

**MARSHALL COUNTY**

**Independent Auditors' Reports  
Basic Financial Statements and Supplementary Information  
Schedule of Findings and Questioned Costs**

**June 30, 2004**

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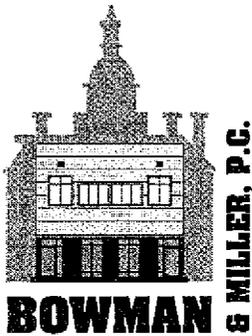
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# Marshall County

## Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Gordie Johnson	Board of Supervisors	January 2005
John Soorholtz	Board of Supervisors	January 2007
Ron Goecke	Board of Supervisors	January 2007
Leland Searle	County Auditor	January 2005
Deane Adams	County Treasurer	January 2007
Kathy Baker	County Recorder	January 2007
Theoharris Kamatchus	County Sheriff	January 2005
Jennifer Miller	County Attorney	January 2007
Bill Williams	County Assessor	January 2006



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' Report

To the Officials of Marshall County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marshall 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 financial statements are the responsibility of Marshall County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 Marshall 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 accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated October 22, 2004, on our consideration of Marshall 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 4 through 10 and 39 through 42 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 supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Marshall 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 year ended June 30, 2003 (which is not 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 who 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.

*Bowman and Miller, P.C.*

October 22, 2004

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

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Marshall County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2004 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased .3%, or approximately \$49,895, from fiscal 2003 to fiscal 2004. Property tax and local option sales tax increased approximately \$69,135, operating grants, contributions and restricted interest increased approximately \$524,000 and capital grants, contributions and restricted interest increased approximately \$228,735.
- Program expenses were up 6.7%, or approximately \$1,135,211, more in fiscal 2004 than in fiscal 2003. Roads and transportation expense increased approximately \$1,008,460 of the total.
- The County's net assets decreased 0.8%, or approximately \$276,793, from June 30, 2003 to June 30, 2004.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Marshall 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 Marshall County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marshall County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Marshall County's combined net assets were virtually unchanged from a year ago, decreasing from \$33,786,000 to \$33,509,000. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2004	2003
Current and other assets	\$ 18,150	17,988
Capital assets	29,153	29,030
Total assets	<u>47,303</u>	<u>47,018</u>
Long-term debt outstanding	4,510	3,923
Other liabilities	9,284	9,309
Total liabilities	<u>13,794</u>	<u>13,232</u>
Net assets:		
Invested in capital assets, net of related debt	24,998	25,440
Restricted	5,701	4,258
Unrestricted	<u>2,810</u>	<u>4,088</u>
Total net assets	<u>\$ 33,509</u>	<u>33,786</u>

Net assets of Marshall County's governmental activities decreased by \$277,000 or less than 1% (\$33.5 million compared to \$33.77 million). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased from approximately \$4.09 million at June 30, 2003 to approximately \$2.81 million at the end of this year, a decrease of 31.2 percent.

This reduction of approximately \$1.28 million in unrestricted net assets was a result of increased expenditures for roads and transportation and county environment and education. The County increased its investment in roadway equipment and road construction by approximately \$1 million over the prior year. The County has adopted a five year plan to replace aging equipment and capital items.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2004	2003
Revenues:		
Program revenues:		
Charges for services	\$ 2,126,486	2,222,951
Operating grants, contributions, and restricted interest	6,007,354	5,483,121
Capital grants, contributions and restricted interest	497,215	268,480
General revenues:		
Property tax	7,639,613	7,516,647
Penalty and interest on property tax	76,988	91,010
State tax credits	424,217	457,864
Local option sales tax	978,099	1,031,930
Grants and contributions not restricted to specific purpose	25,703	351,093
Unrestricted investment earnings	198,646	242,536
Other general revenues	(194,665)	64,129
Total revenues	<u>17,779,656</u>	<u>17,729,761</u>
Program expenses:		
Public safety and legal services	5,947,312	5,795,920
Physical health and social services	848,733	1,069,343
Mental health	2,861,827	2,983,240
County environment and education	671,800	365,696
Roads and transportation	4,534,736	3,526,276
Governmental services to residents	711,387	767,368
Administration	2,210,194	2,188,236
Non-program	120,403	70,322
Interest on long-term debt	150,057	154,837
Total expenses	<u>18,056,449</u>	<u>16,921,238</u>
Increase (decrease) in net assets	(276,793)	808,523
Net assets beginning of year	<u>33,786,204</u>	<u>32,977,681</u>
Net assets end of year	<u>\$ 33,509,411</u>	<u>33,786,204</u>

Marshall County's net assets of governmental activities decreased by \$276,793 during the year. Revenues for governmental activities increased by approximately \$49,000 over the prior year, with property and other tax revenue up from the prior year by approximately \$69,279, or 1.4 percent due to a 7.8% increase in property tax rates in 2004..

The cost of all governmental activities this year was \$18.1 million compared to \$16.9 million last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was only \$9.4 million because some of the cost was paid by those directly benefited from the programs (\$2.13 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased slightly in 2004 by \$50,000, principally due to increased grants and property taxes. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$9.1 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Marshall County completed the year, its governmental funds reported a combined fund balance of \$8.6 million, an increase of more than \$275,000 from last year's total of \$8.3 million. The increase in fund balance is primarily attributable to secondary roads. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund ending fund balance showed a decline of \$1 million from the prior year to \$3,741,072.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2.9 million, a decrease of 4% from the prior year. The Mental Health Fund balance at year ended decreased by approximately \$39,000 over the prior year.
- Secondary Roads Fund expenditures increased by approximately \$416,073 over the prior year. Despite this increase in expenditures there was an increase in the Secondary Roads Fund ending balance of approximately \$810,000, or 4.4%.
- During the year ended June 30, 2004, the County issued \$750,000 of general obligation bonds. The proceeds from the bond issue were for courthouse improvements, voting equipment and patrol cars

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Marshall County amended its budget one time. The amendment was made in November, 2004 and resulted in a decrease in budgeted disbursements of \$656,512.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2004, Marshall County had approximately \$50.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately 3.6 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2004	2003
Land and construction in progress	\$ 1,822	1,766
Buildings and improvements	17,710	17,438
Equipment and vehicles	6,523	6,328
Infrastructure	26,495	25,209
Total	<u>\$ 52,550</u>	<u>50,741</u>
This year's major additions included (in thousands):		
Grimes Nature Center	\$	220
Sheriff's patrol cars		84
Bridge and road projects		1,287
Total		<u>\$ 1,591</u>

The County had depreciation expense of \$1,686,882 in FY04 and total accumulated depreciation of \$29,153,367 at June 30, 2004.

The County's fiscal year 2004 capital budget included \$750,000 for capital projects, principally for courthouse improvements, voting equipment and vehicles. More detailed information about the County's capital assets is presented in Note 7 to the financial statements.

### Long-Term Debt

At June 30, 2004, Marshall County had approximately \$4,510,393 in general obligation bonds and other debt outstanding compared to approximately \$3,922,865 at June 30, 2003, as shown below.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2004	2003
General obligation bonds	\$3,990,000	3,410,000
Capital lease purchase agreements	42,928	42,006
Compensated absences	355,285	330,763
Deferred real estate contract	122,180	140,096
Total	\$4,510,393	3,922,865

Debt increased primarily as a result of issuing general obligation bonds for \$750,000.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Marshall County's outstanding general obligation debt is significantly below its constitutional debt limit of \$86 million. Other obligations include accrued vacation pay. Additional information about the County's long-term debt is presented in Note 4 to the financial statements.

