123,620 | (3,656,569) | 1,106,131 |
| Capital assets being depreciated: | | | | |
| Buildings | 4,218,755 | 1,717,961 | - | 5,936,716 |
| Equipment and vehicles | 5,966,984 | 581,710 | (375,185) | 6,173,509 |
| Infrastructure, road network | 26,270,253 | 1,938,609 | - | 28,208,862 |
| Infrastructure, other | 50,496 | - | - | 50,496 |
| Total capital assets being depreciated | 36,506,488 | 4,238,280 | (375,185) | 40,369,583 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,328,768 | 133,071 | - | 1,461,839 |
| Equipment and vehicles | 3,260,308 | 356,691 | (239,306) | 3,377,693 |
| Infrastructure, road network | 11,615,585 | 906,503 | - | 12,522,088 |
| Infrastructure, other | 2,020 | 2,020 | - | 4,040 |
| Total accumulated depreciation | 16,206,681 | 1,398,285 | (239,306) | 17,365,660 |
| Total capital assets being depreciated, net | 20,299,807 | 2,839,995 | (135,879) | 23,003,923 |
| Governmental activities capital assets, net | \$ 23,938,887 | 3,963,615 | (3,792,448) | 24,110,054 |

Depreciation expense was charged to the following functions:

| | |
|--|---------------------|
| Governmental activities: | |
| Public safety and legal services | \$ 72,251 |
| Physical health and social services | 4,550 |
| County environment and education | 72,100 |
| Roads and transportation | 1,190,094 |
| Governmental services to residents | 13,813 |
| Administration | <u>45,477</u> |
| Total depreciation expense - governmental activities | <u>\$ 1,398,285</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 | <u>\$ 32,843</u> |
| Special Revenue: | | |
| Mental Health | Services | 301,013 |
| Secondary Roads | Services | 217 |
| | | <u>301,230</u> |
| Total for governmental funds | | <u>\$ 334,073</u> |
| Agency: | | |
| County Assessor | Collections | \$ 332,011 |
| Schools | | 9,580,701 |
| Community Colleges | | 489,623 |
| Corporations | | 5,988,939 |
| Townships | | 198,506 |
| Auto License and Use Tax | | 446,658 |
| E911 Service Commission | | 115,531 |
| All other | | <u>178,052</u> |
| Total for agency funds | | <u>\$ 17,330,021</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:

| | County Bank Loans | Conservation Foundation Bank Loan | Compen- sated Absences | Total |
|---------------------------|-------------------------|---|------------------------------|----------------|
| Balance beginning of year | \$ 305,539 | - | 189,292 | 494,831 |
| Increases | - | 486,000 | 199,009 | 685,009 |
| Decreases | <u>67,827</u> | <u>225,267</u> | <u>212,888</u> | <u>505,982</u> |
| Balance end of year | <u>\$ 237,712</u> | <u>260,733</u> | <u>175,413</u> | <u>673,858</u> |
| Due within one year | <u>\$ 33,000</u> | <u>260,733</u> | <u>130,495</u> | <u>424,228</u> |

County Bank Loans

On August 18, 2003, the County entered into a loan agreement with Commercial Federal Bank, Carroll, Iowa for \$200,000 to pay off an existing loan with the Iowa Natural Heritage Foundation. The terms of the bank loan provided for seven annual payments of principal and interest totaling \$32,768 beginning July 1, 2004, with all principal and interest due and payable in full on July 1, 2010. The County pays more than the required principal payment/amount due each year. During the year ended June 30, 2005, the County paid \$34,827 and \$4,853 of principal and interest, respectively, on the loan. The unpaid balance at June 30, 2005 totaled \$138,712.

A summary of the County's obligation under a bank loan dated April 14, 2003 is as follows:

| Year | | | | |
|----------|----------|------------------|--------------|----------------|
| Ending | Interest | | | |
| June 30, | Rate | Principal | Interest | Total |
| 2006 | 2.74% | \$ 33,000 | 2,712 | 35,712 |
| 2007 | 2.74 | 33,000 | 1,808 | 34,808 |
| 2008 | 2.74 | 33,000 | 907 | 33,907 |
| Total | | <u>\$ 99,000</u> | <u>5,427</u> | <u>104,427</u> |

During the year ended June 30, 2005, the County retired \$33,000 of this bank loan.

