

VAN BUREN COUNTY, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2004

VAN BUREN COUNTY, IOWA

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VAN BUREN COUNTY, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gary J. Adam	Board of Supervisors	January 2007
William Randolph	Board of Supervisors	January 2007
Marvin S. Philips	Board of Supervisors	January 2009
Jon P. Finney	County Auditor	January 2009
Becky L. Fry	County Treasurer	January 2007
Glenice Graber	County Recorder	January 2007
Ronald D. Parker	County Sheriff	January 2009
Crystal Cronk	County Attorney	January 2007
Dixie Sanders	County Assessor	January 2010

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Van Buren County, Iowa:

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

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

As described in Note 12 to the financial statements, during the year ended June 30, 2004, Van Buren County, Iowa adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 23, 2004 on our consideration of Van Buren County, Iowa'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 9 and 28 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County, Iowa'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 (none of which are presented herein) and expressed an unqualified opinion on 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 an unqualified opinion on those financial statements. Other supplemental 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.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
September 23, 2004

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Van Buren County, Iowa, 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.

Because Van Buren County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

### 2004 FINANCIAL HIGHLIGHTS

- The County's Governmental funds' revenues increased approximately \$113,449 from fiscal 2003 to fiscal 2004. Property taxes and other county tax increased approximately \$287,080
- The County's Governmental funds' expenditures increased a total of approximately \$415,944 more in fiscal 2004 than in fiscal 2003. Roads and transportation expenditures made up the largest increase by approximately \$308,851
- The County's net assets increased 32%, or approximately \$2,945,215, 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 Van Buren 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 Van Buren 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 Van Buren 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 two 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,

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) 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. Van Buren County's combined net assets increased from \$9,064,544 to \$12,009,759. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

	<u>June 30, 2004</u>
Current and other assets	\$ 4,841,703
Capital assets	<u>9,728,461</u>
Total assets	<u>14,570,164</u>
Long-term liabilities	415,765
Other liabilities	<u>2,144,640</u>
Total liabilities	<u>2,560,405</u>
Net assets:	
Invested in capital assets, net of related debt	9,728,461
Restricted	1,703,859
Unrestricted	<u>577,439</u>
Total net assets	\$ <u>12,009,759</u>

Net assets of Van Buren County's governmental activities increased by \$2,945,215 (\$9,064,544 compared to \$12,009,759). 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—are reported at approximately \$577,439 at June 30, 2004.

Changes in Net Assets of Governmental Activities

	<u>Year ended June 30, 2004</u>
Revenues:	
Program revenues:	
Charges for service	\$ 255,549
Operating grants, contributions and restricted interest	3,757,626
Capital grants, contributions and restricted interest	3,210,518
General revenues:	
Property tax	1,125,901
Penalty and interest on property tax	32,361
State tax credits	94,672
Local option sales tax	1,927
Grants and contributions not restricted to specific purposes	8,792
Unrestricted investment earnings	91,211
Other general revenues	<u>138,994</u>
Total revenues	<u>8,717,551</u>
Program expenses:	
Public safety and legal services	845,480
Physical health and social services	377,973
Mental health	504,992
County environment and education	380,430
Roads and transportation	2,825,852
Governmental services to residents	247,908
Administration	553,096
Non-program	<u>36,605</u>
Total expenses	<u>5,772,336</u>
Increase in net assets	2,945,215
Net assets beginning of year	<u>9,064,544</u>
Net assets end of year	\$ <u>12,009,759</u>

The County increased property tax asking for the 2004FY by 11.5%. This increase of \$193,704 followed the previous year's decrease of \$63,796 in property tax asking. The property tax asking for the 2005FY was set at \$1,875,756, a decrease of \$2,257 from the 2004FY

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Van Buren County completed the year, its governmental funds reported a combined fund balance of \$2,684,182 million, a decrease of more than \$686,097 compared to last year's total of \$3,370,279. The decrease in fund balance is primarily attributable to Secondary Road projects. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$2,047,327 and \$2,254,546, respectively. The ending fund balance showed a decline of \$198,643 from the prior year to \$983,104.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$499,463, a decrease of 10% from the prior year. The Mental Health Fund balance at year end increased by approximately \$29,839 over the prior year.
- Secondary Roads Fund expenditures increased by approximately \$867,983 over the prior year, due principally to use of the County's rock inventory and the recording of expenses related to farm to market accounts. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$552,012, or 35%.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Van Buren County amended its budget two times. The first amendment was made on November 10, 2003 and resulted in an increase in budgeted disbursements related to pass thru grants for the Bentonsport foot bridge, Wellmark Obesity study, IDEED for the Forest Heritage Center study, private foundation grants to the conservation board, balance of GIS project, courthouse fire and safety updates, and medical examiner fees.

The second amendment was made on March 15, 2004. This amendment involved increasing expenditures for courthouse fire and safety updates, medical examiner fees, special elections, and underground tank removal expenses at the county care facility.

Even with these amendments, the County underspent the original total budgeted amount of \$5,702,224 by \$170,907 for the year ended June 30, 2004.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2004, Van Buren County had approximately \$9,728,461 million invested in a broad range of capital assets (net of depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$3,630,152, or 60% percent over last year.

Capital Assets of Governmental Activities at Year End

	<u>June 30, 2004</u>
Land	\$ 1,014,547
Buildings and improvements	1,738,861
Equipment and vehicles	2,066,802
Infrastructure	<u>1,467,662</u>
Total	6,287,872
 This year's major additions included	
Construction in progress	<u>3,440,589</u>
Total	\$ <u>9,728,461</u>

The County had depreciation expense of \$413,213 in FY04 and total accumulated depreciation of \$2,791,819 at June 30, 2004.