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

Marshall County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 5.9 percent versus 6 percent a year ago. This compares with the State's unemployment rate of 4.7 percent and the national rate of 5.4 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.3 percent for fiscal year 2004 compared with the national rate of 3.5 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2003-2004.

These indicators were taken into account when adopting the budget for fiscal year 2005. Amounts available for appropriation in the operating budget are \$17.7 million, a decrease of 3.3 percent from the final 2004 budget. Property tax benefiting from the 2004 rate increase and decreases in assessed valuations is projected to increase 3 percent. Marshall County will use these decreases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise by approximately 1.5 percent. Increased wage and cost-of-living adjustments, of approximately 1.8 percent, represent the largest increases. The County has added no major new programs or initiatives to the 2005 budget. If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 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 Marshall County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall County Auditor's Office, 1 E. Main Street, Courthouse, Marshalltown, Iowa.

Marshall County  
Statement of Net Assets  
June 30, 2004

Exhibit A

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and pooled investments	\$ 8,630,073
Receivables:	
Property tax:	
Delinquent	2,239
Succeeding year	8,274,658
Interest and penalty on property tax	1,321
Accounts	8,883
Accrued interest	18,787
Due from other governments	658,316
Inventories	369,241
Prepaid expenses	186,834
Capital assets (net of accumulated depreciation)	29,153,367
<b>Total assets</b>	<u>47,303,719</u>
<b>Liabilities:</b>	
Accounts payable	504,443
Accrued interest payable	19,662
Salaries and benefits payable	154,091
Due to other governments	331,061
Deferred revenue:	
Succeeding year property tax	8,274,658
Long-term liabilities:	
Portion due or payable within one year:	
Lease purchase agreements	21,313
Deferred real estate contract	18,737
Bonds payable	320,000
Compensated absences	355,285
Portion due or payable after one year:	
Lease purchase agreements	21,615
Deferred real estate contract	103,443
Bonds payable	3,670,000
<b>Total liabilities</b>	<u>13,794,308</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	24,998,259
Restricted for:	
Supplemental levy	1,497,730
Secondary roads	2,617,594
Mental health	308,444
Capital projects	607,567
Other purposes	675,332
Unrestricted	2,804,485
<b>Total net assets</b>	<u>\$ 33,509,411</u>

Marshall County  
Statement of Activities  
Year Ended June 30, 2004

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:	\$			
Public safety and legal services	5,947,312	1,182,507	1,004,697	-
Physical health and social services	848,733	17,305	305,741	-
Mental health	2,861,827	18,925	1,417,051	-
County environment and education	671,800	37,848	30,029	175,609
Roads and transportation	4,534,736	85,613	3,248,901	315,247
Governmental services to residents	711,387	639,277	935	3,659
Administration	2,483,653	14,711	-	2,700
Non-program	120,403	130,300	-	-
Interest on long-term debt	150,057	-	-	-
<b>Total</b>	<b>\$ 18,329,908</b>	<b>2,126,486</b>	<b>6,007,354</b>	<b>497,215</b>

**General Revenues:**

Property and other county taxes levied for:  
  General purposes  
  Debt service  
Penalty and interest on taxes  
State tax credits  
Local option sales tax  
Grants and contributions not restricted to specific purpose  
Unrestricted investment earnings  
Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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Net (Expense) Revenue and Changes in Net Assets	
	(3,760,108)
	(525,687)
	(1,425,851)
	(428,314)
	(884,975)
	(67,516)
	(2,466,242)
	9,897
	(150,057)
	<u>(9,698,853)</u>
	7,341,933
	297,680
	76,988
	424,217
	978,099
	25,703
	198,646
	78,794
	<u>9,422,060</u>
	(276,793)
	<u>33,786,204</u>
\$	<u><u>33,509,411</u></u>

Marshall County  
Balance Sheet  
Governmental Funds  
June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 3,655,149	725,405	436,267	2,072,955
Receivables:				
Property tax:				
Delinquent	1,543	401	209	-
Succeeding year	5,425,520	1,410,000	950,000	-
Interest and penalty on property tax	1,321	-	-	-
Accounts	1,178	-	-	7,305
Accrued interest	16,749	-	-	-
Due from other governments	203,371	584	138,999	301,166
Inventories	-	-	-	369,241
Prepaid expenses	175,829	-	-	11,005
<b>Total assets</b>	<b>\$ 9,480,660</b>	<b>2,136,390</b>	<b>1,525,475</b>	<b>2,761,672</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 137,348	93,993	27,417	24,846
Salaries and benefits payable	103,988	7,095	568	42,440
Due to other governments	22,677	308,254	-	130
Deferred revenue:				
Succeeding year property tax	5,425,520	1,410,000	950,000	-
Other	50,055	339	185	-
<b>Total liabilities</b>	<b>5,739,588</b>	<b>1,819,681</b>	<b>978,170</b>	<b>67,416</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,681,765	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	2,059,307	-	-	-
Special revenue fund	-	316,709	547,305	2,694,256
Capital projects fund	-	-	-	-
<b>Total fund balances</b>	<b>3,741,072</b>	<b>316,709</b>	<b>547,305</b>	<b>2,694,256</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,480,660</b>	<b>2,136,390</b>	<b>1,525,475</b>	<b>2,761,672</b>

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
7,194	607,567	663,984	8,168,521
86	-	-	2,239
489,138	-	-	8,274,658
-	-	-	1,321
-	-	400	8,883
-	-	2,038	18,787
-	-	14,196	658,316
-	-	-	369,241
-	-	-	186,834
496,418	607,567	680,618	17,688,800
-	-	6,839	290,443
-	-	-	154,091
-	-	-	331,061
489,138	-	-	8,274,658
66	-	-	50,645
489,204	-	6,839	9,100,898
-	-	-	1,681,765
7,214	-	-	7,214
-	-	-	2,059,307
-	-	673,779	4,232,049
-	607,567	-	607,567
7,214	607,567	673,779	8,587,902
496,418	607,567	680,618	17,688,800

Marshall County  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2004

<b>Total governmental fund balances (page 15)</b>	<b>\$ 8,587,902</b>
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$52,550,249 and the accumulated depreciation is \$23,396,882.	29,153,367
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	50,645
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health and dental insurance benefit plans to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	247,552
Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable and accrued interest payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(4,530,055)</u>
<b>Net assets of governmental activities (page 11)</b>	<b><u>\$ 33,509,411</u></b>

Marshall County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 5,048,332	1,311,030	1,868,007	-
Interest and penalty on property tax	77,867	-	-	-
Intergovernmental	2,588,563	1,509,010	52,716	3,572,626
Licenses and permits	325	-	28,747	1,615
Charges for service	741,177	-	-	27,289
Use of money and property	253,684	-	-	-
Miscellaneous	139,664	169	1,343	48,234
<b>Total revenues</b>	<b>8,849,612</b>	<b>2,820,209</b>	<b>1,950,813</b>	<b>3,649,764</b>
Expenditures:				
Operating:				
Public safety and legal services	5,659,998	-	-	-
Physical health and social services	825,648	-	24,149	-
Mental health	-	2,858,400	-	-
County environment and education	385,676	-	149,405	-
Roads and transportation	-	-	373,706	4,441,267
Governmental services to residents	733,620	-	-	-
Administration	2,117,188	-	-	-
Debt service	-	-	-	-
Capital projects	29,254	-	-	-
<b>Total expenditures</b>	<b>9,751,384</b>	<b>2,858,400</b>	<b>547,260</b>	<b>4,441,267</b>
Excess (deficiency) of revenues over (under) expenditures	(901,772)	(38,191)	1,403,553	(791,503)
Other financing sources (uses):				
Sale of capital assets	17,073	-	-	4,800
Operating transfers in	-	-	-	1,597,000
Operating transfers out	(470,948)	-	(1,402,000)	-
Capital lease purchase agreements	42,928	-	-	-
General obligation notes issued	274,481	-	-	-
<b>Total other financing sources (uses):</b>	<b>(136,466)</b>	<b>-</b>	<b>(1,402,000)</b>	<b>1,601,800</b>
Net change in fund balances	(1,038,238)	(38,191)	1,553	810,297
Fund balances beginning of year	4,779,310	354,900	545,752	1,883,959
Fund balances end of year	<b>\$ 3,741,072</b>	<b>316,709</b>	<b>547,305</b>	<b>2,694,256</b>