Conservation Foundation Bank Loan

On August 3, 2004, the Carroll County Conservation Foundation entered into a bank loan with Commercial Savings Bank, Carroll, Iowa for \$486,000 to finance construction of the Conservation Education Center. The terms of the bank loan provided for monthly principal and interest payments beginning December 1, 2004 equal to the monthly ending balance in a savings account held by the Conservation Foundation with all principal and interest due and payable in full on August 1, 2005. During the year ended June 30, 2005, the Conservation Foundation paid \$225,267 and \$14,733 of principal and interest, respectively, on the loan. Subsequently, on August 2, 2005 the terms of the bank loan were changed to provide for a single payment of the unpaid principal balance plus accrued interest on August 1, 2006.

(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 \$230,909, \$228,178 and \$223,998, respectively, equal to the required contributions for each year.

(9) Risk Management

Carroll 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 \$94,416.

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 and employee blanket bond in the amount of \$1,000,000 and \$20,000, 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 Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Internal Service Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Internal Service Fund. The County's contribution for the year ended June 30, 2005 was \$963,304.

Amounts payable from the Internal Service Fund at June 30, 2005 total \$96,784, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$191,013 at June 30, 2005 and is reported as a designation of the Internal Service 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 | \$ 138,954 |
| Incurred claims (including claims incurred but not reported at June 30, 2005) | 723,240 |
| Payment on claims during the fiscal year | <u>765,410</u> |
| Unpaid claims end of year | <u>\$ 96,784</u> |

(11) Revenue Bonds

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

On July 29, 2004, the County issued \$1,247,141 of revenue bonds in accordance with Chapter 419 of the Code of Iowa on behalf of the Manning Heritage Foundation to construct a convention center, hotel and restaurant. The bonds are not a general obligation of the County, but are payable solely from the net revenues of the Manning Heritage Foundation. No other resources of the County shall be required to be used, nor is the general credit of the County pledged, for the payment of bonds.

(12) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing on July 1, 2005 and ending on June 30, 2008.

Carroll County

Required Supplementary Information

Carroll 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 | Less Funds not Required to be Budgeted | Net |
|---|--------------|---|------------|
| Receipts: | | | |
| Property and other county tax | \$ 5,843,529 | - | 5,843,529 |
| Interest and penalty on property tax | 28,243 | - | 28,243 |
| Intergovernmental | 4,773,865 | - | 4,773,865 |
| Licenses and permits | 67,030 | - | 67,030 |
| Charges for service | 1,383,254 | - | 1,383,254 |
| Use of money and property | 217,494 | 1,686 | 215,808 |
| Miscellaneous | 720,775 | 246,173 | 474,602 |
| Total receipts | 13,034,190 | 247,859 | 12,786,331 |
| Disbursements: | | | |
| Public safety and legal services | 2,092,238 | - | 2,092,238 |
| Physical health and social services | 892,017 | - | 892,017 |
| Mental health | 2,558,258 | - | 2,558,258 |
| County environment and education | 879,026 | 48,521 | 830,505 |
| Roads and transportation | 3,657,970 | - | 3,657,970 |
| Governmental services to residents | 378,059 | - | 378,059 |
| Administration | 1,092,038 | - | 1,092,038 |
| Non-program | 101,142 | 15,803 | 85,339 |
| Debt service | 276,627 | 240,000 | 36,627 |
| Capital projects | 1,297,099 | 494,803 | 802,296 |
| Total disbursements | 13,224,474 | 799,127 | 12,425,347 |
| Excess (deficiency) of receipts over (under) disbursements | (190,284) | (551,268) | 360,984 |
| Other financing sources, net | 488,852 | 486,000 | 2,852 |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 298,568 | (65,268) | 363,836 |
| Balance beginning of year | 3,759,748 | 192,103 | 3,567,645 |
| Balance end of year | \$ 4,058,316 | 126,835 | 3,931,481 |

See accompanying independent auditor's report.