The County's fiscal year 2004 capital budget included \$765,483 for capital projects, principally for road and bridge improvements. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2004, Van Buren County had no general obligation bonds or other debt other than compensated absences, and estimated liability for landfill post closure care costs as shown below.

#### Outstanding Debt of Governmental Activities at Year-End

		<u>June 30, 2004</u>
Landfill postclosure costs	\$	300,000
Compensated absences		<u>115,765</u>
Total	\$	<u>415,765</u>

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. Van Buren County's constitutional debt limit for the 2004FY is approximately \$14,869,712 million. Other obligations include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

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

Van Buren 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. The County's estimated population for 2003 shows a decrease of (4%), after increasing 2% from the official 1990 to 2000 census. Nonagricultural employment from 2000 to 2001 decreased (8.4%). Unemployment in the County now stands at 5.5 percent versus 6.0 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 2.8 percent for fiscal year 2004 compared with the national rate of 3.3 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 2005FY. Amounts available for appropriation in the operating budget are \$5,640,098, a decrease of 7.3 percent from the final amended 2004FY budget. The amount of revenue to support the above expenditures is projected to decrease 9.7% from the final amended 2004FY budget to \$5,199,887 when the shortfall budgeted from existing reserve funds. Property taxes supporting the 2005FY budget decreased \$2,257 from the 2004FY budget and makes up 33% of the revenue for the 2005FY budgeted expenditures.

Increased wage and cost-of-living adjustments, health insurance costs, the crushing of rock at the County quarry, and voting equipment represent the largest increases in the various budgets. Those increases were offset by decreases in expenditures for pass-thru grants, GIS, courthouse fire and safety updates, and recorder office staff reduction expenditures. 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 decrease by the close of the 2005FY by approximately \$400,211, leaving an overall reserve of approximately 28% of budgeted 2005FY expenditures.

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Van Buren 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 Van Buren County Auditor's Office, 406 Dodge St., Keosauqua, Iowa.

## VAN BUREN COUNTY, IOWA

## STATEMENT OF NET ASSETS

JUNE 30, 2004

	Governmental Activities
<u>ASSETS:</u>	
Cash and pooled investments	\$ 2,294,986
Receivables:	
Property tax:	
Delinquent	48,048
Succeeding year	1,875,807
Accounts	29,171
Accrued interest	412
Due from other governments	245,171
Prepaid expenses	37,988
Inventories	310,120
Capital assets (net of accumulated depreciation)	9,728,461
	<u>14,570,164</u>
TOTAL ASSETS	
<u>LIABILITIES:</u>	
Accounts payable	82,667
Salaries and benefits payable	43,445
Due to other governments	63,470
Deferred revenue:	
Succeeding year property tax	1,875,807
Other	79,251
Long-term liabilities:	
Portion due and payable within one year:	
Compensated absences	115,765
Estimated liability for landfill post closure	15,000
Portion due and payable after one year:	
Estimated liability for landfill post closure	285,000
	<u>2,560,405</u>
TOTAL LIABILITIES	
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	9,728,461
Restricted for:	
Supplemental levy	2,781
Mental health	244,963
Rural services	59,038
Secondary roads	1,087,970
Other purposes	309,107
Unrestricted	577,439
	<u>12,009,759</u>
TOTAL NET ASSETS	\$ <u>12,009,759</u>

## VAN BUREN COUNTY, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 845,480	\$ 22,992	\$ 96,074	\$ -	\$ (726,414)
Physical health and social services	377,973	8,326	4,118	-	(365,529)
Mental health	504,992	-	529,302	-	24,310
County environment and education services	380,430	-	64,879	-	(315,551)
Roads and transportation	2,825,852	590	2,765,422	3,210,518	3,150,678
Governmental services to residents	247,908	-	297,747	-	49,839
Administration	553,096	223,641	84	-	(329,371)
Non-program	36,605	-	-	-	(36,605)
Total	\$ 5,772,336	\$ 255,549	\$ 3,757,626	\$ 3,210,518	1,451,357
General revenues:					
Property and other County tax levied for:					
General purposes					1,125,901
Penalty and interest on property tax					32,361
State tax credits					94,672
Local option sales tax					1,927
Grants and contributions not restricted to specific purpose					8,792
Unrestricted investment earnings					91,211
Miscellaneous					130,770
Gain on sale of fixed assets					8,224
Total general revenues					1,493,858
Change in net assets					2,945,215
Net assets - Beginning of year					9,064,544
Net assets - End of year					\$ 12,009,759

