

CRAWFORD COUNTY
INDEPENDENT AUDITOR'S REPORTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2004

Crawford County
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Crawford County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
G. Dean Hargens	Board of Supervisors	January, 2007
Robert Lohrmann	Board of Supervisors	January, 2007
John P. Lawler	Board of Supervisors	January, 2005
Mark Segebart	Board of Supervisors	January, 2005
Steve Ulmer	Board of Supervisors	January, 2007
Cecilia M. Fineran	County Auditor	January, 2005
Judith E. Groth (Resigned July, 2004)	County Treasurer	
Jeri Vogt (Appointed July, 2004)	County Treasurer	January, 2005
Denise Meeves	County Recorder	January, 2007
Thomas Hogan	County Sheriff	January, 2005
Thomas E. Gustafson	County Attorney	January, 2007
Duane Zenk	County Assessor	January, 2010

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

ROGER A. BELL
MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Officials of Crawford County

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

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 Crawford County at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated December 21, 2004 on our consideration of Crawford County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

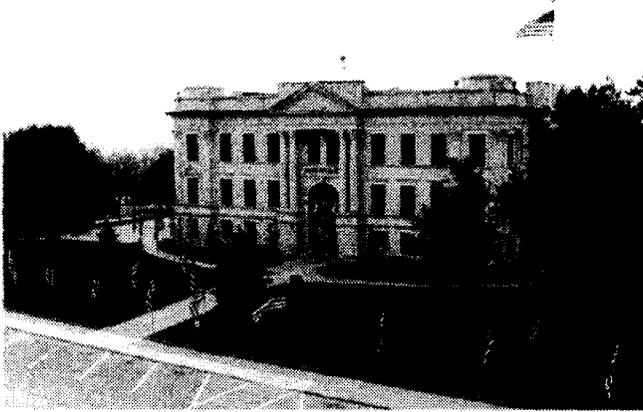
Management's Discussion and Analysis and budgetary comparison information on pages 3 through 3h and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

To the Officials of Crawford County

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Crawford 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 one year ended June 30, 2003 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the two years ended June 30, 2002 (none of which are presented herein), were audited by other auditors whose reports expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Granewald, Bell, Kuhn & P.C.

Atlantic, Iowa
December 21, 2004



Crawford County Board of Supervisors

Crawford County Courthouse
1202 Broadway
Denison, IA 51442
712/263-5356

Fascimile 712/263-8382

Members:

*Mark Segebart, Dean Hargens, Steve Ulmer,
Robert Lohrmann and Dan Muhlbauer*

MANAGEMENT'S DISCUSSION & ANALYSIS

The Crawford County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2004. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2004 FINANCIAL HIGHLIGHTS

- Crawford County's governmental funds receipts decreased by \$1,027,927 from the fiscal year 2003. Property and other taxes increased approximately \$432,379 from fiscal year 2003, while credits from the state to taxpayers decreased \$3,090 to \$307,750. Receipts from expenditures of federal awards totaled \$620,692 for the year.
- Crawford County's program disbursements decreased from \$12,582,819 in fiscal year 2003 to \$11,965,280 in fiscal year 2004.
- Crawford County's capital assets (net of accumulated depreciation) increased approximately \$2,274,974 from fiscal year 2003, of which \$2,181,460 was a restatement from the previous year.
- No major capital projects, other than secondary roads projects, were completed in fiscal year 2004. Seven major capital projects were completed as secondary road projects during FY 2004, including ACC resurfacing, weirs, bridge deck overlays and grading projects.
- Crawford County started self-funding of their health insurance. So far the plan has worked to maintain even premiums and the county has been able to grow a reserve in the fund. The ending cash balance as of June 30, 2004 was \$406,855 and the claims incurred but not yet paid were \$116,439.

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- ! Management ' s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government ' 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 Crawford 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 Crawford County ' s operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Crawford County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- ! Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- ! Required Supplementary Information further explains and supports the financial statements with a comparison of the County ' s budget for the year.
- ! Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

Reporting the County as a Whole

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 about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This 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 fiscal year. All changes in net assets are reported as soon as the event or 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 displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health, MR & DD
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Interest on Long-Term Debt
9. Non-program Activities

Property tax, local option tax, road use tax, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

Crawford County has three kinds of funds: governmental, proprietary & fiduciary 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. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (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 statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

- 2) Proprietary funds account for the County's Internal Service Fund, Employee Group Health Insurance Account. 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 and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a couple.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Crawford County's net assets for FY 2004 total \$28,055,370 compared to FY03 at \$27,419,510 (which was restated by \$2,181,460 due to the omission of infrastructure which was excluded from the prior year balance). The County is utilizing accumulated depreciation for capital assets which increased from \$18,507,837 in FY 2003 to \$20,782,811 in FY 2004. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Net Assets of Governmental Activities

	<u>June 30, 2003</u>	<u>June 30, 2004</u>
Current and other assets	\$ 11,788,237	\$12,862,406
Capital Assets	18,507,837	\$20,782,811
Restated Adjustment	2,181,460	
Total Assets	\$ 32,477,534	\$33,645,217
Long Term Debt Outstanding	-0-	-0-
Other Liabilities	5,058,024	\$ 5,589,847
Total Liabilities	\$ 5,058,024	\$ 5,589,847
Net Assets:		
Invested in capital assets, net of related debt	\$ 20,686,034	\$20,782,811
Restricted	4,709,043	4,584,712
Unrestricted	2,024,433	2,687,847
Total Net Assets	\$ 27,419,510	\$28,055,370

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, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

REVENUES	6/30/2003	6/30/2004	Difference
Program Revenues			
Charges for services	1,495,635	1,367,910	(127,725)
Operating Grants & Contributions	5,065,433	4,471,441	(593,992)
Capital Grants & Contributions	790,460	213,125	(577,335)
General Revenues			
Property Taxes	4,797,433	5,264,540	467,107
Penalty & Interest on Property Taxes	46,872	43,652	(3,220)
State tax credits	395,725	313,645	(82,080)
Local option sales & service tax	451,723	459,460	7,737
Unrestricted investment earnings	126,462	78,279	(48,183)
Other general revenues	121,534	1,070,961	949,427
Total revenues	13,291,277	13,283,013	(8,264)

PROGRAM EXPENSES

Public Safety & Legal Services	1,211,661	1,253,208	41,547
Physical Health & Social Services	2,403,191	2,102,654	(300,537)
Mental Health, MR& DD	1,653,128	1,478,995	(174,133)
County Environment & Education	950,375	826,014	(124,361)
Roads & Transportation	4,728,617	4,862,862	134,245
Government Services to Residents	391,061	422,457	31,396
Administration	1,655,562	1,700,641	45,079
Nonprogram Current	0	0	0
Interest on long-term debt	617	322	(295)
Total expenses	12,994,212	12,647,153	(347,059)

Increase in net assets	297,065	635,860	338,795
Net assets beginning of year, as restated	24,940,985	27,419,510	2,478,525
Restated adjustment	2,181,460		(2,181,460)
Net assets end of year	\$27,419,510	\$28,055,370	\$635,860

	Taxable Valuation with Gas and Electric Values		Taxable Valuations without Gas and Electric Values	
	1-1-01	1-1-02	1-1-01	1-1-02
Rural	393,602,669	400,496,116	381,174,591	387,633,508
Urban	165,890,811	186,961,535	163,036,559	184,115,705
Total	559,493,480	587,457,651	544,211,150	571,749,213
Increase	\$27,964,171		\$27,538,063	

While the valuation did increase, the residential rollback remained relatively stable changing from 51.6676 to 51.3874.