| Budgeted Amounts | | Final to |
|-------------------|-------------------|------------------|
| Original | Final | Net |
| | | Variance |
| 5,785,906 | 5,785,906 | 57,623 |
| 5,350 | 5,350 | 22,893 |
| 4,676,718 | 4,695,099 | 78,766 |
| 66,425 | 66,425 | 605 |
| 1,301,850 | 1,371,850 | 11,404 |
| 215,389 | 215,389 | 419 |
| 284,500 | 543,540 | (68,938) |
| <u>12,336,138</u> | <u>12,683,559</u> | <u>102,772</u> |
| 2,155,613 | 2,216,085 | 123,847 |
| 946,719 | 967,566 | 75,549 |
| 2,822,599 | 2,822,599 | 264,341 |
| 794,266 | 852,056 | 21,551 |
| 3,261,600 | 3,731,600 | 73,630 |
| 350,092 | 392,092 | 14,033 |
| 1,121,046 | 1,134,876 | 42,838 |
| 250,000 | 250,000 | 164,661 |
| 36,700 | 36,700 | 73 |
| 780,300 | 831,300 | 29,004 |
| <u>12,518,935</u> | <u>13,234,874</u> | <u>809,527</u> |
| (182,797) | (551,315) | 912,299 |
| - | - | 2,852 |
| (182,797) | (551,315) | 915,151 |
| <u>2,204,624</u> | <u>2,204,624</u> | <u>1,363,021</u> |
| <u>2,021,827</u> | <u>1,653,309</u> | <u>2,278,172</u> |

Carroll 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 | \$ 13,034,190 | 85,070 | 13,119,260 |
| Expenditures | 13,224,474 | 26,537 | 13,251,011 |
| Net | (190,284) | 58,533 | (131,751) |
| Other financing sources, net | 488,852 | (2,852) | 486,000 |
| Beginning fund balances | 3,759,748 | 584,672 | 4,344,420 |
| Ending fund balances | \$ 4,058,316 | 640,353 | 4,698,669 |

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$715,939. 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. Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

Carroll County

Other Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2005

| | Resource Enhance- ment and Protection | County Recorder's Records Management | Special Revenue County Recorder's Electronic Transaction Fee |
|---|--|---|--|
| Assets | | | |
| Cash and pooled investments: | | | |
| County Treasurer | \$ 19,044 | 15,117 | 7,470 |
| Conservation Foundation | - | - | - |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | - | - |
| Succeeding year | - | - | - |
| Due from other governments | - | - | - |
| Total assets | \$ 19,044 | 15,117 | 7,470 |
| Liabilities and Fund Equity | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | - | - |
| Due to other funds | - | - | - |
| Deferred revenue: | | | |
| Succeeding year property tax | - | - | - |
| Other | - | - | - |
| Total liabilities | - | - | - |
| Fund equity: | | | |
| Fund balances: | | | |
| Reserved for: | | | |
| Drainage warrants/drainage improvement certificates | - | - | - |
| Debt service | - | - | - |
| Unreserved, reported in: | | | |
| Special revenue funds | 19,044 | 15,117 | 7,470 |
| Capital projects fund | - | - | - |
| Total fund equity | 19,044 | 15,117 | 7,470 |
| Total liabilities and fund equity | \$ 19,044 | 15,117 | 7,470 |

See accompanying independent auditor's report.

| Drainage Districts | Conservation Foundation | Debt Service | Capital Projects | Total |
|-----------------------|----------------------------|-----------------|---------------------|----------------|
| 89,362 | - | 2,860 | 256,782 | 390,635 |
| - | 37,472 | - | 451 | 37,923 |
| - | - | 65 | - | 65 |
| - | - | 34,000 | - | 34,000 |
| - | - | - | 6,668 | 6,668 |
| 89,362 | 37,472 | 36,925 | 263,901 | 469,291 |
| 1,558 | - | - | - | 1,558 |
| 1,819 | - | - | - | 1,819 |
| - | - | 34,000 | - | 34,000 |
| - | - | 65 | - | 65 |
| 3,377 | - | 34,065 | - | 37,442 |
| 85,985 | - | - | - | 85,985 |
| - | - | 2,860 | - | 2,860 |
| - | 37,472 | - | - | 79,103 |
| - | - | - | 263,901 | 263,901 |
| 85,985 | 37,472 | 2,860 | 263,901 | 431,849 |
| 89,362 | 37,472 | 36,925 | 263,901 | 469,291 |