## VAN BUREN COUNTY, IOWA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

<u>ASSETS</u>	<u>General</u>	Special Revenue			<u>Nonmajor Governmental Funds</u>	<u>Total</u>
		<u>MH-DD Services</u>	<u>Rural Services</u>	<u>Secondary Roads</u>		
Cash and pooled investments	\$ 920,825	\$ 322,752	\$ 54,444	\$ 687,853	\$ 309,112	\$ 2,294,986
Receivables:						
Property tax:						
Delinquent	45,901	1,394	753	-	-	48,048
Succeeding year	1,272,640	192,814	410,353	-	-	1,875,807
Accounts	17,299	-	644	11,004	224	29,171
Accrued Interest	383	-	-	-	29	412
Due from other funds	-	-	-	296	-	296
Due from other governments	59,259	845	11,212	173,855	-	245,171
Prepaid expenses	37,988	-	-	-	-	37,988
Inventories	-	-	-	310,120	-	310,120
	\$ 2,354,295	\$ 517,805	\$ 477,406	\$ 1,183,128	\$ 309,365	\$ 4,841,999
 <u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 10,297	\$ 6,326	\$ 6,816	\$ 59,228	\$ -	\$ 82,667
Salaries and benefits payable	14,141	1,132	462	27,452	258	43,445
Compensated absences	4,812	728	-	7,341	-	12,881
Due to other funds	296	-	-	-	-	296
Due to other governments	10,754	51,579	-	1,137	-	63,470
Deferred revenue:						
Succeeding year property tax	1,272,640	192,814	410,353	-	-	1,875,807
Other	58,251	20,263	737	-	-	79,251
	TOTAL LIABILITIES	272,842	418,368	95,158	258	2,157,817
 <u>FUND BALANCES</u>						
Reserved for:						
Supplemental levy	2,781	-	-	-	-	2,781
Unreserved, reported in:						
General fund	980,323	-	-	-	-	980,323
Special revenue funds	-	244,963	59,038	1,087,970	309,107	1,701,078
Total fund balances	983,104	244,963	59,038	1,087,970	309,107	2,684,182
	TOTAL LIABILITIES AND FUND BALANCES	\$ 2,354,295	\$ 517,805	\$ 477,406	\$ 1,183,128	\$ 309,365
		\$ 4,841,999			\$ 4,841,999	

VAN BUREN COUNTY, IOWARECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004

Total governmental fund balances	\$ 2,684,182
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$12,520,280 and the accumulated depreciation is \$2,791,819	9,728,461
Long-term liabilities, including estimated liability for landfill post closure costs and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(402,884)</u>
Net assets of governmental activities	\$ <u>12,009,759</u>

## VAN BUREN COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004

	General	MH-DD Services	Special Revenue		Nonmajor Governmental Funds	Total
			Rural Services	Secondary Roads		
<b>REVENUES:</b>						
Property and other County tax	\$ 1,127,828	\$ 201,877	\$ 583,966	\$ -	\$ -	\$ 1,913,671
Interest and penalty on property tax	32,361	-	-	-	-	32,361
Intergovernmental	449,361	327,425	46,194	2,167,295	10,945	3,001,220
Licenses and permits	32,404	-	-	590	-	32,994
Charges for service	183,392	-	14,685	-	24,478	222,555
Use of money and property	127,345	-	-	-	4,395	131,740
Miscellaneous	94,636	-	4,687	56,240	8,705	164,268
Total revenues	<u>2,047,327</u>	<u>529,302</u>	<u>649,532</u>	<u>2,224,125</u>	<u>48,523</u>	<u>5,498,809</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety and legal services	777,658	-	-	-	-	777,658
Physical health and social services	367,353	-	-	-	-	367,353
Mental health	-	499,463	-	-	-	499,463
County environment and education services	294,577	-	89,710	-	5,963	390,250
Roads and transportation	-	-	-	2,707,436	-	2,707,436
Governmental services to residents	242,600	-	880	-	-	243,480
Administration	532,974	-	8,365	-	-	541,339
Non-program	1,617	-	-	-	-	1,617
Capital projects	37,767	-	-	613,292	13,475	664,534
Total expenditures	<u>2,254,546</u>	<u>499,463</u>	<u>98,955</u>	<u>3,320,728</u>	<u>19,438</u>	<u>6,193,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,219)</u>	<u>29,839</u>	<u>550,577</u>	<u>(1,096,603)</u>	<u>29,085</u>	<u>(694,321)</u>
Other financial sources (uses):						
Sale of capital assets	8,224	-	-	-	-	8,224
Operating transfers in	3,056	-	-	544,591	-	547,647
Operating transfers out	(2,704)	-	(541,887)	-	(3,056)	(547,647)
Total other financing sources (uses)	<u>8,576</u>	<u>-</u>	<u>(541,887)</u>	<u>544,591</u>	<u>(3,056)</u>	<u>8,224</u>
Net change in fund balances	(198,643)	29,839	8,690	(552,012)	26,029	(686,097)
Fund balances - Beginning of year	<u>1,181,747</u>	<u>215,124</u>	<u>50,348</u>	<u>1,639,982</u>	<u>283,078</u>	<u>3,370,279</u>
Fund balances - End of year	\$ <u>983,104</u>	\$ <u>244,963</u>	\$ <u>59,038</u>	\$ <u>1,087,970</u>	\$ <u>309,107</u>	\$ <u>2,684,182</u>

VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

Net change in fund balances - Total governmental funds \$ (686,097)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and construction in progress exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 602,776	
Construction in progress	230,071	
Depreciation expense	<u>(413,213)</u>	419,634

Farm to market funds used to construct infrastructure 3,210,518

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 15,000

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		<u>(13,840)</u>
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Change in net assets of governmental activities \$ 2,945,215

VAN BUREN COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2004

ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,448,542
Other County officials		21,380
Accounts receivable		4,881
Property tax receivable:		
Delinquent		42,841
Succeeding year		4,899,200
Accrued Interest		958
		<u>6,417,802</u>
	TOTAL ASSETS	<u>6,417,802</u>

LIABILITIES

Accounts payable		38,177
Due to other governments		6,364,529
Trusts payable		15,096
		<u>6,417,802</u>
	TOTAL LIABILITIES	<u>6,417,802</u>
	NET ASSETS	\$ <u>          -</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

For financial reporting purposes, Van Buren County, Iowa 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 the 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 Van Buren County, Iowa (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.

A drainage district has 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. This district is legally separate from the County, and it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information about the drainage district can be obtained from the Van Buren County Auditor's office.