The county's tax levies are compared as set forth below:

	<u>2002-2003</u>	<u>2003-2004</u>
General Basis/General Supplemental	4.92	5.07
MH-DD	1.47	1.60
Rural Basic/Rural Supplemental	4.10	4.18
Total	9.84	10.85

Local option sales tax revenue remained relatively stable considering the economic conditions increasing \$7,737 from FY 2003 to FY 2004.

However, revenues from the State declined in credits to taxpayers by \$82,080. As an additional note, the credits allowed to taxpayers for military credit increased from the previous drop from \$6.92 to \$6.71 – increasing in 2003-04 to 98% or the sum of \$6.78; however homestead credit reduced from the 90% in 2002-03 to 85% in 2003-04. This is a reduction of \$4,365 to \$4,122 on their tax statements; and the elderly and disabled credit was reduced to 40%.

INDIVIDUAL MAJOR FUND ANALYSIS

Crawford County completed the year with its governmental funds reported combined cash balance of \$ 5,447,002. This is \$118,693 more than the combined fund balance of FY 2003.

The General Fund, as the operating fund for Crawford County, ended FY 2004 with a balance of \$2,500,046 - a \$26,801 increase from the FY 2003 ending fund. It is noted that \$380,000 of this amount is unreserved but designated, mainly for courthouse capital improvement projects which the Board anticipates accomplishing in the years 2005 through 2008

The Mental Health Fund of the County had a ending balance of \$859,655 as of 6-30-2004. This is an increase of \$193,975 from the previous fiscal year. The Board had anticipated taking money from the ending balance, however, the expenditures did not result in a reduction of the fund – but rather in building the fund which penalizes the county when it comes to reimbursement from the State of Iowa.

The Rural Services Fund ended FY 2004 with a balance of \$356,881. This is \$93,108 over the FY 2003 ending balance of \$263,773.

Secondary Roads ended FY 2004 with a balance of \$1,576,139 which is \$223,599 under the FY 2003 ending balance of \$1,799,738. This is due in part to timing of capital projects. Crawford County maintains 878 miles of gravel roads, has 209 miles of dirt roads and 135 miles of paved roads. Unlike a large number of Iowa counties, Crawford County also has 286 bridges which they maintain. During FY 2004, a major overlay was completed on E-16 using a combination of federal aid and farm to market funds. This project was started in the previous year. The county has an entitlement to farm to market funds for secondary road purposes which are administered by the Iowa Department of Transportation. These funds are not included in the County's financial report.

Fortunately, Crawford County has no debt service at this time.

There are no funds in a capital project fund.

General Budgetary Highlights

The Crawford County budget was amended once. The amendment was made October 14, 2003 for adjustments to maternal health and data processing. The amendment for maternal health was for additional services from grant funds. The amendment for data processing was for new computer equipment and software for the county.

As of June 30, 2004, the County officially ceased operation of the day care center which had not been meeting its anticipated revenue projections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crawford County ended FY 2004 with approximately \$35,179,491 invested in a broad range of capital assets. Crawford County excludes any assets under \$5,000.

Crawford County had depreciation expense of \$1,376,111 for FY 2004 and total accumulated depreciation of \$14,396,680 at the end of June, 2004.

Debt

Crawford County had no general obligation bonds outstanding as of the end of FY 2004.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Crawford County's Board of Supervisors considered many factors for the fiscal year 2005 budget, tax rates, and funding of various County services. The economy has not rebounded significantly from the down-turn it suffered the previous year. The County also experienced a dramatic increase in its insurance costs: liability and workmen's compensation. The population of Crawford County was up slightly from the 2000 census figure of 16,942 to the estimated 2003 figure of 16,940. Unemployment in Crawford County was approximately 3% at the end of June, 2004. Inflation seems to be relatively close to the CPI which increased 6%. The State's financial condition has remained flat which will continue to impact credits paid to the county. The Board did not grant any raises with the exception of secondary roads which is covered under a union contract.

The Board has tightened all departmental budgets in the last two years to help alleviate the difference between revenue and expenditures in an effort to maintain current county programs. Limitations of growth in the general funds may further jeopardize programs in the future. Crawford County has no plans for addition of any major new programs or initiatives in the 2005 budget.

If projections are realized, the Board of Supervisors anticipate taking \$495,210 from fund balances during FY 2005.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Crawford County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Crawford County Auditor's office, 1202 Broadway, Denison, IA 51442, telephone (712)263-3045.

Crawford County
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 5,970,296
Receivables:	
Property tax:	
Delinquent	8,956
Succeeding year	4,743,000
Interest and penalty on property tax	47,493
Accounts	63,170
Accrued interest	13,520
Due from other funds	28,432
Due from other governments	392,631
Inventories	1,418,235
Prepaid insurance	176,673
Capital assets (net of accumulated depreciation)	<u>20,782,811</u>
Total assets	<u>33,645,217</u>
Liabilities	
Accounts payable	299,743
Salaries and benefits payable	176,070
Due to other governments	140,477
Deferred revenue:	
Succeeding year property tax	4,743,000
Compensated absences	51,380
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	<u>179,177</u>
Total liabilities	<u>5,589,847</u>

(continued next page)

Crawford County
 Statement of Net Assets - continued
 June 30, 2004

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 20,782,811
Restricted for:	
Mental health purposes	712,566
Secondary roads purposes	2,964,096
Other purposes	908,050
Unrestricted	<u>2,687,847</u>
Total net assets	<u>\$ 28,055,370</u>

See notes to financial statements.