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
297,818	-	97,035	8,622,222
-	-	-	77,867
16,017	-	53,002	7,791,934
-	-	-	30,687
-	-	11,287	779,753
-	3,619	13,851	271,154
-	39	116,888	306,337
313,835	3,658	292,063	17,879,954
-	-	17,148	5,677,146
-	-	-	849,797
-	-	-	2,858,400
-	-	74,761	609,842
-	-	-	4,814,973
-	-	-	733,620
-	-	3,646	2,120,834
319,337	-	-	319,337
-	295,385	103,136	427,775
319,337	295,385	198,691	18,411,724
(5,502)	(291,727)	93,372	(531,770)
-	-	-	21,873
4,903	271,045	22,274	1,895,222
-	-	(22,274)	(1,895,222)
-	-	-	42,928
-	467,359	-	741,840
4,903	738,404	-	806,641
(599)	446,677	93,372	274,871
7,813	160,890	580,407	8,313,031
7,214	607,567	673,779	8,587,902

Marshall 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

<b>Net change in fund balances - Total governmental funds (page 18)</b>		\$ 274,871
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate expenditures over the estimated useful lives of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	\$ 2,105,410	
Depreciation expense	<u>(1,686,882)</u>	418,528
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		
		(295,332)
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.		
Property tax	(4,782)	
Other	<u>47,663</u>	42,881
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows:		
Issued	(792,928)	
Repaid	<u>229,922</u>	(563,006)
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	(24,522)	
Interest on long-term debt	<u>1,051</u>	(23,471)
The Internal Service Fund is used by management to charge the costs of employee health and dental benefits to individual funds. The net revenue of the Internal Service Fund is reported with the governmental activities.		
		<u>(131,264)</u>
<b>Change in net assets of governmental activities (page 13)</b>		<u>\$ (276,793)</u>

Marshall County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

Exhibit G

	<u>Internal Service Funds</u>
<b>Assets</b>	
Cash and pooled investments	\$ 461,552
<b>Liabilities</b>	
Accounts payable	<u>\$ 214,000</u>
<b>Net Assets</b>	
Unrestricted	<u>\$ 247,552</u>

Marshall County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2004

Exhibit H

	Internal Service Funds
Operating revenues:	
Reimbursements from operating funds	\$ 1,025,919
Reimbursements from employees	133,524
Reimbursements from others	18,700
Insurance reimbursements	43,984
Total operating revenues	1,222,127
Operating expenses:	
Medical claims	1,034,234
Insurance premiums	306,468
Administrative fees	22,585
Total operating disbursements	1,363,287
Operating income (loss)	(141,160)
Non-operating revenues:	
Interest income	9,896
Net income (loss)	(131,264)
Net assets beginning of year	378,816
Net assets end of year	\$ 247,552

Marshall County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2004

	Internal Service Funds
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,025,919
Cash received from employees and others	196,208
Cash payments to health claims and administrative provider	(1,327,193)
Net cash provided (used) by operating activities	(105,066)
Cash flows from investing activities:	
Interest	9,896
Net increase (decrease) in cash and cash equivalents	(95,170)
Cash and cash equivalents at beginning of year	556,722
Cash and cash equivalents at end of year	\$ 461,552
Reconciliations of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (141,160)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase in accounts payable	36,094
Net cash provided (used) by operating activities	\$ (105,066)

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 3,049,556
Other County officials	46,232
Receivables:	
Property tax:	
Delinquent	8,133
Succeeding year	28,685,129
Accounts	45,955
Accrued interest	10,186
Assessments	104,145
<b>Total assets</b>	<u>31,949,336</u>

**Liabilities**

Accounts payable	264
Salaries and benefits payable	1,508
Due to other governments	31,820,869
Trusts payable	101,531
Compensated absences	25,164
<b>Total liabilities</b>	<u>31,949,336</u>
Net assets	<u>\$ -</u>

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

Marshall 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Marshall 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 Marshall 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.

Four 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 Marshall County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Marshall County Auditor's office.

One drainage district, a joint district between Marshall and Story Counties, is managed and supervised by elected trustees. This district is included as an Agency Fund of the County.

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

A. Reporting Entity (continued)

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: Marshall County Assessor's Conference Board and Marshall County Emergency Management 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.

The County has been designated as trustee of the Marshall County Solid Waste Management Commission's Irrevocable Trust Fund. The purpose of this fund is to demonstrate financial assurance for closure, post-closures and corrective action as required by law. The County's responsibility for this fund is limited to a fiduciary relationship and as such, the activity has been reported in an Agency Fund of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Marshall County Public Safety Communications Center, Solid Waste Management Commission of Marshall County, Multi-County Cooperative Child Support Agreement, Region Six Planning Commission, Central Iowa Juvenile Detention Center, and Mid-Iowa Drug Task Force.

B. Basis of Presentation

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

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt 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.

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

B. Basis of Presentation (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 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 revenues 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 expenditures, 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.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

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

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

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

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

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

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

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

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

Marshall County  
Notes to Financial Statements  
June 30, 2004

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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.

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

Marshall County  
Notes to Financial Statements  
June 30, 2004

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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	30 – 50
Building improvements	20 – 50
Infrastructure	15 – 65
Equipment	5 – 25
Vehicles	7 – 10

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

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

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

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

Marshall County  
Notes to Financial Statements  
June 30, 2004

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

**D. Assets, Liabilities and Fund Equity (continued)**

Long-term Liabilities – In the government-wide 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 Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts 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.

**(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.

Marshall County  
Notes to Financial Statements  
June 30, 2004

**(3) 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	\$ 195,000
	Special Revenue: Rural Services	1,402,000
Capital Projects	General	271,045
Special Revenue: Urban Renewal Revenue	Special Revenue: Moderate Income Housing	22,274
Debt Service	General	<u>4,903</u>
Total		\$ <u>1,895,222</u>

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

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

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

	General Obligation Bonds	Deferred Real Estate Contract	Capital Lease Purchase Agreements	Compensated Absences	Total
Balance beginning of year,	\$ 3,410,000	140,096	42,006	330,763	3,922,865
Increase	750,000	-	42,928	24,522	817,450
Decrease	170,000	17,916	42,006	-	229,922
Balance end of year	<u>3,990,000</u>	<u>122,180</u>	<u>42,928</u>	<u>355,285</u>	<u>4,510,393</u>
Due within one year	<u>\$ 320,000</u>	<u>18,737</u>	<u>21,313</u>	<u>355,285</u>	<u>715,335</u>

Marshall County  
Notes to Financial Statements  
June 30, 2004

(4) **Changes in Long-Term Liabilities (continued)**

**Capital Lease Purchase Agreements**

The County has entered into capital lease purchase agreements to lease vehicles for the sheriff's office with an historical cost of \$42,928 and amortization of \$6,133. The following is a schedule of the future minimum lease payments, including interest of 5.0% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2004:

Year Ending June 30,	Sheriff's Vehicles
2005	\$ 22,695
2006	22,695
Total minimum lease payments	45,390
Less amount representing interest	2,462
Present value of net minimum lease payments	\$ 42,928

Payments under capital lease purchase agreements totaled \$42,006 for the year ended June 30, 2004.