Carroll County

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

Year ended June 30, 2005

| | Resource | County | Special Revenue |
|---|------------------------------------|-------------------------------------|---|
| | Enhance- ment and Protection | Recorder's Records Management | County Recorder's Electronic Transaction Fee |
| Revenues: | | | |
| Property and other county tax | \$ - | - | - |
| Intergovernmental | 16,964 | - | - |
| Charges for service | - | 4,334 | 14,357 |
| Use of money and property | 55 | 74 | - |
| Miscellaneous | - | - | - |
| Total revenues | 17,019 | 4,408 | 14,357 |
| Expenditures: | | | |
| Operating: | | | |
| County environment and education | 10,000 | - | - |
| Administration | - | - | 29,623 |
| Non-program | - | - | - |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Total expenditures | 10,000 | - | 29,623 |
| Excess (deficiency) of revenues over (under) expenditures | 7,019 | 4,408 | (15,266) |
| Other financing sources: | | | |
| Operating transfers in | - | - | - |
| Bank loan proceeds | - | - | - |
| Total other financing sources | - | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | 7,019 | 4,408 | (15,266) |
| Fund balances beginning of year | 12,025 | 10,709 | 22,736 |
| Fund balances end of year | \$ 19,044 | 15,117 | 7,470 |

See accompanying independent auditor's report.

| Drainage Districts | Conservation Foundation | Debt Service | Capital Projects | Total |
|-----------------------|----------------------------|-----------------|---------------------|-----------|
| - | - | 34,910 | 72,880 | 107,790 |
| - | - | 1,790 | - | 18,754 |
| - | - | - | - | 18,691 |
| - | 1,685 | - | - | 1,814 |
| 7 | 246,166 | - | 27,502 | 273,675 |
| 7 | 247,851 | 36,700 | 100,382 | 420,724 |
| - | 48,521 | - | - | 58,521 |
| - | - | - | - | 29,623 |
| 18,524 | - | - | - | 18,524 |
| - | 240,000 | 36,627 | - | 276,627 |
| - | 494,804 | - | 62,792 | 557,596 |
| 18,524 | 783,325 | 36,627 | 62,792 | 940,891 |
| (18,517) | (535,474) | 73 | 37,590 | (520,167) |
| - | - | - | 112,500 | 112,500 |
| - | 486,000 | - | - | 486,000 |
| - | 486,000 | - | 112,500 | 598,500 |
| (18,517) | (49,474) | 73 | 150,090 | 78,333 |
| 104,502 | 86,946 | 2,787 | 113,811 | 353,516 |
| 85,985 | 37,472 | 2,860 | 263,901 | 431,849 |

Carroll County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2005

| | County Offices | Agricultural Extension Education | County Assessor | Schools |
|------------------------------|-------------------|--|--------------------|------------------|
| Assets | | | | |
| Cash and pooled investments: | | | | |
| County Treasurer | \$ - | 1,041 | 111,626 | 84,875 |
| Other County officials | 30,084 | - | - | - |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | 209 | 378 | 16,826 |
| Succeeding year | - | 123,000 | 222,000 | 9,479,000 |
| Accounts | - | - | - | - |
| Accrued interest | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total assets | \$ 30,084 | 124,250 | 334,004 | 9,580,701 |
| Liabilities | | | | |
| Accounts payable | \$ - | - | 22 | - |
| Due to other governments | 16,834 | 124,250 | 332,011 | 9,580,701 |
| Trusts payable | 13,250 | - | - | - |
| Compensated absences | - | - | 1,971 | - |
| Total liabilities | \$ 30,084 | 124,250 | 334,004 | 9,580,701 |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | Auto License and Use Tax | E911 Service Commission | Other | Total |
|--------------------|--------------|-----------|--------------------------|-------------------------|--------|------------|
| 3,785 | 38,006 | 2,448 | 446,658 | 88,011 | 33,806 | 810,256 |
| - | - | - | - | - | - | 30,084 |
| 838 | 19,933 | 58 | - | - | 5 | 38,247 |
| 485,000 | 5,931,000 | 196,000 | - | - | 3,000 | 16,439,000 |
| - | - | - | - | 34,394 | - | 34,394 |
| - | - | - | - | 461 | - | 461 |
| - | - | - | - | - | 157 | 157 |
| 489,623 | 5,988,939 | 198,506 | 446,658 | 122,866 | 36,968 | 17,352,599 |
| - | - | - | - | 7,335 | - | 7,357 |
| 489,623 | 5,988,939 | 198,506 | 446,658 | 115,531 | 36,968 | 17,330,021 |
| - | - | - | - | - | - | 13,250 |
| - | - | - | - | - | - | 1,971 |
| 489,623 | 5,988,939 | 198,506 | 446,658 | 122,866 | 36,968 | 17,352,599 |