Crawford County
Statement of Activities
Year ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 1,253,208	\$ 116,640
Physical health and social services	2,102,654	861,258
Mental health	1,478,995	--
County environment and education	826,014	92,695
Roads and transportation	4,862,862	1,383
Governmental services to residents	422,457	286,218
Administrative services	1,700,641	9,716
Interest on long-term debt	<u>322</u>	<u>--</u>
Total	<u>\$ 12,647,153</u>	<u>\$ 1,367,910</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year, as restated (Note 5)		
Net assets end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ 24,881	\$ --	\$(1,111,687)
732,167	--	(509,229)
759,230	--	(719,765)
89,765	--	(643,554)
2,806,157	209,025	(1,846,297)
42,491	--	(93,748)
16,750	4,100	(1,670,075)
<u>--</u>	<u>--</u>	<u>(322)</u>
<u>\$ 4,471,441</u>	<u>\$ 213,125</u>	<u>(6,594,677)</u>

5,264,540
43,652
313,645
459,460
78,279
1,070,961
7,230,537
635,860
27,419,510
\$ 28,055,370

Crawford County
 Balance Sheet
 Governmental Funds
 June 30, 2004

		Special Revenue	
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 2,500,046	\$ 859,655	\$ 356,881
Receivables:			
Property tax:			
Delinquent	6,021	2,090	845
Succeeding year	2,544,000	883,000	1,316,000
Interest and penalty on property tax	47,493	--	--
Accounts	58,857	--	--
Accrued interest	13,520	--	--
Due from other funds	27,577	--	--
Due from other governments	145,621	2,222	7,334
Inventories	--	--	--
Prepaid insurance	<u>134,969</u>	<u>--</u>	<u>3,271</u>
Total assets	<u>\$ 5,478,104</u>	<u>\$ 1,746,967</u>	<u>\$ 1,684,331</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 45,736	\$ 30,458	\$ 809
Salaries and benefits payable	44,292	1,748	22,973
Due to other funds	--	190	--
Due to other governments	24,010	114,638	120
Deferred revenue:			
Succeeding year property tax	2,544,000	883,000	1,316,000
Other	52,983	2,014	841
Compensated absences	<u>22,695</u>	<u>880</u>	<u>4,318</u>
Total liabilities	<u>2,733,716</u>	<u>1,032,928</u>	<u>1,345,061</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 1,576,139	\$ 154,281	\$ 5,447,002
--	--	8,956
--	--	4,743,000
--	--	47,493
4,313	--	63,170
--	--	13,520
--	1,045	28,622
237,454	--	392,631
1,418,235	--	1,418,235
<u>33,428</u>	<u>5,005</u>	<u>176,673</u>
<u>\$ 3,269,569</u>	<u>\$ 160,331</u>	<u>\$ 12,339,302</u>
\$ 106,301	\$ --	\$ 183,304
107,057	--	176,070
--	--	190
1,709	--	140,477
--	--	4,743,000
--	--	55,838
<u>23,487</u>	<u>--</u>	<u>51,380</u>
<u>238,554</u>	<u>--</u>	<u>5,350,259</u>

Crawford County
 Balance Sheet
 Governmental Funds - continued

June 30, 2004

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Fund balances:			
Reserved for:			
Inventories	\$ --	\$ --	\$ --
Prepaid insurance	134,969	--	3,271
Drainage warrants/drainage improvement certificates	--	--	--
Unreserved, reported in:			
General fund	2,609,419	--	--
Special revenue funds	--	714,039	335,999
Total fund balances	<u>2,744,388</u>	<u>714,039</u>	<u>339,270</u>
 Total liabilities and fund balances	 <u>\$ 5,478,104</u>	 <u>\$ 1,746,967</u>	 <u>\$ 1,684,331</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 1,418,235	\$ --	\$ 1,418,235
33,428	5,005	176,673
--	14,690	14,690
--	--	2,609,419
<u>1,579,352</u>	<u>140,636</u>	<u>2,770,026</u>
<u>3,031,015</u>	<u>160,331</u>	<u>6,989,043</u>
<u>\$ 3,269,569</u>	<u>\$ 160,331</u>	<u>\$ 12,339,302</u>

Crawford County

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

June 30, 2004

Total governmental fund balances (page 8)	\$ 6,989,043
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 \$35,179,491 and the accumulated depreciation is \$14,396,680.	20,782,811
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	55,838
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	406,855
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(179,177)</u>
Net assets of governmental activities (page 5)	<u>\$ 28,055,370</u>

See notes to financial statements.

Crawford County

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

Year ended June 30, 2004

	General	Special Revenue	
		Mental Health	Rural Services
Revenues:			
Property and other County tax	\$ 2,801,732	\$ 884,175	\$ 1,671,519
Interest and penalty on property tax	44,277	--	--
Intergovernmental	1,516,790	813,490	98,236
Licenses and permits	6,749	--	--
Charges for service	782,782	--	--
Use of money and property	106,113	--	3,120
Miscellaneous	77,534	--	6,156
Total revenues	<u>5,335,977</u>	<u>1,697,665</u>	<u>1,779,031</u>
Expenditures:			
Operating:			
Public safety and legal services	1,238,367	--	--
Physical health and social services	2,094,590	--	--
Mental health	--	1,477,461	--
County environment and education services	481,650	--	314,915
Roads and transportation	--	--	184,856
Governmental services to residents	414,142	--	--
Administrative services	981,546	--	44
Capital projects	2,913	--	--
Total expenditures	<u>5,213,208</u>	<u>1,477,461</u>	<u>499,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,769</u>	<u>220,204</u>	<u>1,279,216</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 367,568	\$ --	\$ 5,724,994
--	--	44,277
2,923,232	10,548	5,362,296
11,383	--	18,132
1,383	27,071	811,236
--	427	109,660
<u>43,668</u>	<u>1,803</u>	<u>129,161</u>
<u>3,347,234</u>	<u>39,849</u>	<u>12,199,756</u>
--	59	1,238,426
--	--	2,094,590
--	--	1,477,461
--	10,794	807,359
4,056,684	--	4,241,540
--	7,320	421,462
--	--	981,590
<u>699,939</u>	<u>--</u>	<u>702,852</u>
<u>4,756,623</u>	<u>18,173</u>	<u>11,965,280</u>
<u>(1,409,389)</u>	<u>21,676</u>	<u>234,476</u>

Crawford County

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

Year ended June 30, 2004

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ 1,500	\$ --	\$ 11,400
Operating transfers in	--	--	--
Operating transfers out	<u>(104,310)</u>	<u>--</u>	<u>(1,193,000)</u>
Total other financing sources (uses)	<u>(102,810)</u>	<u>--</u>	<u>(1,181,600)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	19,959	220,204	97,616
Fund balances beginning of year	2,731,639	493,835	242,318
Increase (decrease) in reserve for:			
Inventories	--	--	--
Prepaid insurance	<u>(7,210)</u>	<u>--</u>	<u>(664)</u>
Fund balances end of year	<u>\$ 2,744,388</u>	<u>\$ 714,039</u>	<u>\$ 339,270</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 38,995	\$ --	\$ 51,895
1,291,000	6,310	1,297,310
--	--	(1,297,310)
1,329,995	6,310	51,895
(79,394)	27,986	286,371
3,167,867	127,340	6,762,999
(61,378)	--	(61,378)
3,920	5,005	1,051
\$ 3,031,015	\$ 160,331	\$ 6,989,043

Crawford County

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

Year ended June 30, 2004

Net change in fund balance - Total governmental funds (page 11) \$ 286,371

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 outlays exceeded depreciation expense in the
current year as follows:

Expenditures for capital assets	\$ 1,471,721	
Depreciation expense	<u>(1,376,111)</u>	95,610

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

Book value of disposed assets	(2,096)
-------------------------------	----------

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.