**Industrial Development Revenue Bonds**

The County has issued a total of \$6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$6,705,000 is outstanding at June 30, 2004. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

**Deferred Real Estate Contract**

During the year ended June 30, 2002, the County entered into a deferred payment contract totaling \$180,000 to purchase real estate for the Secondary Roads department. The County agreed to pay the seller \$20,000 on the date of possession and ninety-six monthly installments, including interest, beginning May 1, 2002. The interest rate is variable during the term of the contract. The initial rate is 4½% per annum for the first twelve months. Effective April 1, 2003, the interest rate will be determined by the current rate on two year U.S. Treasury Notes, plus 1%. The interest rate will never be less than 4½% nor more than 7% annum. Payments under the deferred real estate contract for the year ended June 30, 2004 totaled \$23,852. The balance of the contract at June 30, 2004 was \$122,180.

Marshall County  
Notes to Financial Statements  
June 30, 2004

(4) **Changes in Long-Term Liabilities (continued)**

**Bonds Payable**

A summary of the County's June 30, 2004 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2005	1.30 to 3.90	320,000	157,981	477,981
2006	1.65 to 4.00	325,000	149,271	474,271
2007	2.05 to 4.05	340,000	139,678	479,678
2008	2.40 to 4.10	350,000	128,908	478,908
2009	2.60 to 4.15	360,000	117,194	477,194
2010	4.25	215,000	104,655	319,655
2011	4.30	220,000	95,518	315,518
2012	4.40	230,000	86,057	316,057
2013	4.50	240,000	75,937	315,937
2014	4.50	255,000	65,137	320,137
2015	4.65	265,000	53,663	318,663
2016	4.70	275,000	41,340	316,340
2017	4.75	290,000	28,415	318,415
2018	4.80	305,000	14,640	319,640
		\$ 3,990,000	1,258,394	5,248,394

During the year ended June 30, 2004, the County issued \$750,000 in general obligation notes and retired \$170,000 of bonds.

(5) **Marshall County Employee Group Health Fund**

The Internal Service, Marshall County Employee 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 Select Benefit Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Marshall County 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 Select Benefits Administrators from the Marshall County Employee Group Health Fund. The County's contribution for the year ended June 30, 2004 was \$1,025,919.

Marshall County  
Notes to Financial Statements  
June 30, 2004

**(5) Marshall County Employee Group Health Fund (continued)**

Amounts payable from the Marshall County Employee Group Health Insurance Fund at June 30, 2004 total \$195,000 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. That reserve was \$247,552 at June 30, 2004 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that 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. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims as of July 1, 2003	\$ 177,906
Incurred claims (including claims incurred but not reported as of June 30, 2004)	1,034,234
Payments on claims during the fiscal year	<u>(998,140)</u>
Unpaid claims at June 30, 2004	<u>\$ 214,000</u>

**(6) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$368,475, \$362,267 and \$344,062, respectively, equal to the required contributions for each year.

Marshall County  
Notes to Financial Statements  
June 30, 2004

(7) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,766,189	6,500	1,926	1,770,763
Construction in progress	-	51,343	-	51,343
Total capital assets not being depreciated	<u>1,766,189</u>	<u>57,843</u>	<u>1,926</u>	<u>1,822,106</u>
Capital assets being depreciated:				
Buildings	17,437,909	271,982	-	17,709,891
Equipment and vehicles	6,327,539	488,385	293,406	6,522,518
Infrastructure, road network	25,208,534	1,287,200	-	26,495,734
Total capital assets being depreciated	<u>48,973,982</u>	<u>2,047,567</u>	<u>293,406</u>	<u>50,728,143</u>
Less accumulated depreciation for:				
Buildings	7,104,847	339,456		7,444,303
Equipment and vehicles	3,280,586	508,318	-	3,788,904
Infrastructure, road network	11,324,567	839,108	-	12,163,675
Total accumulated depreciation	<u>21,710,000</u>	<u>1,686,882</u>	<u>-</u>	<u>23,396,882</u>
Total capital assets being depreciated, net	<u>27,263,982</u>	<u>360,685</u>	<u>293,406</u>	<u>27,331,261</u>
Governmental activities capital assets, net	<u>\$ 29,030,171</u>	<u>418,528</u>	<u>295,332</u>	<u>29,153,367</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 351,374
Physical health and social services	4,249
County environment and education	62,585
Roads and transportation	1,140,581
Governmental services to residents	21,908
Administration	<u>106,185</u>
Total depreciation expenses - governmental activities	<u>\$ 1,686,882</u>

Marshall County  
Notes to Financial Statements  
June 30, 2004

**(8) Operating Leases**

During the year ended June 30, 2002, the County entered into an agreement with the Marshalltown Town Center to lease space for the County Treasurer Motor Vehicle Department. The lease has been classified as an operating lease and, accordingly, all rents are charged to expenditures as incurred. The lease expires June 30, 2011.

Pursuant to an agreement with the Marshalltown Town Center (Center), the County paid \$161,760 to remodel the Center. The County recorded these costs as prepaid expenditures that are amortized and reduce the annual cash rental payments throughout the term of the lease.

The County has also entered into several other leases for operating space used by various county departments. The leases expire at various times through June 30, 2007. The following is a schedule by year of the total annual lease cost required under the operating leases.

Year Ending June 30	Annual Rent Due in Cash	Annual Prepaid Expenditures Amortized	Total Annual Lease Costs
2005	\$ 76,300	17,166	93,466
2006	70,415	15,966	86,381
2007	67,580	15,966	83,546
2008	7,200	15,966	23,166
2009	8,400	14,766	23,166
2010	8,400	14,766	23,166
2011	13,500	9,666	23,166
Total	\$ 251,795	104,262	356,057

The total annual lease costs for the year ended June 30, 2004 were \$94,166. The prepaid expenditure balance associated with the Center lease was \$104,262 at June 30, 2004.

**(9) Risk Management**

Marshall County is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Marshall County  
Notes to Financial Statements  
June 30, 2004

**(10) 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	\$ <u>22,677</u>
Special Revenue:		
Secondary Road	Services	130
Mental Health	Services	<u>308,254</u>
		<u>308,384</u>
Total for governmental funds		\$ <u><u>331,061</u></u>
Agency:		
County Assessor	Collections	\$ 674,372
Schools		18,365,662
Community Colleges		1,105,912
Corporations		8,785,526
Auto License and Use Tax		721,883
Solid Waste Irrevocable Trust		1,471,650
All other		<u>695,864</u>
Total for agency funds		\$ <u><u>31,820,869</u></u>

Marshall County  
 Budgetary Comparison Schedule of  
 Receipts, Disbursements, and Changes in Fund Balances -  
 Budget and Actual (Cash Basis) - All Governmental Funds  
 Required Supplementary Information  
 Year Ended June 30, 2004