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: Van Buren County Assessor's Conference Board, Van Buren County Joint Disaster Services Commission and Van Buren County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County

B. Basis of Presentation

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Unrestricted net assets – consist of net assets 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 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 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

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 MH-DD Services 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.

Additionally, the County reports the following funds:

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.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C Measurement Focus and Basis of Accounting

The government-wide 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.

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

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D Assets, Liabilities and Fund Equity (Continued)

subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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 1 ½% 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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within 60 days after year end.

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

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

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS

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

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

The County's funds are all deposited in financial institution depository accounts.

NOTE 3: DUE FROM AND DUE TO OTHER FUNDS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ <u>296</u>

NOTE 4: INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Maribah Reubel	\$ <u>3,056</u>
Secondary Roads	General	2,704
	Special Revenue: Rural Services	<u>541,887</u>
		<u>544,591</u>
	Total	\$ <u>547,647</u>

VAN BUREN COUNTY, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

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

	Balance Beginning of Year <u>As Restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,014,547	\$ -	\$ -	\$ 1,014,547
Construction in progress	<u>-</u>	<u>3,440,589</u>	<u>-</u>	<u>3,440,589</u>
Total capital assets not being depreciated	<u>1,014,547</u>	<u>3,440,589</u>	<u>-</u>	<u>4,455,136</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,879,180	42,864	-	2,922,044
Equipment and vehicles	3,406,582	184,857	-	3,591,439
Infrastructure, road network	<u>1,176,606</u>	<u>375,055</u>	<u>-</u>	<u>1,551,661</u>
Total capital assets being depreciated	<u>7,462,368</u>	<u>602,776</u>	<u>-</u>	<u>8,065,144</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,101,140	82,043	-	1,183,183
Equipment and vehicles	1,277,466	247,171	-	1,524,637
Infrastructure, road network	<u>-</u>	<u>83,999</u>	<u>-</u>	<u>83,999</u>
Total accumulated depreciation	<u>2,378,606</u>	<u>413,213</u>	<u>-</u>	<u>2,791,819</u>
Total capital assets being depreciated, net	<u>5,083,762</u>	<u>189,563</u>	<u>-</u>	<u>5,273,325</u>
Governmental activities capital assets, net	<u>\$ 6,098,309</u>	<u>\$ 3,630,152</u>	<u>\$ -</u>	<u>\$ 9,728,461</u>

Depreciation expense was charged to the following functions:

<b>Governmental activities:</b>		
Public safety and legal services		\$ 68,909
Physical health and social services		9,269
Mental health		5,529
County environment and education		4,321
Roads and transportation		290,269
Governmental services to residents		4,428
Administration		8,975
Nonprogram		<u>21,513</u>
Total depreciation expense - governmental activities		<u>\$ 413,213</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. 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>Services and Collections and Delinquent Property Taxes</u>	<u>Succeeding Year Property Taxes</u>	<u>Total</u>
General	\$ <u>10,754</u>	\$ <u>-</u>	\$ <u>10,754</u>
Special Revenue:			
MH-DD Services	51,579	-	51,579
Secondary Roads	<u>1,137</u>	<u>-</u>	<u>1,137</u>
	<u>52,716</u>	<u>-</u>	<u>52,716</u>
Trust and Agency:			
County Recorder	6,284	-	6,284
County Assessor	63,247	123,455	186,702
Schools	105,929	3,391,079	3,497,008
Area school	5,299	151,665	156,964
Corporations	23,641	435,923	459,564
Empowerment Board	312,068	-	312,068
TANF Empowerment Board	403,845	-	403,845
County Hospital	18,753	612,970	631,723
County Hospital Ambulance	119,154	54,290	173,444
E-911	129,788	-	129,788
Auto License and Use Tax	135,893	-	135,893
Drainage Districts	124,293	-	124,293
All Other	<u>17,135</u>	<u>129,818</u>	<u>146,953</u>
	<u>1,465,329</u>	<u>4,899,200</u>	<u>6,364,529</u>
	\$ <u>1,528,799</u>	\$ <u>4,899,200</u>	\$ <u>6,427,999</u>

NOTE 7: CHANGES IN LONG-TERM DEBT

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

	<u>Estimated Liability for Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 315,000	\$ 105,779	\$ 420,779
Additions	-	9,986	9,986
Reductions	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Balance end of year	\$ <u>300,000</u>	\$ <u>115,765</u>	\$ <u>415,765</u>
Due within one year	\$ <u>15,000</u>	\$ <u>115,765</u>	\$ <u>130,765</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: CHANGES IN LONG-TERM DEBT (Continued)

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$300,000 reported as estimated liability for landfill postclosure care costs at June 30, 2004 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2004. The County closed the landfill in 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State regulations require solid waste landfills to demonstrate financial responsibility for the costs of postclosure care. The County established a designated sinking fund for the annual cost of monitoring the closed landfill which is being funded by an annual assessment of \$17,600 to the participating members of the landfill, including the County. Any future excess of monitoring expenditures over the annual assessment will be added to the following year's assessment to the participating members.

NOTE 8: PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, 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 \$118,722, \$116,353, and \$88,430, respectively, equal to the required contributions for each year.

NOTE 9: RISK MANAGEMENT

Van Buren County has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool to protect the County against tort liability, injuries to employees and other risks associated with County operations. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost. There have been no reductions in insurance coverage from prior years.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery.