Change in deferred property tax revenues	(1,619)
--	----------

Payments on a capital lease obligation are an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Assets. Current year
debt repayments were as follows:

Principal payments	3,263
--------------------	-------

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	(9,788)
----------------------	----------

Prepaid expenses and inventories in the governmental funds
have been recorded as expenditures when paid. However, the
statement of activities will report these items as expenditures
in the period that the corresponding net asset is exhausted.

(60,327)

The Internal Service Fund is used by management to charge the costs
of employee health benefits to individual funds. The net revenue of
the Internal Service Fund is reported with governmental activities.

<u>324,446</u>

Change in net assets of governmental activities (page 6)	<u>\$ 635,860</u>
--	-------------------

See notes to financial statements.

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

	Internal Service - Employee Group <u>Health</u>
Assets	
Cash and cash equivalents	\$ 523,294
Liabilities	
Accounts payable	<u>116,439</u>
Net Assets	
Unrestricted	<u>\$ 406,855</u>

See notes to financial statements.

Crawford County
 Statement of Revenues, Expenses, and Changes
 in Fund Net Assets
 Proprietary Fund
 Year ended June 30, 2004

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds	\$ 930,316	
Reimbursements from employees	99,541	
Miscellaneous revenue	<u>120</u>	
Total operating revenues		<u>1,029,977</u>
Operating expenses:		
Medical claims	\$ 485,117	
Administrative fees and insurance premiums	<u>225,514</u>	<u>710,631</u>
Operating income		319,346
Non-operating revenues:		
Interest on investments		<u>5,100</u>
Net income		324,446
Net assets beginning of year		<u>82,409</u>
Net assets end of year		<u>\$ 406,855</u>

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 930,316
Cash received from employees and others	99,661
Cash payments to suppliers for services	<u>(594,192)</u>
Net cash provided by operating activities	435,785
Cash flows from investing activities:	
Interest on investments	<u>5,100</u>
Net increase in cash and cash equivalents	440,885
Cash and cash equivalents at beginning of year	<u>82,409</u>
Cash and cash equivalents at end of year	<u>\$ 523,294</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 319,346
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>116,439</u>
Net cash provided by operating activities	<u>\$ 435,785</u>

See notes to financial statements.

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

Assets

Cash and pooled investments:		
County Treasurer	\$	1,117,905
Other County officials		47,623
Receivables:		
Property tax:		
Delinquent		32,133
Succeeding year		10,971,000
Accounts		26,172
Special assessments		161,000
Due from other fund		1,905
Due from other governments		22,000
Total assets		<u>12,379,738</u>

Liabilities

Salaries and benefits payable	6,017
Due to other funds	30,337
Due to other governments	12,324,687
Trusts payable	10,490
Compensated absences	8,207
Total liabilities	<u>12,379,738</u>

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

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crawford 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, Crawford 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 Crawford 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.

Nine 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 Crawford County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Crawford County Auditor's office.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint three of the five members to the board of the Crawford County Area Solid Waste Agency Commission. An audit of this Commission is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County 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: Crawford County Assessor's Conference Board, Crawford County Joint E911 Service Board and Crawford County Emergency Management Services Commission. 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 an Agency Fund of the County.

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 primary government 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 that are attributed 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.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are 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 that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are 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 other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are 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 expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

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

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

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

Crawford County
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary 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 generally long-term debt and acquisitions under capital leases are reported as other financing sources.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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 combined 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, they have a maturity date no longer than three months.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2003.

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

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Equipment	2 - 20
Vehicles	3 - 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.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 receivables 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 and unspent grant proceeds.

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

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financial 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 that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in certain departments exceeded the amounts appropriated.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

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

The County's investments at June 30, 2004 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. government securities	\$ 5,656

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$55,377 pursuant to Rule 2A-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

Crawford County
Notes to Financial Statements
June 30, 2004

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2004 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Mental Health	\$ 190
	Agency: County Recorder	24,242
	County Sheriff	3,145
Special Revenue: County Recorder's Records Management	Special Revenue: County Recorder	1,045
Agency: Recorder's Electronic Transfer Fee	Agency: County Recorder	<u>1,905</u>
Total		<u>\$ 30,527</u>

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

NOTE 4 - INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 98,000
	Special Revenue: Rural Services	1,193,000
Special Revenue: Conservation Land Acquisition Trust	General	<u>6,310</u>
		<u>\$ 1,297,310</u>

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

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 599,769	\$ --	\$ --	\$ 599,769
Construction in progress	<u>177,810</u>	<u>755,861</u>	<u>177,810</u>	<u>755,861</u>
Total capital assets not being depreciated	<u>777,579</u>	<u>755,861</u>	<u>177,810</u>	<u>1,355,630</u>
Capital assets being depreciated:				
Buildings	1,553,661	--	--	1,553,661
Equipment and vehicles	6,832,859	306,205	285,665	6,853,399
Infrastructure, road network	<u>24,829,336</u>	<u>587,465</u>	<u>--</u>	<u>25,416,801</u>
Total capital assets being depreciated	<u>33,215,856</u>	<u>893,670</u>	<u>285,665</u>	<u>33,823,861</u>
Less accumulated depreciation for:				
Buildings	660,695	35,074	--	695,769
Equipment and vehicles	3,867,859	534,763	283,569	4,119,053
Infrastructure, road network	<u>8,775,584</u>	<u>806,274</u>	<u>--</u>	<u>9,581,858</u>
Total accumulated depreciation	<u>13,304,138</u>	<u>1,376,111</u>	<u>283,569</u>	<u>14,396,680</u>
Total capital assets being depreciated, net	<u>19,911,718</u>	<u>(482,441)</u>	<u>2,096</u>	<u>19,427,181</u>
Governmental activities capital assets, net	<u>\$ 20,689,297</u>	<u>\$ 273,420</u>	<u>\$ 179,906</u>	<u>\$ 20,782,811</u>

The beginning balances of cost and accumulated depreciation of infrastructure were increased by \$2,913,892 and \$732,432, respectively, resulting in an increase to the beginning of year net assets reported on Exhibit B of \$2,181,460. The change was due to infrastructure that was excluded from the prior year balance.