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

Year ended June 30, 2005

| Assets and Liabilities | County Offices | Agricultural Extension Education | County Assessor | Schools |
|------------------------------------|-------------------|--|--------------------|------------------|
| Balances beginning of year | \$ 4,575 | 114,101 | 310,154 | 9,307,157 |
| Additions: | | | | |
| Property and other county tax | - | 122,899 | 222,742 | 9,487,271 |
| E911 surcharge | - | - | - | - |
| State tax credits | - | 6,111 | 12,330 | 497,085 |
| Office fees and collections | 363,873 | - | - | - |
| Electronic transaction fees | - | - | - | - |
| Auto licenses, use tax and postage | - | - | - | - |
| Assessments | - | - | - | - |
| Trusts | 387,789 | - | - | - |
| Miscellaneous | 9,413 | - | 460 | - |
| Total additions | <u>761,075</u> | <u>129,010</u> | <u>235,532</u> | <u>9,984,356</u> |
| Deductions: | | | | |
| Agency remittances: | | | | |
| To other funds | 323,696 | - | - | - |
| To other governments | 152,671 | 118,861 | 211,682 | 9,710,812 |
| Trusts paid out | 259,199 | - | - | - |
| Total deductions | <u>735,566</u> | <u>118,861</u> | <u>211,682</u> | <u>9,710,812</u> |
| Balances end of year | <u>\$ 30,084</u> | <u>124,250</u> | <u>334,004</u> | <u>9,580,701</u> |

See accompanying independent auditor's report.

| Community Colleges | Corporations | Townships | Auto License and Use Tax | E911 Service Commission | Other | Total |
|--------------------|--------------|-----------|--------------------------|-------------------------|--------|------------|
| 412,608 | 6,075,956 | 196,108 | 510,460 | 176,617 | 39,675 | 17,147,411 |
| 485,742 | 5,878,410 | 196,737 | - | - | 2,723 | 16,396,524 |
| - | - | - | - | 158,950 | - | 158,950 |
| 22,180 | 256,151 | 11,412 | - | - | 147 | 805,416 |
| - | - | - | - | - | - | 363,873 |
| - | - | - | - | - | 4,335 | 4,335 |
| - | - | - | 5,230,489 | - | - | 5,230,489 |
| - | - | - | - | - | 22,182 | 22,182 |
| - | - | - | - | - | - | 387,789 |
| - | - | - | - | - | 22,902 | 32,775 |
| 507,922 | 6,134,561 | 208,149 | 5,230,489 | 158,950 | 52,289 | 23,402,333 |
| - | - | - | 159,625 | - | - | 483,321 |
| 430,907 | 6,221,578 | 205,751 | 5,134,666 | 212,701 | 54,996 | 22,454,625 |
| - | - | - | - | - | - | 259,199 |
| 430,907 | 6,221,578 | 205,751 | 5,294,291 | 212,701 | 54,996 | 23,197,145 |
| 489,623 | 5,988,939 | 198,506 | 446,658 | 122,866 | 36,968 | 17,352,599 |