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 8,689,170	-
Interest and penalty on property tax	77,687	-
Intergovernmental	8,056,849	-
Licenses and permits	29,325	-
Charges for services	960,402	-
Use of money and property	297,760	-
Miscellaneous	282,061	-
Total receipts	<u>18,393,254</u>	-
Disbursements:		
Public safety and legal services	5,666,632	-
Physical health and social services	885,264	-
Mental health	2,856,928	-
County environment and education	606,523	-
Roads and transportation	4,162,796	-
Governmental services to residents	700,565	-
Administration	2,122,473	-
Debt service	319,338	-
Capital projects	1,240,081	-
Total disbursements	<u>18,560,600</u>	-
Deficiency of receipts under disbursements	(167,346)	-
Other financing sources, net	<u>764,213</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	596,867	-
Balance beginning of year	<u>7,571,654</u>	5,845
Balance end of year	<u>\$ 8,168,521</u>	<u>5,845</u>

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
8,689,170	8,494,787	8,682,896	6,274
77,687	12,700	13,500	64,187
8,056,849	8,868,292	8,167,239	(110,390)
29,325	18,992	22,989	6,336
960,402	743,310	851,828	108,574
297,760	297,860	297,865	(105)
282,061	208,900	276,613	5,448
<u>18,393,254</u>	<u>18,644,841</u>	<u>18,312,930</u>	<u>80,324</u>
5,666,632	6,144,288	6,028,955	362,323
885,264	1,038,490	1,009,895	124,631
2,856,928	3,157,737	3,157,737	300,809
606,523	621,445	663,905	57,382
4,162,796	4,813,500	4,723,800	561,004
700,565	853,822	839,394	138,829
2,122,473	2,926,725	2,360,240	237,767
319,338	319,338	319,338	-
1,240,081	1,331,260	1,446,829	206,748
<u>18,560,600</u>	<u>21,206,605</u>	<u>20,550,093</u>	<u>1,989,493</u>
(167,346)	(2,561,764)	(2,237,163)	(1,981,531)
<u>764,213</u>	<u>12,000</u>	<u>751,959</u>	<u>12,254</u>
596,867	(2,549,764)	(1,485,204)	(1,969,277)
<u>7,565,809</u>	<u>6,191,391</u>	<u>7,565,809</u>	<u>-</u>
<u>8,162,676</u>	<u>3,641,627</u>	<u>6,080,605</u>	<u>(1,969,277)</u>

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

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,393,254	(513,300)	17,879,954
Expenditures	18,560,600	(148,876)	18,411,724
Net	(167,346)	(364,424)	(531,770)
Other financing sources, net	764,213	42,428	806,641
Beginning fund balances	7,571,654	741,377	8,313,031
Ending fund balances	\$ 8,168,521	419,381	8,587,902

Marshall 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, administration, 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 by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment decreased budgeted disbursements by \$656,512. 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.

Marshall County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2004

	Resource Enhancement and Protection	Sheriff's Investigative	Sheriff's DARE	Jail Commissary
<b>Assets</b>				
Cash and pooled investments	\$ 15,775	5,217	321	90,590
Receivables:				
Accounts	-	-	400	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 15,775</b>	<b>5,217</b>	<b>721</b>	<b>90,590</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	88	483
Fund equity:				
Unreserved	15,775	5,217	633	90,107
<b>Total liabilities and fund equity</b>	<b>\$ 15,775</b>	<b>5,217</b>	<b>721</b>	<b>90,590</b>

Conservation Land Acquisition Trust	Klauenberg Trust	County Recorder's Records Management	Attorney's Forfeiture	Drainage Certificates	Moderate Income Housing	County Recorder's Electronic Transaction Fee	Total
29,517	401,872	51,625	16,583	5,845	23,884	22,755	663,984
-	-	-	-	-	-	-	400
-	2,038	-	-	-	-	-	2,038
-	-	-	-	-	-	14,196	14,196
29,517	403,910	51,625	16,583	5,845	23,884	36,951	680,618
-	-	-	5,988	280	-	-	6,839
29,517	403,910	51,625	10,595	5,565	23,884	36,951	673,779
29,517	403,910	51,625	16,583	5,845	23,884	36,951	680,618

Marshall County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2004

	Resource Enhancement and Protection	Sheriff's Investigative	Sheriff's DARE
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	16,117	-	-
Charges for service	-	-	-
Use of money and property	185	22	1
Miscellaneous	-	-	1,562
Total revenues	16,302	22	1,563
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,025
County environment and education	-	-	-
Administration	-	-	-
Capital projects	21,500	-	-
Total expenditures	21,500	-	1,025
Excess (deficiency) of revenues over (under) expenditures	(5,198)	22	538
Other financing sources (uses):			
Operating transfers in (out):			
Moderate income housing	-	-	-
Urban renewal revenue	-	-	-
Total other financing sources (uses):	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,198)	22	538
Fund balances beginning of year	20,973	5,195	95
Fund balances end of year	\$ 15,775	5,217	633

Jail Commissary	Conservation Land Acquisition Trust	Klauenberg Trust	County Recorder's Records Management	Attorney's Forfeiture	Drainage Certificates	Urban Renewal Revenue
-	-	-	-	-	-	97,035
-	-	-	-	-	-	-
-	-	-	11,287	-	-	-
275	567	11,816	868	51	-	-
39,353	70,223	-	-	5,750	-	-
39,628	70,790	11,816	12,155	5,801	-	97,035
9,851	-	-	-	6,272	-	-
-	-	-	-	-	-	74,761
-	-	3,646	-	-	-	-
-	81,356	-	-	-	280	-
9,851	81,356	3,646	-	6,272	280	74,761
29,777	(10,566)	8,170	12,155	(471)	(280)	22,274
-	-	-	-	-	-	(22,274)
-	-	-	-	-	-	-
-	-	-	-	-	-	(22,274)
29,777	(10,566)	8,170	12,155	(471)	(280)	-
60,330	40,083	395,740	39,470	11,066	5,845	-
90,107	29,517	403,910	51,625	10,595	5,565	-

Marshall County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2004

	Moderate Income Housing	County Recorder's Electronic Transaction Fee	Total
<b>Revenues:</b>			
Property and other county tax	-	-	97,035
Intergovernmental	-	36,885	53,002
Charges for service	-	-	11,287
Use of money and property	-	66	13,851
Miscellaneous	-	-	116,888
Total revenues	-	36,951	292,063
<b>Expenditures:</b>			
Operating:			
Public safety	-	-	17,148
County environment	-	-	74,761
Administration	-	-	3,646
Capital projects	-	-	103,136
Total expenditures	-	-	198,691
Excess (deficiency) of revenues over (under) expenditures	-	36,951	93,372
<b>Other financing sources (uses):</b>			
Operating transfers in (out):			
Moderate income housing	-	-	(22,274)
Urban renewal revenue	22,274	-	22,274
Total other financing sources (uses):	22,274	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	22,274	36,951	93,372
Fund balances beginning of year	1,610	-	580,407
Fund balances end of year	23,884	36,951	673,779

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

	County Offices		Agricultural		
	County	County	Extension	County	
	Recorder	Sheriff	Education	Assessor	Schools
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	-	1,172	296,206	230,365
Other county officials	23,004	23,228	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	26	115	5,095
Succeeding year	-	-	90,427	396,700	18,130,202
Accounts	189	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 23,193</b>	<b>23,228</b>	<b>91,625</b>	<b>693,021</b>	<b>18,365,662</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	519	-
Due to other governments	23,193	-	91,625	674,372	18,365,662
Trusts payable	-	23,228	-	-	-
Compensated absences	-	-	-	18,130	-
<b>Total liabilities</b>	<b>\$ 23,193</b>	<b>23,228</b>	<b>91,625</b>	<b>693,021</b>	<b>18,365,662</b>

Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
13,982	111,465	4,889	61	4,655	721,883
-	-	-	-	-	-
307	2,498	91	1	-	-
1,091,623	8,671,563	299,924	4,690	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	104,145	-
1,105,912	8,785,526	304,904	4,752	108,800	721,883
-	-	-	-	-	-
-	-	-	-	-	-
1,105,912	8,785,526	304,904	4,752	108,800	721,883
-	-	-	-	-	-
-	-	-	-	-	-
1,105,912	8,785,526	304,904	4,752	108,800	721,883

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

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	Marshall County Wellness	Advance Tax Collections
<b>Assets</b>					
Cash and pooled investments					
County Treasurer	69,932	26,857	1,461,464	19,375	8
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	1,666	-	-	-	-
Accrued interest	-	-	10,186	-	-
Assessments	-	-	-	-	-
<b>Total assets</b>	<b>71,598</b>	<b>26,857</b>	<b>1,471,650</b>	<b>19,375</b>	<b>8</b>
<b>Liabilities</b>					
Accounts payable	264	-	-	-	-
Salaries and benefits payable	989	-	-	-	-
Due to other governments	63,311	26,857	1,471,650	-	8
Trusts payable	-	-	-	19,375	-
Compensated absences	7,034	-	-	-	-
<b>Total liabilities</b>	<b>71,598</b>	<b>26,857</b>	<b>1,471,650</b>	<b>19,375</b>	<b>8</b>

E911	Anatomical Gift Public Awareness and Transportation	Marshall County Fireworks	Marshall County Flexible Benefits	Mid-Iowa Task Force	Early Childhood Program	School Ready Children	Total
6,301	289	11,647	12,502	34,779	7,483	14,241	3,049,556
-	-	-	-	-	-	-	46,232
-	-	-	-	-	-	-	8,133
-	-	-	-	-	-	-	28,685,129
44,100	-	-	-	-	-	-	45,955
-	-	-	-	-	-	-	10,186
-	-	-	-	-	-	-	104,145
<u>50,401</u>	<u>289</u>	<u>11,647</u>	<u>12,502</u>	<u>34,779</u>	<u>7,483</u>	<u>14,241</u>	<u>31,949,336</u>
-	-	-	-	-	-	-	264
-	-	-	-	-	-	-	1,508
50,401	289	-	-	-	7,483	14,241	31,820,869
-	-	11,647	12,502	34,779	-	-	101,531
-	-	-	-	-	-	-	25,164
<u>50,401</u>	<u>289</u>	<u>11,647</u>	<u>12,502</u>	<u>34,779</u>	<u>7,483</u>	<u>14,241</u>	<u>31,949,336</u>

Marshall County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2004

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ -	21,118	21,471	91,588
Additions:				
Property and other county tax	-	-	-	84,069
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	4,674
Interest	-	-	-	-
Office fees and collections	1,146	584,769	125,184	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	3,023,794	-
Miscellaneous	-	-	-	-
Total additions	1,146	584,769	3,148,978	88,743
Deductions:				
Agency Remittances:				
To other funds	1,146	376,215	125,184	-
To other governments	-	206,479	-	88,706
Trusts paid out	-	-	3,022,037	-
Total deductions	1,146	582,694	3,147,221	88,706
Balances end of year	\$ -	23,193	23,228	91,625

County Assessor	Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
665,170	18,249,938	1,091,058	8,727,916	308,857	4,770	30,333	677,520
368,093	16,853,747	1,248,444	9,698,258	292,437	4,359	-	-
-	-	-	-	-	-	-	-
21,022	925,883	55,753	442,488	17,758	244	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,142,083
-	-	-	-	-	-	103,733	-
-	-	-	-	-	-	-	-
420	-	-	-	-	-	-	-
389,535	17,779,630	1,304,197	10,140,746	310,195	4,603	103,733	8,142,083
-	-	-	-	-	-	-	250,439
361,684	17,663,906	1,289,343	10,083,136	314,148	4,621	25,266	7,847,281
-	-	-	-	-	-	-	-
361,684	17,663,906	1,289,343	10,083,136	314,148	4,621	25,266	8,097,720
693,021	18,365,662	1,105,912	8,785,526	304,904	4,752	108,800	721,883

Marshall County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2004

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	Solid Waste Disposal Bond
<b>Assets and Liabilities</b>				
Balances beginning of year	67,806	18,925	1,265,148	-
Additions:				
Property and other County tax	-	-	-	-
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Interest	-	-	38,739	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	418,620	-	-
Miscellaneous	146,340	-	167,763	452,445
Total additions	146,340	418,620	206,502	452,445
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	142,548	-	-	452,445
Trusts paid out	-	410,688	-	-
Total deductions	142,548	410,688	-	452,445
Balances end of year	71,598	26,857	1,471,650	-

Marshall County Wellness	Advance Tax Collections	E911	Anatomical Gift Public Awareness and Transportation	Marshall County Fireworks	Marshall County Flexible Benefits
21,547	-	54,346	267	15,421	8,326
-	8	-	-	-	-
-	-	204,609	-	-	-
-	-	-	-	-	-
-	-	146	-	16	83
180	-	-	-	-	-
-	-	-	812	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,774	-	-	-	6,302	49,804
9,954	8	204,755	812	6,318	49,887
-	-	-	-	-	-
-	-	208,700	790	-	-
12,126	-	-	-	10,092	45,711
12,126	-	208,700	790	10,092	45,711
19,375	8	50,401	289	11,647	12,502

Marshall County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2004

<b>Assets and Liabilities</b>	Monies and Credits	Mid-Iowa Task Force	Early Childhood Program	School Ready Children	Total
Balances beginning of year	93	39,843	11,978	22,182	31,415,621
Additions:					
Property and other County tax	9,232	-	-	-	28,558,647
E-911 surcharge	-	-	-	-	204,609
State tax credits	-	-	-	-	1,467,822
Interest	-	-	321	465	39,770
Office fees and collections	-	-	-	-	711,279
Auto licenses, use tax and postage	-	-	-	-	8,142,895
Assessments	-	-	-	-	103,733
Trusts	-	64,308	-	-	3,506,722
Miscellaneous	-	153	116,563	171,584	1,121,148
Total additions	9,232	64,461	116,884	172,049	43,856,625
Deductions:					
Agency Remittances:					
To other funds	-	-	-	-	752,984
To other governments	9,325	-	121,379	179,990	38,999,747
Trusts paid out	-	69,525	-	-	3,570,179
Total deductions	9,325	69,525	121,379	179,990	43,322,910
Balances end of year	-	34,779	7,483	14,241	31,949,336

Marshall County  
 Schedule of Revenues by Source and Expenditures by Function -  
 All Governmental Funds  
 For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Property and other county tax	\$ 8,622,222	8,552,943	8,220,393	8,020,704
Interest and penalty on property tax	77,867	91,559	93,099	85,535
Intergovernmental	7,791,934	7,448,548	7,311,452	7,676,505
Licenses and permits	30,687	26,068	22,635	15,531
Charges for service	779,753	798,958	727,343	637,691
Use of money and property	271,154	317,436	453,080	894,739
Fine, forfeitures, and defaults	-	-	11,927	193,134
Miscellaneous	306,337	405,519	209,328	39,495
<b>Total</b>	<b>\$ 17,879,954</b>	<b>17,641,031</b>	<b>17,049,257</b>	<b>17,563,334</b>
Expenditures:				
Operating:				
Public safety and legal services	5,677,146	5,497,490	5,036,429	4,746,619
Physical health and social services	849,797	1,076,965	1,097,201	984,585
Mental health	2,858,400	2,981,086	2,881,664	2,962,353
County environment and education	609,842	593,010	441,569	390,973
Roads and transportation	4,814,973	4,398,900	4,290,402	4,292,664
Governmental services to residents	733,620	787,284	753,237	769,682
Administration	2,120,834	2,201,181	2,125,267	1,976,391
Debt service	319,337	315,337	316,073	316,472
Capital projects	427,775	732,727	795,020	933,215
<b>Total</b>	<b>\$ 18,411,724</b>	<b>18,583,980</b>	<b>17,736,862</b>	<b>17,372,954</b>