Crawford County
Notes to Financial Statements
June 30, 2004

NOTE 5 - CAPITAL ASSETS - continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:		
Public safety and legal services	\$	39,670
Physical health and social services		6,045
County environment and education		26,110
Roads and transportation		1,284,329
Administrative services		<u>19,957</u>
Total depreciation expense - governmental activities		<u>\$1,376,111</u>

NOTE 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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 24,010
Special Revenue:		
Mental Health	Services	114,638
Rural Services	Services	120
Secondary Roads	Services	<u>1,709</u>
		<u>116,467</u>
Total for governmental funds		<u>\$ 140,477</u>
Agency:		
County Assessor	Collections	\$ 386,969
Schools		6,602,700
Community Colleges		292,767
Corporations		3,234,205
Auto License and Use Tax		270,148
County Hospital		585,441
E-911		300,179
All Other		<u>652,278</u>
Total for agency funds		<u>\$ 12,324,687</u>

Crawford County
Notes to Financial Statements
June 30, 2004

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES

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

	Capital Lease Purchase <u>Agreements</u>	Compensated <u>Absences</u>	<u>Total</u>
Balance beginning of year	\$ 3,263	\$ 169,389	\$ 172,652
Increases	--	9,788	9,788
Decreases	<u>3,263</u>	<u>--</u>	<u>3,263</u>
Balance end of year	<u>\$ --</u>	<u>\$ 179,177</u>	<u>\$ 179,177</u>
Due within one year	<u>\$ --</u>	<u>\$ 179,177</u>	<u>\$ 179,177</u>

Payments under the capital lease purchase agreement for the year ended June 30, 2004 totaled \$3,585.

NOTE 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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees and conservation peace officers. Contribution percentages for law enforcement officers and the County for the years ended June 30, 2004, 2003, and 2002 were 4.99% and 7.48%, 5.37% and 8.05%, and 5.50% and 8.25%, respectively. Contribution percentages for conservation peace officers and the County for the years ended June 30, 2004, 2003, and 2002 were 5.93% and 8.90%, 6.04% and 9.07%, and 5.90% and 8.86%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$241,022, \$241,243 and \$251,708, respectively, equal to the required contributions for each year.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 9 - RISK MANAGEMENT

Crawford 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 400 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 expense 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 annual contributions to the Pool for the year ended June 30, 2004 were approximately \$119,000.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 9 - RISK MANAGEMENT - continued

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 that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

Crawford County

Notes to Financial Statements

June 30, 2004

NOTE 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 \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2004 was \$930,316.

Accounts payable from the Employee Group Health Fund at June 30, 2004 total \$116,439, 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 \$406,855 at June 30, 2004 and is reported as net assets of the Internal Service, Employee Group Health Fund. 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	\$ --
Incurred claims (including claims incurred but not reported at June 30, 2004):	
Current year events	478,173
Prior year events	<u>6,944</u>
Total incurred claims	<u>485,117</u>
Payments:	
Current year events	361,734
Prior year events	<u>6,944</u>
Total payments	<u>368,678</u>
Unpaid claims end of year	<u><u>\$ 116,439</u></u>

Crawford County
Notes to Financial Statements
June 30, 2004

NOTE 11 - CONSTRUCTION COMMITMENT

The County has entered into contracts totaling approximately \$1,066,422 for bridge construction and roadway paving. As of June 30, 2004, costs of \$755,861 on the projects have been incurred. The balance remaining on the projects at June 30, 2004 (\$310,561) will be paid as work on the projects progresses.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Crawford County

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

Year ended June 30, 2004

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 5,729,558	\$ --	\$ 5,729,558
Interest and penalty on property tax	44,246	--	44,246
Intergovernmental	5,400,764	--	5,400,764
Licenses and permits	15,804	--	15,804
Charges for service	833,875	--	833,875
Use of money and property	121,735	--	121,735
Miscellaneous	<u>132,236</u>	<u>1,678</u>	<u>130,558</u>
Total receipts	<u>12,278,218</u>	<u>1,678</u>	<u>12,276,540</u>
Disbursements:			
Public safety and legal services	1,239,693	--	1,239,693
Physical health and social services	2,173,169	--	2,173,169
Mental health	1,501,499	--	1,501,499
County environment and education services to residents	809,357	89	809,268
Roads and transportation	4,377,823	--	4,377,823
Governmental services to residents	422,604	--	422,604
Administrative services	989,271	--	989,271
Capital projects	<u>698,004</u>	<u>--</u>	<u>698,004</u>
Total disbursements	<u>12,211,420</u>	<u>89</u>	<u>12,211,331</u>
Excess (deficiency) of receipts over (under) disbursements	66,798	1,589	65,209
Other financing sources, net	<u>51,895</u>	<u>--</u>	<u>51,895</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	118,693	1,589	117,104
Balance beginning of year	<u>5,328,309</u>	<u>13,101</u>	<u>5,315,208</u>
Balance end of year	<u>\$ 5,447,002</u>	<u>\$ 14,690</u>	<u>\$ 5,432,312</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Actual Variance - Positive (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 5,706,683	\$ 5,706,683	\$ 22,875
36,000	36,000	8,246
6,576,404	6,576,404	(1,175,640)
10,230	10,230	5,574
747,150	747,150	86,725
184,119	184,119	(62,384)
148,370	148,370	(17,812)
<u>13,408,956</u>	<u>13,408,956</u>	<u>(1,132,416)</u>
1,302,170	1,302,170	62,477
2,541,161	2,573,975	400,806
1,889,632	1,889,632	388,133
947,135	947,135	137,867
4,568,300	4,568,300	190,477
672,731	672,731	250,127
1,412,091	1,567,091	577,820
811,971	811,971	113,967
<u>14,145,191</u>	<u>14,333,005</u>	<u>2,121,674</u>
(736,235)	(924,049)	989,258
<u>38,000</u>	<u>38,000</u>	<u>13,895</u>
(698,235)	(886,049)	1,003,153
<u>4,127,034</u>	<u>5,312,250</u>	<u>2,958</u>
<u>\$ 3,428,799</u>	<u>\$ 4,426,201</u>	<u>\$ 1,006,111</u>

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

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 12,278,218	\$(78,462)	\$ 12,199,756
Expenditures	<u>12,211,420</u>	<u>(246,140)</u>	<u>11,965,280</u>
Net	66,798	167,678	234,476
Other financing sources	51,895	--	51,895
Beginning fund balances	5,328,309	1,434,690	6,762,999
Increase (decrease) in reserve for:			
Inventories	--	(61,378)	(61,378)
Prepaid insurance	<u>--</u>	<u>1,051</u>	<u>1,051</u>
Ending fund balances	<u>\$ 5,447,002</u>	<u>\$ 1,542,041</u>	<u>\$ 6,989,043</u>

See accompanying independent auditor's report.