The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool and fund.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 9: RISK MANAGEMENT (Continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2004 were \$145,086.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2004, which covers exposures of specific losses in excess of \$350,000 per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence with excess of \$1,000,000, including the retention of the pool, for general liability. The policy obtained for the year ended June 30, 2004, covered exposures of \$350,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The risk pool fund records a liability for unpaid claims based on estimates for the costs of individual cases of losses and claims reported to year end, plus a provision for losses incurred but not yet reported. The estimates are based on the experience of similar organizations as determined by Arthur J. Gallagher and Co., the pool's service agent. At June 30, 2004, the risk pool fund reported a surplus of pool assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member County in addition to the premium contributions. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for the County commenced July 1, 1987 and terminated June 30, 1990.

The County also carries commercial insurance purchased from other insurers for coverage associated with an employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: CONSTRUCTION COMMITMENT

The County has entered into a contract totaling \$255,866 for bridge construction and roadway paving. As of June 30, 2004, cost of \$211,222 had been incurred against the contracts. The balance of \$44,644 remaining at June 30, 2004 will be paid as work on the projects progresses.

NOTE 11: COUNTY CARE FACILITY

The County has an agreement with Center Village, Inc. which allows Center Village, Inc. to manage and operate the Van Buren County Care Facility. The County leases the Care Facility site to Center Village, Inc. at no cost. The current agreement will remain in force until June 30, 2007.

NOTE 12: ACCOUNTING CHANGE

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 12: ACCOUNTING CHANGE (Continued)

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statements Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented during fiscal year 2004. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities have been restated to include capital assets, long-term debt and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting.

	<u>Total</u>
Net assets, June 30, 2003, as previously reported	\$ 3,370,279
GASB Interpretation 6 adjustments	<u>-</u>
Net assets, July 1, 2003, as restated for governmental funds	3,370,279
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$2,378,606	6,098,309
Long-term liabilities:	
Estimated liability for landfill postclosure care costs	(315,000)
Compensated absences	<u>(89,044)</u>
Net assets, July 1, 2003, as restated	\$ <u>9,064,544</u>

VAN BUREN COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2004

	Governmental Fund Types	Budgeted Amounts		Final to Actual Variance - Positive (Negative)	
		Actual	Original		Final
<u>RECEIPTS:</u>					
Property and other County tax	\$ 1,904,053	\$ 1,906,458	\$ 1,906,458	\$ (2,405)	
Interest and penalty on property tax	32,258	26,050	26,050	6,208	
Intergovernmental	3,031,804	3,119,455	3,272,455	(240,651)	
Licenses and permits	27,350	13,200	13,200	14,150	
Charges for service	218,657	181,525	181,525	37,132	
Use of money and property	135,815	172,510	172,510	(36,695)	
Miscellaneous	174,632	106,545	168,545	6,087	
Total receipts	<u>5,524,569</u>	<u>5,525,743</u>	<u>5,740,743</u>	<u>(216,174)</u>	
<u>DISBURSEMENTS:</u>					
Public safety and legal services	783,706	827,035	854,035	(70,329)	
Physical health and social services	361,636	358,173	408,173	(46,537)	
Mental health	481,332	542,016	567,016	(85,684)	
County environment and education	384,249	296,202	433,202	(48,953)	
Roads and transportation	2,134,055	2,140,000	2,140,000	(5,945)	
Governmental services to residents	244,936	263,927	271,927	(26,991)	
Administration	542,047	503,088	628,088	(86,041)	
Non-program	1,617	6,300	6,300	(4,683)	
Capital projects	597,739	765,483	777,483	(179,744)	
Total disbursements	<u>5,531,317</u>	<u>5,702,224</u>	<u>6,086,224</u>	<u>(554,907)</u>	
Deficiency of receipts under disbursements	(6,748)	(176,481)	(345,481)	338,733	
Other financing sources, net	<u>27,237</u>	<u>17,600</u>	<u>17,600</u>	<u>9,637</u>	
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	20,489	(158,881)	(327,881)	348,370	
<u>BALANCE</u> - Beginning of year	<u>2,274,498</u>	<u>1,888,218</u>	<u>2,274,497</u>	<u>1</u>	
<u>BALANCE</u> - End of year	\$ <u>2,294,987</u>	\$ <u>1,729,337</u>	\$ <u>1,946,616</u>	\$ <u>348,371</u>	

VAN BUREN COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2004

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 5,524,569	\$ (25,760)	\$ 5,498,809
Expenditures	<u>5,531,317</u>	<u>661,813</u>	<u>6,193,130</u>
Net	(6,748)	(687,573)	(694,321)
Other financing sources, net	27,237	(19,013)	8,224
Beginning fund balances	<u>2,274,498</u>	<u>1,095,781</u>	<u>3,370,279</u>
Ending fund balances	\$ <u>2,294,987</u>	\$ <u>389,195</u>	\$ <u>2,684,182</u>

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA

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. The 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 aggregate function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$384,000. The budget amendments are reflected in the final budgeted amounts.