Schedule 5

Carroll County

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

For the Last Four Years

| | Modified Accrual Basis | | | |
|--------------------------------------|------------------------|-------------------|-------------------|-------------------|
| | 2005 | 2004 | 2003 | 2002 |
| Revenues: | | | | |
| Property and other county tax | \$ 5,854,210 | 5,391,537 | 4,996,273 | 4,830,123 |
| Interest and penalty on property tax | 28,243 | 45,758 | 35,207 | 36,890 |
| Intergovernmental | 4,775,821 | 4,632,453 | 5,011,828 | 5,074,363 |
| Licenses and permits | 55,143 | 66,889 | 77,990 | 75,044 |
| Charges for service | 1,421,620 | 1,298,488 | 1,233,218 | 1,248,698 |
| Use of money and property | 220,883 | 184,790 | 212,256 | 289,378 |
| Fines, forfeitures and defaults | 3,711 | - | - | 756 |
| Miscellaneous | 759,629 | 1,483,180 | 462,391 | 360,357 |
| Total | <u>\$ 13,119,260</u> | <u>13,103,095</u> | <u>12,029,163</u> | <u>11,915,609</u> |
| Expenditures: | | | | |
| Operating: | | | | |
| Public safety and legal services | \$ 2,090,553 | 1,991,577 | 1,978,593 | 1,920,854 |
| Physical health and social services | 932,524 | 1,136,692 | 1,099,460 | 1,194,390 |
| Mental health | 2,675,722 | 2,323,078 | 2,522,514 | 2,525,443 |
| County environment and education | 852,196 | 1,314,236 | 785,261 | 701,166 |
| Roads and transportation | 3,584,619 | 3,946,971 | 3,096,413 | 3,679,075 |
| Governmental services to residents | 349,093 | 349,000 | 384,115 | 345,484 |
| Administration | 1,116,364 | 1,081,846 | 1,032,052 | 921,885 |
| Non-program | 108,309 | 351,681 | 273,593 | 156,320 |
| Debt service | 276,627 | 37,744 | 525,732 | 118,698 |
| Capital projects | 1,265,004 | 1,719,057 | 1,147,195 | 790,600 |
| Total | <u>\$ 13,251,011</u> | <u>14,251,882</u> | <u>12,844,928</u> | <u>12,353,915</u> |

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll 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 9, 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 Carroll 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 Carroll 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 items (C) and (F) are material weaknesses.

Compliance and Other Matters

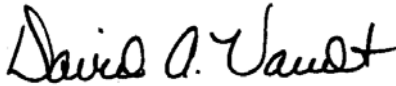
As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 Carroll County and other parties to whom Carroll 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 Carroll 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 9, 2005

Carroll 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) Jail Commissary – Jail commissary account profits are accumulating in the commissary bank account and have not been remitted to the County Treasurer on a regular basis. In addition, these profits were used to purchase non-commissary type items, such as equipment.

Recommendation – A separate fund should be established and profits from the jail commissary should be deposited with the County Treasurer on a regular basis. In addition, all expenditures should be paid by claims approved by the Board of Supervisors and be reflected in the County's accounting system, County budget and annual financial statements.

Response – The profits will be remitted regularly to the County Treasurer. Also, some of the profits are used by the jail to pay for items that are needed for the prisoners. Why burden the taxpayers with more taxes when the prisoners help with items that are needed in the jail and they need them.

Conclusion – Response acknowledged. Profits from the jail commissary account spent for other than commissary items should be deposited with the County Treasurer to ensure those expenditures go through the budgetary process and are approved by the Board of Supervisors.

- (B) Computer Passwords – The County does not have a written policy requiring computer password changes and the software does not require the user to change log-ins/ passwords periodically.

Recommendation – The County should develop written policies addressing password changes in order to improve the County's control over computer based systems.

Response – The password change policy will not be changed at this time.

Conclusion – Response acknowledged. The County should require employees to change their passwords periodically to help prevent unauthorized persons from gaining access to the County's computer system.

- (C) Board of Health – One individual has custody of receipts and performs all record keeping.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Board should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Carroll County

Schedule of Findings

Year ended June 30, 2005

Response – This is difficult to change. However, the Board of Health does watch over the budget closely.

Conclusion – Response acknowledged. The Board of Health should segregate duties to the extent possible with existing personnel.

- (D) Carroll County Ambulance Department – The Carroll County ambulance department has not established an allowance for doubtful accounts. In addition, no independent review of receivables written-off by the department is performed.

Recommendation – The County should establish an allowance for doubtful accounts due to the significant amount of receivables that are not collected from Medicare/Medicaid. In addition, an independent review of all receivable write-offs should be performed.