Crawford County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units 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, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$187,814. The budget amendment is reflected in the final budgeted amounts.

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

OTHER SUPPLEMENTARY INFORMATION

Crawford County
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2004

	<u>County Recorder's Records Management</u>	<u>Recorder's Electronic Transaction Fee</u>	<u>Conservation Land Acquisition Trust</u>	<u>Conservation Trust</u>
Assets				
Cash and pooled investments	\$ 35,504	\$ 22,822	\$ 6,592	\$ 4,542
Due from other funds	1,045	--	--	--
Prepaid insurance	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 36,549</u>	<u>\$ 22,822</u>	<u>\$ 6,592</u>	<u>\$ 4,542</u>
Liabilities and Fund Equity				
Fund equity:				
Reserved for:				
Prepaid insurance	\$ --	\$ --	\$ --	\$ --
Drainage warrants/drainage improvement certificates	--	--	--	--
Fund balance:				
Unreserved	<u>36,549</u>	<u>22,822</u>	<u>6,592</u>	<u>4,542</u>
Total fund equity	<u>36,549</u>	<u>22,822</u>	<u>6,592</u>	<u>4,542</u>
Total liabilities and fund equity	<u>\$ 36,549</u>	<u>\$ 22,822</u>	<u>\$ 6,592</u>	<u>\$ 4,542</u>

See accompanying independent auditor's report.

Schedule 1

<u>Resource Enhancement and Protection</u>	<u>Law Enforcement Forfeiture</u>	<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Supplemental Environment Projects</u>	<u>Juvenile Court Division</u>	<u>Total</u>
\$ 4,797	\$ 389	\$ 64,045	\$ 14,690	\$ 48	\$ 852	\$ 154,281
--	--	--	--	--	--	1,045
<u>5,005</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,005</u>
<u>\$ 9,802</u>	<u>\$ 389</u>	<u>\$ 64,045</u>	<u>\$ 14,690</u>	<u>\$ 48</u>	<u>\$ 852</u>	<u>\$ 160,331</u>
\$ 5,005	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,005
--	--	--	14,690	--	--	14,690
<u>4,797</u>	<u>389</u>	<u>64,045</u>	<u>--</u>	<u>48</u>	<u>852</u>	<u>140,636</u>
<u>9,802</u>	<u>389</u>	<u>64,045</u>	<u>14,690</u>	<u>48</u>	<u>852</u>	<u>160,331</u>
<u>\$ 9,802</u>	<u>\$ 389</u>	<u>\$ 64,045</u>	<u>\$ 14,690</u>	<u>\$ 48</u>	<u>\$ 852</u>	<u>\$ 160,331</u>

Crawford County

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2004

	County Recorder's Records Management	Recorder's Electronic Transaction Fee	Conservation Land Acquisition Trust	Conservation Trust
Revenues:				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Charges for service	4,382	22,689	--	--
Use of money and property	97	133	83	62
Miscellaneous	--	--	--	125
Total revenues	<u>4,479</u>	<u>22,822</u>	<u>83</u>	<u>187</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
County environment and education services	--	--	--	--
Governmental services to residents	<u>7,320</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>7,320</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(2,841)	22,822	83	187
Other financing sources (uses):				
Operating transfer in	<u>--</u>	<u>--</u>	<u>6,310</u>	<u>--</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,841)	22,822	6,393	187
Fund balances beginning of year	39,390	--	199	4,355
Increase (decrease) in reserve for: Prepaid insurance	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances end of year	<u>\$ 36,549</u>	<u>\$ 22,822</u>	<u>\$ 6,592</u>	<u>\$ 4,542</u>

See accompanying independent auditor's report.

Schedule 2

<u>Resource Enhancement and Protection</u>	<u>Law Enforcement Forfeiture</u>	<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Supplemental Environment Projects</u>	<u>Juvenile Court Division</u>	<u>Total</u>
\$ 10,548	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,548
--	--	--	--	--	--	27,071
34	5	--	--	1	12	427
--	--	--	1,678	--	--	1,803
<u>10,582</u>	<u>5</u>	<u>--</u>	<u>1,678</u>	<u>1</u>	<u>12</u>	<u>39,849</u>
--	--	--	--	--	59	59
6,306	--	4,488	--	--	--	10,794
--	--	--	--	--	--	7,320
<u>6,306</u>	<u>--</u>	<u>4,488</u>	<u>--</u>	<u>--</u>	<u>59</u>	<u>18,173</u>
4,276	5	(4,488)	1,678	1	(47)	21,676
--	--	--	--	--	--	6,310
4,276	5	(4,488)	1,678	1	(47)	27,986
521	384	68,533	13,012	47	899	127,340
<u>5,005</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,005</u>
<u>\$ 9,802</u>	<u>\$ 389</u>	<u>\$ 64,045</u>	<u>\$ 14,690</u>	<u>\$ 48</u>	<u>\$ 852</u>	<u>\$ 160,331</u>

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities

June 30, 2004

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ --	\$ 1,674
Other County officials	33,693	13,930	--
Receivables:			
Property tax:			
Delinquent	--	--	237
Succeeding year	--	--	100,000
Accounts	546	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 34,239</u>	<u>\$ 13,930</u>	<u>\$ 101,911</u>
Liabilities			
Liabilities:			
Salaries and benefits payable	\$ --	\$ --	\$ --
Due to other funds	27,192	3,145	--
Due to other governments	7,047	295	101,911
Trusts payable	--	10,490	--
Compensated absences	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 34,239</u>	<u>\$ 13,930</u>	<u>\$ 101,911</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 170,530	\$ 50,494	\$ 7,469	\$ 121,463	\$ 5,114	\$ 53,109
--	--	--	--	--	--
546	--	--	15,237	653	14,096
230,000	--	--	6,466,000	287,000	3,167,000
--	250	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>117</u>	<u>--</u>	<u>21,883</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 401,193</u>	<u>\$ 50,744</u>	<u>\$ 29,352</u>	<u>\$6,602,700</u>	<u>\$ 292,767</u>	<u>\$ 3,234,205</u>
\$ 6,017	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
386,969	50,744	29,352	6,602,700	292,767	3,234,205
--	--	--	--	--	--
<u>8,207</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 401,193</u>	<u>\$ 50,744</u>	<u>\$ 29,352</u>	<u>\$6,602,700</u>	<u>\$ 292,767</u>	<u>\$ 3,234,205</u>