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

## OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2004

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorders Funds</u>	<u>Indian Creek Watershed</u>	<u>Meribah Ruebel Trust</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 13,984	\$ 13,422	\$ 31,448	\$ 71,636	\$ 155,075
Receivables:					
Accounts	-	-	174	-	-
Accrued interest	<u>-</u>	<u>11</u>	<u>7</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>13,984</u>	\$ <u>13,433</u>	\$ <u>31,629</u>	\$ <u>71,636</u>	<u>155,075</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Salaries and benefits payable	\$ <u>-</u>	\$ <u>258</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>FUND EQUITY:</u>					
Unreserved, reported in:					
Special revenue funds	<u>13,984</u>	<u>13,175</u>	<u>31,629</u>	<u>71,636</u>	<u>155,075</u>
Total fund equity	<u>13,984</u>	<u>13,175</u>	<u>31,629</u>	<u>71,636</u>	<u>155,075</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>13,984</u>	\$ <u>13,433</u>	\$ <u>31,629</u>	\$ <u>71,636</u>	\$ <u>155,075</u>

See Accompanying Independent Auditor's Report

Schedule 1

<u>Laura Daugherty Trust</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ 10,506	\$ 13,041	\$ 309,112
-	50	224
<u>-</u>	<u>11</u>	<u>29</u>
\$ <u>10,506</u>	\$ <u>13,102</u>	\$ <u>309,365</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>258</u>
<u>10,506</u>	<u>13,102</u>	<u>309,107</u>
<u>10,506</u>	<u>13,102</u>	<u>309,107</u>
\$ <u>10,506</u>	\$ <u>13,102</u>	\$ <u>309,365</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>	<u>Meribah Ruebel Trust</u>
<b>REVENUES:</b>					
Intergovernmental	\$ 1,730	\$ 8,450	\$ -	\$ 765	\$ -
Charges for service	-	-	24,478	-	-
Use of money and property	-	98	84	-	3,851
Miscellaneous	-	-	-	-	267
Total revenues	<u>1,730</u>	<u>8,548</u>	<u>24,562</u>	<u>765</u>	<u>4,118</u>
<b>EXPENDITURES:</b>					
Operating:					
County environment and education	-	5,963	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>5,963</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,730	2,585	24,562	765	4,118
Other financing uses:					
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,056)</u>
Net change in fund balances	1,730	2,585	24,562	765	1,062
Fund balances - Beginning of year	<u>12,254</u>	<u>10,590</u>	<u>7,067</u>	<u>70,871</u>	<u>154,013</u>
Fund balances - End of year	\$ <u>13,984</u>	\$ <u>13,175</u>	\$ <u>31,629</u>	\$ <u>71,636</u>	\$ <u>155,075</u>

See Accompanying Independent Auditor's Report

Laura Daugherty <u>Trust</u>	Conservation Land <u>Acquisition</u>	<u>Total</u>
\$ -	\$ -	\$ 10,945
-	-	24,478
211	151	4,395
-	8,438	8,705
<u>211</u>	<u>8,589</u>	<u>48,523</u>
-	-	5,963
-	13,475	13,475
-	13,475	19,438
211	(4,886)	29,085
-	-	(3,056)
211	(4,886)	26,029
<u>10,295</u>	<u>17,988</u>	<u>283,078</u>
\$ <u>10,506</u>	\$ <u>13,102</u>	\$ <u>309,107</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2004

	County Offices		
	County Recorder	County Sheriff	County Conservation
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ -
Other County officials	6,284	7,332	7,764
Receivables:			
Accounts receivable	-	-	-
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ <u>6,284</u></b>	<b>\$ <u>7,332</u></b>	<b>\$ <u>7,764</u></b>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	6,284	-	-
Trusts payable	-	7,332	7,764
<b>TOTAL LIABILITIES</b>	<b>\$ <u>6,284</u></b>	<b>\$ <u>7,332</u></b>	<b>\$ <u>7,764</u></b>

<u>E-911</u>	<u>Drainage Districts</u>	<u>Empowerment Board</u>	<u>TANF Empowerment Board</u>	<u>Joint Disaster Services</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>
\$ 127,560	\$ 124,266	\$ 335,170	\$ 415,745	\$ 2,384	\$ 14,704	\$ 2,202
-	-	-	-	-	-	-
3,748	-	592	-	-	-	-
-	-	-	-	-	4,049	6
-	-	-	-	-	612,970	804
<u>119</u>	<u>27</u>	<u>370</u>	<u>442</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>131,427</u>	\$ <u>124,293</u>	\$ <u>336,132</u>	\$ <u>416,187</u>	\$ <u>2,384</u>	\$ <u>631,723</u>	\$ <u>3,012</u>
\$ 1,639	\$ -	\$ 24,064	\$ 12,342	\$ -	\$ -	\$ -
129,788	124,293	312,068	403,845	2,384	631,723	3,012
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>131,427</u>	\$ <u>124,293</u>	\$ <u>336,132</u>	\$ <u>416,187</u>	\$ <u>2,384</u>	\$ <u>631,723</u>	\$ <u>3,012</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2004

<u>ASSETS</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>
Cash and pooled investments:					
County Treasurer	\$ 2,256	\$ 10,149	\$ 83,544	\$ 4,155	\$ 62,378
Other County officials	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	541
Property tax:					
Delinquent	131	13,492	22,385	1,144	460
Succeeding year	89,641	435,923	3,391,079	151,665	123,455
Accrued interest	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	\$ <u>92,028</u>	\$ <u>459,564</u>	\$ <u>3,497,008</u>	\$ <u>156,964</u>	\$ <u>186,834</u>
 <u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 132
Due to other governments	92,028	459,564	3,497,008	156,964	186,702
Trusts payable	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	\$ <u>92,028</u>	\$ <u>459,564</u>	\$ <u>3,497,008</u>	\$ <u>156,964</u>	\$ <u>186,834</u>

Schedule 3 - (Continued)