Marshall County  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Office of National Drug Control Policy			
High Intensity Drug Trafficking Area Grant	16.000	14PMWP556	\$ 4,364
High Intensity Drug Trafficking Area Grant	16.000	13PMWP588	81,349
			<u>85,713</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program			
	10.561		<u>21,451</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant			
	16.523	32-JD01-F502	<u>16,935</u>
Title V			
	16.548	32-JD01-F502	1,028
Title V			
	16.548	32-JD01-F503	<u>35,700</u>
			<u>36,728</u>
Enforcing Underage Drinking Laws			
	16.727	32-JD01-F502	1,795
Enforcing Underage Drinking Laws			
	16.727	32-JD01-F503	<u>4,104</u>
			<u>5,899</u>
Formula Grant			
	16.540	32-JD01-F502	2,025
Formula Grant			
	16.540	32-JD01-F503	<u>1,050</u>
			<u>3,075</u>
Governor's Office of Drug Control Policy:			
Bryne Formula Grant Program			
	16.579	03A-0267	<u>154,132</u>
Iowa Department of Justice-Crime Victims Assistance Division:			
Stop Violence Against Women			
	16.588	VW-04-7582	<u>35,844</u>
Victims of Crime Assistance Act			
	16.575	VA-04-7581	<u>25,000</u>
Iowa Department of Public Health:			
Tobacco Surveillance			
	16.000	5889TS86	<u>600</u>

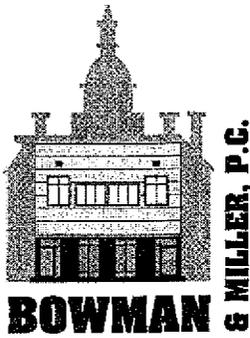
Marshall County  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursement:			
Temporary Assistance to Needy Families	93.558		<u>27,839</u>
Refugee and Entrant Assistance-State Administered Program	93.566		<u>96</u>
Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596		<u>5,119</u>
Foster Care-Title IV-E	93.658		<u>12,806</u>
Adoption Assistance	93.659		<u>3,393</u>
Medical Assistance Program	93.778		<u>28,067</u>
Social Services Block Grant	93.667		<u>18,304</u>
Social Services Block Grant	93.667		<u>186,266</u>
			<u>204,570</u>
Iowa Department of Public Health:			
Public Health Preparedness and Response Bioterrorism	93.283	5883BT66	300
Public Health Preparedness and Response Bioterrorism	93.283	5883BT163	<u>589</u>
			<u>889</u>
Iowa Department of Education:			
Temporary Assistance to Needy Families- School Ready Children	93.558		<u>115,000</u>
U.S. Department of Homeland Security			
Iowa Department of Public Defense:			
Homeland Security Division:			
Domestic Equipment Preparedness Program	97.004		<u>977</u>
Hazard Mitigation Grant Program	97.039	0996-NOAA-64-01	<u>120,590</u>
Emergency Management Performance Grant	97.042		<u>26,279</u>
Homeland Security Grant Program	97.067		<u>2,661</u>

Marshall County  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass- through Number	Program Expenditures
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Highway Planning and Construction	20.205	BROS CO64(71)-8J-64	267,959
State and Community Highway Safety Prevention Incentive	20.600	PAP-03-04 Task 19	621
State and Community Highway Safety Prevention Incentive	20.600	PAP-04-157 Task 102	3,450
			<u>4,071</u>
Total indirect			<u>1,119,980</u>
Total			<u>\$ 1,205,693</u>

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



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of Marshall County:

We have audited the financial statements of Marshall County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 22, 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 Marshall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marshall 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 Marshall 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.

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, of the reportable conditions described above, we believe item II-A-04 is a material weakness. Prior year reportable conditions have been resolved except for II-A-04 and II-B-04

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

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

*Bowman and Miller, P.C.*

October 22, 2004

Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Marshall County:

Compliance

We have audited the compliance of Marshall 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 each of its major federal programs for the year ended June 30, 2004. Marshall County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Marshall County's management. Our responsibility is to express an opinion on Marshall 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 Marshall 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 Marshall County's compliance with those requirements.

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

Internal Control Over Compliance

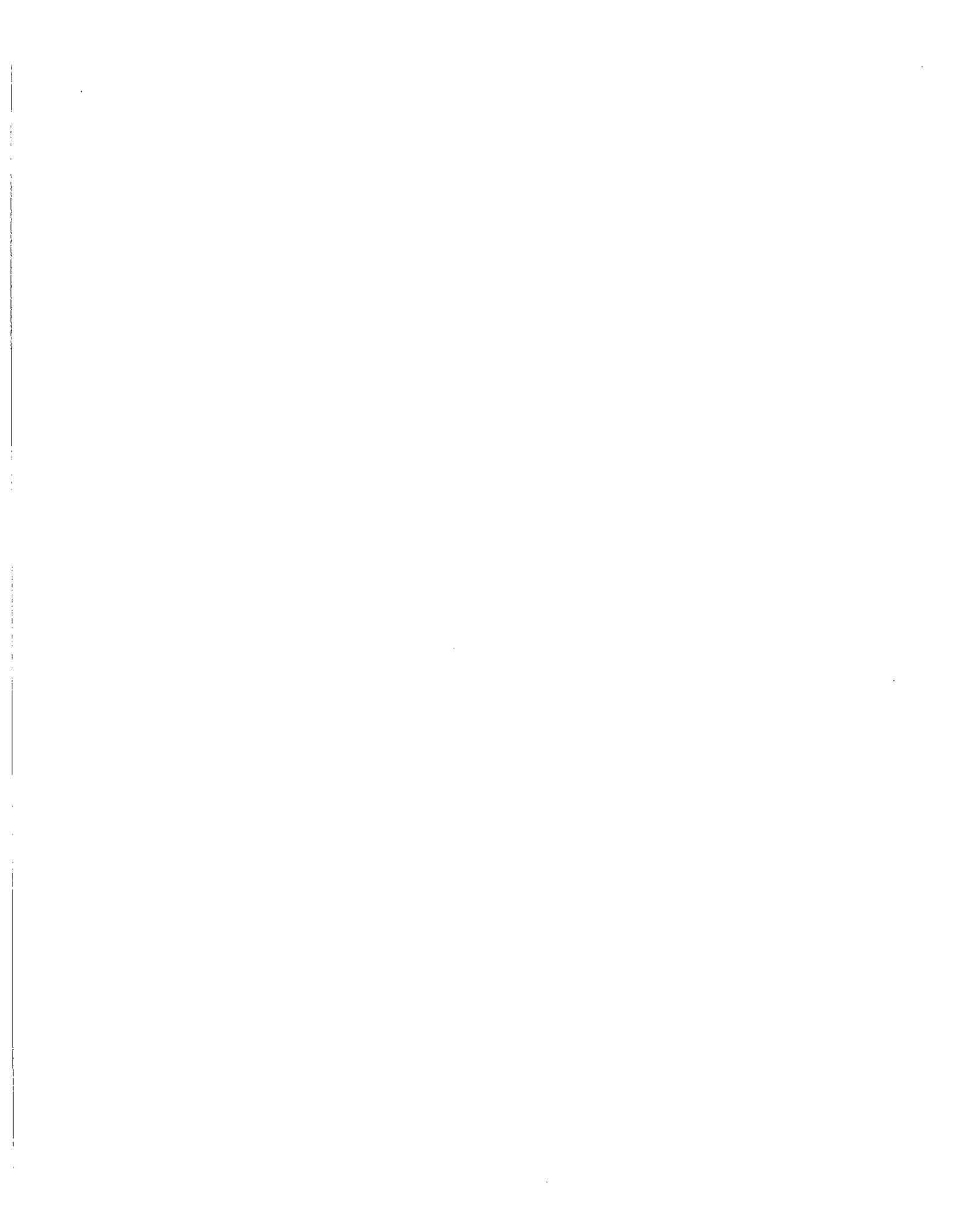
The management of Marshall County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Marshall County's internal control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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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 Marshall County and other parties to whom Marshall 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.