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2004

	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 2,872	\$ 270,148	\$ 38
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	85	--	5
Succeeding year	144,000	--	2,000
Accounts	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 146,957</u>	<u>\$ 270,148</u>	<u>\$ 2,043</u>
Liabilities			
Liabilities:			
Salaries and benefits payable	\$ --	\$ --	\$ --
Due to other funds	--	--	--
Due to other governments	146,957	270,148	2,043
Trusts payable	--	--	--
Compensated absences	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 146,957</u>	<u>\$ 270,148</u>	<u>\$ 2,043</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>Flex Benefits</u>	<u>E911</u>
\$ 63	\$ 4,580	\$ 9,167	\$ 718	\$ 1,665	\$ 274,803
--	--	--	--	--	--
--	--	1,274	--	--	--
--	--	575,000	--	--	--
--	--	--	--	--	25,376
--	161,000	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 63</u>	<u>\$ 165,580</u>	<u>\$ 585,441</u>	<u>\$ 718</u>	<u>\$ 1,665</u>	<u>\$ 300,179</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
63	165,580	585,441	718	1,665	300,179
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 63</u>	<u>\$ 165,580</u>	<u>\$ 585,441</u>	<u>\$ 718</u>	<u>\$ 1,665</u>	<u>\$ 300,179</u>

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2004

	<u>Ground Water Protection</u>	<u>Advance Tax</u>
Assets		
Cash and pooled investments:		
County Treasurer	\$ 126,336	\$ 17,396
Other County officials	--	--
Receivables:		
Property tax:		
Delinquent	--	--
Succeeding year	--	--
Accounts	--	--
Special assessments	--	--
Due from other funds	--	--
Due from other governments	--	--
	<u> </u>	<u> </u>
Total assets	<u>\$ 126,336</u>	<u>\$ 17,396</u>
Liabilities		
Liabilities:		
Salaries and benefits payable	\$ --	\$ --
Due to other funds	--	--
Due to other governments	126,336	17,396
Trusts payable	--	--
Compensated absences	--	--
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 126,336</u>	<u>\$ 17,396</u>

See accompanying independent auditor's report.

<u>Unclaimed Property</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Total</u>
\$ 262	\$ 4	\$ 1,117,905
--	--	47,623
--	--	32,133
--	--	10,971,000
--	--	26,172
--	--	161,000
--	1,905	1,905
--	--	22,000
<u>\$ 262</u>	<u>\$ 1,909</u>	<u>\$ 12,379,738</u>
\$ --	\$ --	\$ 6,017
--	--	30,337
262	1,909	12,324,687
--	--	10,490
--	--	8,207
<u>\$ 262</u>	<u>\$ 1,909</u>	<u>\$ 12,379,738</u>

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2004

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	
Assets and Liabilities			
Balance beginning of year	\$ 38,096	\$ 8,176	\$ 100,935
Additions:			
Property and other County tax	--	--	99,812
E911 surcharge	--	--	--
State tax credits	--	--	6,008
Office fees and collections	209,796	373,803	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	<u>209,796</u>	<u>373,803</u>	<u>105,820</u>
Deductions:			
Agency Remittances:			
To other funds	130,559	20,893	--
To other governments	83,094	--	104,844
Trusts paid out	--	347,156	--
Total deductions	<u>213,653</u>	<u>368,049</u>	<u>104,844</u>
Balance end of year	<u>\$ 34,239</u>	<u>\$ 13,930</u>	<u>\$ 101,911</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 299,640	\$ 47,413	\$ 653	\$7,265,724	\$ 313,247	\$ 2,953,842
306,118	--	--	6,460,963	286,201	3,286,675
--	--	--	--	--	--
15,293	--	--	434,537	18,396	198,852
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
6,054	35,686	541,883	--	--	--
<u>327,465</u>	<u>35,686</u>	<u>541,883</u>	<u>6,895,500</u>	<u>304,597</u>	<u>3,485,527</u>
--	--	--	--	--	--
225,912	32,355	513,184	7,558,524	325,077	3,205,164
--	--	--	--	--	--
<u>225,912</u>	<u>32,355</u>	<u>513,184</u>	<u>7,558,524</u>	<u>325,077</u>	<u>3,205,164</u>
\$ <u>401,193</u>	\$ <u>50,744</u>	\$ <u>29,352</u>	\$ <u>6,602,700</u>	\$ <u>292,767</u>	\$ <u>3,234,205</u>

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2004

Assets and Liabilities	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Balance beginning of year	\$ 182,321	\$ 269,400	\$ 2,041
Additions:			
Property and other County tax	135,027	--	2,212
E911 surcharge	--	--	--
State tax credits	9,448	--	134
Office fees and collections	--	91,136	--
Auto licenses, use tax and postage	--	3,286,662	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	<u>144,475</u>	<u>3,377,798</u>	<u>2,346</u>
Deductions:			
Agency Remittances:			
To other funds	--	110,969	--
To other governments	179,839	3,266,081	2,344
Trusts paid out	--	--	--
Total deductions	<u>179,839</u>	<u>3,377,050</u>	<u>2,344</u>
Balance end of year	<u>\$ 146,957</u>	<u>\$ 270,148</u>	<u>\$ 2,043</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Monies and Credits</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>Flex Benefits</u>
\$ 37	\$ --	\$ 221,026	\$ 551,534	\$ 2,950	\$ 1,401
--	--	--	574,056	--	--
--	--	--	--	--	--
--	--	--	32,902	--	--
--	--	--	--	--	--
174	--	--	--	--	--
--	--	14,113	--	--	--
--	--	--	--	2,456	16,655
--	61	--	--	--	--
<u>174</u>	<u>61</u>	<u>14,113</u>	<u>606,958</u>	<u>2,456</u>	<u>16,655</u>
--	--	--	--	--	--
148	61	69,559	573,051	4,688	16,391
--	--	--	--	--	--
<u>148</u>	<u>61</u>	<u>69,559</u>	<u>573,051</u>	<u>4,688</u>	<u>16,391</u>
\$ 63	\$ --	\$ 165,580	\$ 585,441	\$ 718	\$ 1,665

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2004

	<u>E911</u>	<u>Ground Water Protection</u>	<u>Advance Tax</u>
Assets and Liabilities			
Balance beginning of year	\$ 268,472	\$ 109,387	\$ 20,626
Additions:			
Property and other County tax	--	--	--
E911 surcharge	134,524	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	4,268	16,949	319,934
Total additions	<u>138,792</u>	<u>16,949</u>	<u>319,934</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	107,085	--	323,164
Trusts paid out	--	--	--
Total deductions	<u>107,085</u>	<u>--</u>	<u>323,164</u>
Balance end of year	<u>\$ 300,179</u>	<u>\$ 126,336</u>	<u>\$ 17,396</u>

See accompanying independent auditor's report.