<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>	<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>City Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ 1,033	\$ -	\$ 118,764	\$ 135,893	\$ 2,840	\$ 5,489	\$ 10	\$ 1,448,542
-	-	-	-	-	-	-	21,380
-	-	-	-	-	-	-	4,881
284	500	390	-	-	-	-	42,841
39,373	-	54,290	-	-	-	-	4,899,200
-	-	-	-	-	-	-	958
<u>\$ 40,690</u>	<u>\$ 500</u>	<u>\$ 173,444</u>	<u>\$ 135,893</u>	<u>\$ 2,840</u>	<u>\$ 5,489</u>	<u>\$ 10</u>	<u>\$ 6,417,802</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,177
40,690	500	173,444	135,893	2,840	5,489	10	6,364,529
-	-	-	-	-	-	-	15,096
<u>\$ 40,690</u>	<u>\$ 500</u>	<u>\$ 173,444</u>	<u>\$ 135,893</u>	<u>\$ 2,840</u>	<u>\$ 5,489</u>	<u>\$ 10</u>	<u>\$ 6,417,802</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2004

<u>ASSETS AND LIABILITIES</u>	County Offices		
	County Recorder	County Sheriff	County Conservation
Balances beginning of year	\$ <u>6,393</u>	\$ <u>6,606</u>	\$ <u>10,561</u>
Additions:			
Property and other County tax	-	-	-
State tax credits	-	-	-
E911 surcharge	-	-	-
School ready children	-	-	-
Child care and development	-	-	-
Office fees and collections	54,117	59,531	90,463
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Interest income	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	-
Total additions	<u>54,117</u>	<u>59,531</u>	<u>90,463</u>
Deductions:			
Agency remittances:			
To other funds	54,226	29,487	19,092
To other governments	-	191	-
Trusts paid out	-	<u>29,127</u>	<u>74,168</u>
Total deductions	<u>54,226</u>	<u>58,805</u>	<u>93,260</u>
Balances end of year	\$ <u>6,284</u>	\$ <u>7,332</u>	\$ <u>7,764</u>

See Accompanying Independent Auditor's Report

<u>E-911</u>	<u>Drainage Districts</u>	<u>Empowerment Board</u>	<u>TANF Empowerment Board</u>	<u>Joint Disaster Services</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>
\$ <u>119,798</u>	\$ <u>129,007</u>	\$ <u>306,939</u>	\$ <u>354,784</u>	\$ <u>2,384</u>	\$ <u>634,642</u>	\$ <u>2,146</u>
-	-	-	-	-	586,141	832
-	-	-	-	-	49,292	71
53,649	-	-	-	-	-	-
-	-	269,151	-	-	-	-
-	-	-	176,565	-	-	-
-	-	-	-	-	-	-
-	2,617	-	-	-	-	-
1,416	2,210	4,854	5,424	-	-	-
-	-	-	-	-	-	-
<u>700</u>	-	<u>3,154</u>	-	-	-	<u>10,818</u>
<u>55,765</u>	<u>4,827</u>	<u>277,159</u>	<u>181,989</u>	-	<u>635,433</u>	<u>11,721</u>
-	-	-	-	-	-	-
44,136	9,541	247,966	120,586	-	638,352	10,855
-	-	-	-	-	-	-
<u>44,136</u>	<u>9,541</u>	<u>247,966</u>	<u>120,586</u>	-	<u>638,352</u>	<u>10,855</u>
\$ <u>131,427</u>	\$ <u>124,293</u>	\$ <u>336,132</u>	\$ <u>416,187</u>	\$ <u>2,384</u>	\$ <u>631,723</u>	\$ <u>3,012</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2004

<u>ASSETS AND LIABILITIES</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>County Assessor</u>
Balances beginning of year	\$ <u>91,549</u>	\$ <u>450,452</u>	\$ <u>3,614,324</u>	\$ <u>179,358</u>	\$ <u>194,813</u>
Additions:					
Property and other County tax	85,536	396,798	3,339,484	165,809	66,759
State tax credits	6,399	51,118	280,753	13,934	5,615
E911 surcharge	-	-	-	-	-
School ready children	-	-	-	-	-
Child care and development	-	-	-	-	-
Office fees and collections	-	-	-	-	2,724
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Interest income	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	78,589
Total additions	<u>91,935</u>	<u>447,916</u>	<u>3,620,237</u>	<u>179,743</u>	<u>153,687</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	91,456	438,804	3,737,553	202,137	161,666
Trusts paid out	-	-	-	-	-
Total deductions	<u>91,456</u>	<u>438,804</u>	<u>3,737,553</u>	<u>202,137</u>	<u>161,666</u>
Balances end of year	\$ <u>92,028</u>	\$ <u>459,564</u>	\$ <u>3,497,008</u>	\$ <u>156,964</u>	\$ <u>186,834</u>

See Accompanying Independent Auditor's Report

Schedule 4 - (Continued)

Agriculture Extension Education	Special Appraisers	County Hospital Ambulance	Auto License and Use Tax	City Special Assessments	Tax Sale Redemption Trust	Anatomical Gift Public Awareness and Transportation	Total
\$ 44,594	\$ 568	\$ 175,384	\$ 127,512	\$ 2,949	\$ 10,850	\$ 6	\$ 6,465,619
41,165	72,484	56,512	-	-	-	-	4,811,520
3,463	6,096	4,752	-	-	-	-	421,493
-	-	-	-	-	-	-	53,649
-	-	-	-	-	-	-	269,151
-	-	-	-	-	-	-	176,565
-	-	-	-	-	-	-	206,835
-	-	-	1,510,107	-	-	-	1,510,107
-	-	-	-	8,233	-	-	10,850
-	-	-	-	-	-	-	13,904
-	-	-	-	-	119,523	-	119,523
-	-	-	-	-	-	46	93,307
<u>44,628</u>	<u>78,580</u>	<u>61,264</u>	<u>1,510,107</u>	<u>8,233</u>	<u>119,523</u>	<u>46</u>	<u>7,686,904</u>
-	-	-	56,601	-	-	-	159,406
48,532	-	63,204	1,445,125	8,342	-	42	7,268,488
-	78,648	-	-	-	124,884	-	306,827
<u>48,532</u>	<u>78,648</u>	<u>63,204</u>	<u>1,501,726</u>	<u>8,342</u>	<u>124,884</u>	<u>42</u>	<u>7,734,721</u>
\$ 40,690	\$ 500	\$ 173,444	\$ 135,893	\$ 2,840	\$ 5,489	\$ 10	\$ 6,417,802