*Bowman and Miller, P.C.*

October 22, 2004



Marshall 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:**

III-A-04 Segregation of Duties – During our review of the internal control structure, the existing control procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County’s financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Recorder, Sheriff
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Sheriff

Recommendation – We realize that with a limited number of office employees segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – The County offices will review their office policies and attempt to segregate duties where possible. Where it is not possible increased review by supervisory personnel will be performed.

Conclusion – Response accepted.

Marshall County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

III-B-04 Jail Commissary/Inmate Account – The following items were noted regarding the Sheriff's Commissary/Inmate Account records:

- Bank and book reconciliations included outstanding/uncleared deposits dated from 2003 and early 2004 as reconciling items. Most of these items appear to be double postings related to credit card receipts. The total amount of approximately \$20,000 should be corrected and the bank balance decreased by the respective amount.
- The "Keefe Account" represents outstanding account payable invoices due to Keefe for goods purchased, but not yet paid. In the situation where goods are returned and refunds issued, the refunds are posting twice to the account creating a variance in the account.
- The sheriff's office is maintaining an old outstanding check total from the previous commissary checking account, however there is no detail listing of these outstanding checks.
- A report detailing the accounts receivable due from inmates for charges incurred related to medical, dental, indigent fees, etc should be printed and reviewed by the appropriate personnel. This report contains numerous accounts of negligible amounts. Uncollectible accounts and/or negligible amounts should be written off.
- Individual accounts that comprise the commissary trial balance are not reconciled to any supporting documentation.
- The sheriff's office has now begun taking a periodic physical inventory of the phone cards; however, the amount is not reconciled to the balance on the trial balance and any variances adjusted appropriately. In addition, during the current fiscal year, the classification for the phone card account was changed from an asset account to a liability account on the software system in error. The correct classification should be an asset account.

Recommendation – Reconciling items included in the bank reconciliation should be cleared on a monthly basis. Old outstanding checks should be written off per the procedures in the Civil Division. Inmate receivables should be reviewed periodically and uncollectible receivables written off when appropriate. Various accounts, including the phone card inventory, comprising the trial balance should each be reconciled to supporting documentation.

Response –

- The process of double posting of bank and book reconciliations has been corrected. We are in the process of correcting the \$20,000 and determining the actual bank balances.
- A procedure has been implemented to ensure that refunds are monitored and not posted twice to the account.

Marshall County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

Response – (continued)

- In regards to the old checking account this documentation was on hand and under the control of Jailer McGovern. She brought it to our attention after the audit process was completed. A detail listing of all outstanding checks is available. We are reviewing and developing a means of clearing older checks.
- We are currently reviewing our process on the “negligible amounts” that are directly related to medical and indigent fees. At this time the actual process of dealing with this issue has not been determined.
- Commissary trial balances will be periodically reconciled to supporting documentation. It is assumed this is to verify that items actually purchased are in fact used for the purpose that they were intended.
- The phone card account is to be changed from a liability account to an asset account. This is due to each card that is in stock has been purchased by our agency in advance and thus constitutes “value on hand” rather than a liability waiting to be paid. A periodic inventory of the cards will be done randomly to reconcile the number against those purchased and dispersed.

Conclusion – Responses accepted.

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

**INSTANCE OF NON-COMPLIANCE:**

No matters were reported.

Marshall County  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2004

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

- IV-A-04 Official Depositories -- A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- IV-B-04 Certified Budget -- Disbursements during the year ended June 30, 2005, did not exceed the amounts budgeted.
- IV-C-04 Questionable Expenditures -- We noted 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.
- IV-D-04 Travel Expense -- No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-04 Business Transactions -- Business transactions between the County and County officials or employees are detailed as follows:

Business Connection	Description	Amount
Todd Kelly, Sheriff's Office Employee	Fire Extinguishers	\$ 64
Doug Adams, son of Deane Adams, Marshall County Treasurer	4-H Judge	150
Dennis Bachman, husband of Deanna Neldeberg-Bachman, Emergency Management Director	EMS Training	5,011

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Todd Kelly and Doug Adams do not appear to represent a conflict of interest since the totals were less than \$1,500 during the fiscal year. The transactions with Dennis Bachman may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Recommendation -- The County should consult legal council to determine the disposition of this matter.

Response -- Dennis Bachman was doing the same EMS training before he was dating Deanna, during their engagement and after their marriage. Nothing has changed except their relationship.

Conclusion -- Since the County has contracted with Mr. Bachman for these services, regardless of the sources of funds, the transaction may represent a conflict of interest in accordance with Chapter 331.342 of the Code of Iowa. The County should consult legal counsel to determine the disposition of this matter.

Marshall County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2004

- IV-F-04 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.
- IV-G-04 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-04 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-04 Deposits and Pooled Investments - We noted no instances of non-compliance with the deposits and pooled investments provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policies.
- IV-J-04 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently is not included in Exhibits A or B.

## Marshall County Audit Staff

This audit was performed by:

Bowman and Miller, P.C..  
Certified Public Accountants  
Marshalltown, Iowa

### Personnel:

Elizabeth A. Miller, CPA, Principal  
James R. Bowman, CPA, Principal  
Suzanne Mead, CPA, Principal  
Debra J. Osborn, CPA, Principal

NEWS RELEASE

FOR RELEASE \_\_\_\_\_

Bowman and Miller, P.C. today released an audit report on Marshall County, Iowa.

The County had local tax revenue of \$38,094,809 for the year ended June 30, 2004, which included \$1,892,039 in tax credits from the state. The County forwarded \$30,026,469 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,068,340 of the local tax revenue to finance County operations, a 1.12 percent increase from the prior year. Other revenues included \$5,823,099 from the state, including indirect federal funding, \$978,099 in local option sales tax \$125,194 from direct federal grants and entitlements, and \$215,818 in interest on investments.

Expenditures for County operations totaled \$18,411,724, a .93 percent increase from the prior year. Expenditures included \$5,677,146 for Public Safety and Legal Services, \$4,814,973 for Roads and Transportations and \$2,858,400 for Mental Health.

This report contained recommendations to the Board of Supervisors and other County officials. For example, to continue reviewing segregation of duties in the various offices. The County agreed with the recommendations and will make the necessary changes.

A copy of the audit report is available for review in the office of the Auditor of State and the County's Auditor's office.