<u>Unclaimed Property</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Total</u>
\$ <u>262</u>	\$ <u>--</u>	\$ <u>12,657,183</u>
--	21,492	11,172,556
--	--	134,524
--	--	715,570
--	--	674,735
--	--	3,286,836
--	--	14,113
--	--	19,111
--	<u>2</u>	<u>924,837</u>
<u>--</u>	<u>21,494</u>	<u>16,942,282</u>
--	--	262,421
--	19,585	16,610,150
--	--	347,156
<u>--</u>	<u>19,585</u>	<u>17,219,727</u>
\$ <u>262</u>	\$ <u>1,909</u>	\$ <u>12,379,738</u>

Crawford County

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types

For the Last Three Years

	<u>Modified Accrual Basis</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:			
Property and other			
County tax	\$ 5,724,994	\$ 5,292,615	\$ 4,966,154
Interest and penalty on			
property tax	44,277	45,129	40,379
Intergovernmental	5,362,296	6,801,515	7,042,044
Licenses and permits	18,132	9,435	12,073
Charges for service	811,236	784,755	491,896
Use of money and			
property	109,660	151,950	214,570
Fines, forfeitures and			
defaults	--	509	--
Miscellaneous	<u>129,161</u>	<u>141,775</u>	<u>117,825</u>
Total	<u>\$ 12,199,756</u>	<u>\$ 13,227,683</u>	<u>\$ 12,884,941</u>
Expenditures:			
Operating:			
Public safety and			
legal services	\$ 1,238,426	\$ 1,208,540	\$ 1,203,095
Physical health and			
social services	2,094,590	2,392,605	2,399,499
Mental health	1,477,461	1,652,928	1,776,660
County environment			
and education services	807,359	878,356	1,006,112
Roads and transportation	4,241,540	4,056,496	4,445,726
Governmental services			
to residents	421,462	388,965	400,483
Administrative services	981,590	1,667,688	1,718,276
Non-program	--	521	1,273
Capital projects	<u>702,852</u>	<u>336,720</u>	<u>582,159</u>
Total	<u>\$ 11,965,280</u>	<u>\$ 12,582,819</u>	<u>\$ 13,533,283</u>

See accompanying independent auditor's report.

Crawford County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Agriculture: Watershed Protection and Flood Prevention	10.904	69-6114-1-06	\$ 960
U.S. Department of Justice: State Criminal Alien Assistance Program	16.606	2004-AP-BX-0177	5,322
Bulletproof Vest Partnership Program	16.607		<u>662</u>
Total direct			<u>6,944</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Public Health: West Central Development Corporation: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5883A048	<u>5,308</u>
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	01-WS-076-99	<u>4,100</u>

(continued next page)

Crawford County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-24-(64)-8J-24	\$ 209,025
Highway Planning and Construction	20.205	24-02-01	<u>10,650</u>
			<u>219,675</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Hazard Mitigation Grant	83.562	EMK-2003-6R-2535	<u>8,080</u>
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Elderbridge Area Agency on Aging:			
Special Programs for the Aging -			
Title III, Part B - Grants for Supportive			
Services and Senior Centers	93.044		<u>19,999</u>
National Family Caregiver Support	93.052		<u>1,935</u>
Program			
Iowa Department of Human Services:			
Human Services Administrative			
Reimbursements	Various		<u>36,154</u>
Social Services Block Grant	93.667		<u>90,986</u>
Temporary Assistance for Needy Families	93.558	DCAT-03-025	<u>19,654</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
EMS Disaster Preparedness	93.003	5884EM95	<u>10,000</u>
Family Planning - Services	93.217	5883MC01/ 5884MC01	<u>83,441</u>
Maternal and Child Health Services Block Grant to the States	93.994	5883MC01/ 5884MC01	<u>64,990</u>

(continued next page)

Crawford County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Public Health Preparedness and Response for Bioterrorism	93.283	5884BT03-LPHA2404	\$ <u>33,721</u>
Immunization Grants	93.268	5883I445/ 5884I445	<u>10,640</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Cass County Memorial Hospital:			
Cooperative Agreements for State- Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.283	5885NB06	<u>5,065</u>
Total indirect			<u>613,748</u>
Total			\$ <u>620,692</u>

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

See accompanying independent auditor's report.

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

ROGER A. BELL
MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Officials of Crawford County

We have audited the financial statements of Crawford County, Iowa, as of and for the year ended June 30, 2004 and have issued our report thereon dated December 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Crawford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance 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 noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item 04-IV-E.

To the Officials of Crawford County

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. The prior year reportable conditions have been resolved, except for item 04-II-A.

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

Gronewald, Bell, Kyhan + Co. P.C.

Atlantic, Iowa
December 21, 2004

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

ROGER A. BELL
MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Officials of Crawford County

Compliance

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

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

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

Internal Control Over Compliance

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

To the Officials of Crawford County

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

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

Granewold, Bell, Kuhn & Co. P.C.

Atlantic, Iowa
December 21, 2004

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

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

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

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

04-II-A Deposits - Department of Public Health: During the audit, we noted that deposits of collections were being made only two or three times per month by the County Department of Public Health. We do not consider these deposits to be timely.

Recommendation: We recommend that deposits of all receipts be made on a daily basis. This will improve internal controls over cash and other receipts on hand.

Response: A daily deposit is not a possibility due to current staff level within the agency. We will be completing a revenue deposit every Friday with special exceptions for holidays or staff illness/vacation.

Conclusion: We believe deposits should be made more frequently than once per week.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Crawford County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

04-IV-C Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

04-IV-E Business Transactions: The following business transactions between the County and County officials were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marvin Graeve, Employee, Secondary Roads	Sprayed weeds	\$ 3,100

The weed spraying was competitively bid and, therefore, does not represent a conflict of interest.

04-IV-F 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 that coverage is adequate for current operations.

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

04-IV-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

04-IV-I Resource Enhancement and Protection Certification: The County 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).

Crawford County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting - continued:

04-IV-J County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

04-IV-K Appropriation to County Fair Society: During fiscal year 2004 the County made an appropriation to the County Fair Society; however, the County had not received a financial statement from the Society from the previous year. Chapter 174.19 of the Code of Iowa states that a society shall not receive an appropriation from a county until the society submits a financial statement, including vouchers related to the expenditures, to the county board of supervisors.

Recommendation: We recommend that the County receive a financial statement from the Fair Society before making additional appropriations in accordance with Chapter 174.19 of the Code of Iowa.

Response: Financial information will be received before making additional appropriations

Conclusion: Response accepted.

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