Response – After 5 years of a complicated Medicare blended fee schedule, we will begin using an automatic adjustment for Medicare and Medicaid claims as they are billed instead of after they are paid.

Conclusion – Response acknowledged. An independent review of all receivable write-offs should also be performed.

- (E) Capital Assets – A partial record of capital assets is maintained. However, the listing has not been kept current. Also, identifying information is not promptly placed on assets when received.

Recommendation – A complete record of capital assets should be maintained and kept current to facilitate proper maintenance, safeguarding and reporting of these assets. An inventory of all property and equipment should be taken yearly and compared to the capital asset record. Also, identifying information should be promptly placed on the assets when received.

Response – Our staff has been given instructions of what needs to be completed. We will plan on using the State Auditor's spreadsheet to complete the capital assets listing.

Conclusion – Response accepted.

- (F) Sheriff's Trust Account – One person in the Sheriff's office collects cash, prepares the deposit and reconciles the Trust account. In addition, no initial listing of receipts is prepared for the Trust account.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Sheriff's office should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Carroll County

Schedule of Findings

Year ended June 30, 2005

Response – As Sheriff, I review the Trust account, but I will also have my office personnel review the commissary account and the jailer review the Trust account on a regular or monthly basis.

Conclusion – Response accepted.

Carroll 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 of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Certified Budget – Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after disbursements had exceeded the appropriations.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will work on this issue for FY06. Sometimes things happen faster than an amendment can be made.

Conclusion – Response accepted.

- (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 – No business transactions between the County and County officials or employees were noted.
- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of 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.

The County Conservation Board went into closed session in four meetings during the fiscal year ended June 30, 2005. Three were to discuss personnel evaluations and one was to discuss a possible land acquisition. For the three closed sessions entered into to discuss personnel evaluations, the minutes did not document the employee requested the closed session. In addition, for all four meetings, the Conservation Board minutes did not reference a specific Code exemption as required by Chapter 21.5 of the Code of Iowa.

Carroll County

Schedule of Findings

Year ended June 30, 2005

Recommendation – Minutes for closed meetings held under Chapter 21.5(i) of the Code of Iowa to discuss personnel evaluations should document the employee requested the closed session. Meetings may be closed for personnel evaluations only when the individual requests a closed meeting and the Board determines a closed session is necessary to avoid needless and irreparable injury to the individual. In addition, the Board minutes should reference a specific Code exemption for any other closed meeting, as required.

Response – I will document future closed sessions as recommended.

Conclusion – Response accepted.

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) 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) County Ordinances – The County Board of Supervisors has not completed a compilation of County ordinances.

Recommendation – A compilation of County ordinances should be prepared and published as required by Section 331.302(9) of the Code of Iowa.

Response – This is currently in the process of being published. It should be in the newspaper shortly after the first of the year (2006).

Conclusion – Response accepted.

- (12) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. For the Trust account, the County Sheriff retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required. In addition, the Sheriff does not receive cancelled checks or images of cancelled checks for the Jail Commissary account.

Carroll County

Schedule of Findings

Year ended June 30, 2005

Recommendation – The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required. In addition, the Sheriff should obtain and retain cancelled checks or images of cancelled checks for the Jail Commissary account.

Response – The Sheriff’s office has started getting the fronts and backs of the checks.

The jailers have notified the banks on the other accounts and we will be getting the fronts and backs of the checks.

Conclusion – Response accepted.

- (13) Separately Maintained Account – The Carroll County paramedics have a separately maintained checking account. Deposit slips, cancelled checks, invoices and other support are not maintained to document activity of the account.

Without the necessary documentation, the purpose and propriety of the disbursements can not be determined.

Recommendation – Adequate supporting documentation should be maintained to identify the purpose/source of receipts and the purpose/propriety of disbursements.

Response – Immediately after talking with the State Auditors, all suggestions including supportive documentations are kept on file.

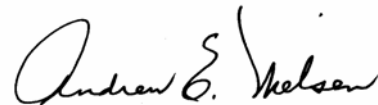
Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager
Kathleen S. Caggiano, Senior Auditor
Sheila M. Jensen, Staff Auditor
Trevor L. Theulen, Staff Auditor
Jessica L. Christensen, 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 "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State