VAN BUREN COUNTY, IOWASCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TWO YEARS

	<u>Modified Accrual Basis</u>	
	<u>2004</u>	<u>2003</u>
<u>REVENUES:</u>		
Property and other County tax	\$ 1,913,671	\$ 1,626,591
Interest and penalty on property tax	32,361	32,485
Intergovernmental	3,001,220	3,222,742
Licenses and permits	32,994	13,616
Charges for service	222,555	180,490
Use of money and property	131,740	138,998
Miscellaneous	<u>164,268</u>	<u>170,438</u>
Total	<u>\$ 5,498,809</u>	<u>\$ 5,385,360</u>
<u>EXPENDITURES:</u>		
Operating:		
Public safety and legal services	\$ 777,658	\$ 776,408
Physical health and social services	367,353	337,499
Mental health	499,463	511,616
County environment and education services	390,250	278,938
Roads and transportation	2,707,436	2,398,585
Governmental services to residents	243,480	238,593
Administration	541,339	485,241
Non-program	1,617	15,762
Capital projects	<u>664,534</u>	<u>734,544</u>
Total	<u>\$ 6,193,130</u>	<u>\$ 5,777,186</u>

See Accompanying Independent Auditor's Report

VAN BUREN COUNTY, IOWASCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004

<u>GRANTOR/PROGRAM:</u>	<u>CFDA</u> <u>Number</u>	<u>Agency or Pass-</u> <u>Through Number</u>	<u>Program</u> <u>Expenditures</u>
<u>INDIRECT:</u>			
<u>Department of Transportation:</u>			
Iowa Department of Transportation:			
Highway Planning and Construction	20 205	BROS-CO89(25)-60-89	\$ 559,780
Highway Planning and Construction	20 205	BROS-CO89(34)-8J-89	191,377
Highway Planning and Construction	20 205	STP-S-CO89(42)-55-89	703,548
Highway Planning and Construction	20 205	STP-E-CO89(40)-8V-89	63,267
Highway Planning and Construction	20 205	FM-CO89(41)-55-89	<u>767,275</u>
Total			\$ <u>2,285,247</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren County, Iowa 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.

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

To the Officials of Van Buren County, Iowa:

We have audited the financial statements of Van Buren County, Iowa, as of and for the year ended June 30, 2004 and have issued our report thereon dated September 23, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Van Buren County, Iowa'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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County, Iowa'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 Van Buren County, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, 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 item II-A-04.

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

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
September 23, 2004

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

To the Officials of Van Buren County, Iowa:

Compliance

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 Van Buren County, Iowa'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 Van Buren County, Iowa's compliance with those requirements.

In our opinion, Van Buren County, Iowa complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Van Buren County, Iowa 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 Van Buren County, Iowa'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.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Van Buren County, Iowa's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described as item III-A-04 in the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over compliance 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 III-A-04 is a material weakness.

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

ANDERSON, LARKIN & CO P.C.

Ottumwa, Iowa  
September 23, 2004

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- a) An unqualified opinion was issued on the financial statements
- b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c) The audit did not disclose any non-compliance which is material to the financial statements
- d) Reportable conditions in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- g) Major programs were as follows:
  - CFDA Number 20 205 Highway Planning and Construction
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Van Buren County, Iowa did not qualify as a low-risk auditee

PART II: FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

- II-A-04 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that several County employees are involved with cash collections and computer data entry.

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

Response – The internal policies will be reviewed on a regular basis

Conclusion – Response accepted

PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

Instances of Non-Compliance:

No matters were noted

Reportable Conditions:

- III-A-04 Segregation of Duties Over Federal Receipts and Disbursements – Van Buren County did not properly segregate collection, deposit and record-keeping for receipts and authorization, payment and record-keeping for disbursements, including those related to federal programs. See item II-A-04

VAN BUREN COUNTY, IOWA

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 approved 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, 2003 did not exceed the amounts budgeted.
- IV-C-04 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted
- 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 – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jim Sittles, County Conservation Engineer Et Cetera Flower Shop	Landscaping materials	\$ 54

Counties can conduct up to \$1,500 of business with County officials during the year without it being considered a conflict of interest. Transactions exceeding that amount may represent conflicts of interest.

- 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 reviewed periodically to insure that the coverage remains 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. However, the Board went into closed session on January 20, 2004 to discuss matters relating to the County. The minutes records did not document the reason for going into closed session.

Recommendation – The Board of Supervisors should ensure all closed meetings comply with Chapter 21 of the Code of Iowa.

Response – This was an oversight. We usually record the reason as required and will do so in the future.

Conclusion – Response accepted.

In accordance with Code of Iowa, Chapter 349 18, minutes are required to be published within one week following adjournment. The County was unable to locate proof of publication for the meeting held October 27, 2003.

Recommendation – The Board of Supervisors should ensure all minutes are published to comply with Chapter 349 18 of the Code of Iowa. A copy of the proof of publication should be maintained

Response – A copy of all proofs of publication will be maintained in the future

Conclusion – Response accepted.

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

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

IV-I-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-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.

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