

NEWS RELEASE

FOR RELEASE

Hunzelman, Putzier & Co., PLC today released an audit report on Buena Vista County, Iowa.

The County had local tax revenue of \$23,137,686 for the year ended June 30, 2005, which included \$1,138,709 in tax credits from the state. The County forwarded \$16,428,647 of the local tax revenue to the townships, school districts, cities, and other taxing bodies in the County.

The County retained \$6,709,039 of the local tax revenue to finance County operations, a 4.4 percent increase from the prior year. Other revenues included charges for service of \$1,094,826; operating grants, contributions, and restricted interest of \$4,304,049; capital grants, contributions, and restricted interest of \$2,720,192; unrestricted investment earnings of \$91,268; and other general revenues of \$185,402.

Expenses for County operations totaled \$11,492,797, a 7.5 percent increase from the prior year. Expenses included \$2,423,980 for Roads and Transportation, \$2,044,276 for Public Safety and Legal Services, and \$2,487,712 for Non-program.

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

BUENA VISTA COUNTY

INDEPENDENT AUDITOR'S REPORTS

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

SCHEDULE OF FINDINGS

JUNE 30, 2005

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

JUNE 30, 2005

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BUENA VISTA COUNTY

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>EXPIRES</u>
(Before January, 2005)		
Lorna Burnside	Board of Supervisors	Jan. 2005
Herb Crampton	Board of Supervisors	Jan. 2005
Jim Gustafson	Board of Supervisors	Jan. 2007
Bill Lanphere	Board of Supervisors	Jan. 2007
Richard Vail	Board of Supervisors	Jan. 2007
Karen Strawn	County Auditor	Jan. 2005
Kathleen Bach	County Treasurer	Jan. 2007
Shari O'Bannon	County Recorder	Jan. 2007
Charles E. Eddy	County Sheriff	Jan. 2005
Philip Havens	County Attorney	Jan. 2007
Kathy Croker	County Assessor	Jan. 2010
(After January, 2005)		
Jim Gustafson	Board of Supervisors	Jan. 2007
Bill Lanphere	Board of Supervisors	Jan. 2007
Richard Vail	Board of Supervisors	Jan. 2007
Lorna Burnside	Board of Supervisors	Jan. 2009
Herb Crampton	Board of Supervisors	Jan. 2009
Karen Strawn	County Auditor	Jan. 2009
Kathleen Bach	County Treasurer	Jan. 2007
Shari O'Bannon	County Recorder	Jan. 2007
Charles E. Eddy	County Sheriff	Jan. 2009
Philip Havens	County Attorney	Jan. 2007
Kathy Croker	County Assessor	Jan. 2010

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the omission of the materials and supplies inventory, 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 Buena Vista County at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated November 3, 2005 on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2003 (none of which are presented herein) and expressed qualified opinions on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which is not presented herein) and expressed a qualified opinion on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

Hunszleman, Putzier & Co.

November 3, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Buena Vista County's governmental fund revenues increased \$1,798,012 or 13.5%, from fiscal FY'04 of which \$620,385 was in intergovernmental revenues, including CDBG funds for Clay Regional Water project, NRCS funding participation in secondary road projects, and law enforcement contract with Sioux Rapids, among others.
- Buena Vista County's governmental fund expenditures increased \$671,451 or 6.2% from FY'04. Included were: the Buena Vista Regional Medical Center general obligation bonds advanced refunding resulting in approximately \$300,000 in additional debt service expenditures, and, the Clay Regional Water project with expenditures of approximately \$375,000.
- Buena Vista County's net assets increased \$3,611,979, or approximately 56.0%, from June 30, 2004 to June 30, 2005. Included are an increase in the ending fund balance and infrastructure, plus a decrease in long-term debt.
- As noted last year, after several years of reducing the General Fund ending balance through reduced tax asking, the taxes were increased in both FY'04 and FY'05 to restore it to a sufficient level to meet the cash flow needs of the county between July 1 and the September 30 tax collection deadline (25% of the expenditure year). Buena Vista County increased property taxes for 2005 by \$360,736, a 6.4% increase. (Note: In FY'06, the increase was limited to .7%, or the amount raised on the increase in valuation and using FY'05 rates).

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 Buena Vista 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 Buena Vista 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 Buena Vista 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 non-major funds 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 that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for 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

Net Assets of Governmental Activities		
	<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	\$12,634,778	\$11,400,033
Capital assets	<u>9,559,712</u>	<u>7,815,475</u>
Total assets	<u>22,194,490</u>	<u>19,215,508</u>
Long-term liabilities	5,650,849	6,331,199
Other liabilities	<u>6,479,508</u>	<u>6,432,155</u>
Total liabilities	<u>12,130,357</u>	<u>12,763,354</u>
Net assets		
Invested in capital assets, net of related debt	9,008,653	7,213,079
Restricted	4,604,228	3,891,699
Unrestricted	<u>(3,548,748)</u>	<u>(4,652,624)</u>
Total net assets	<u>\$10,064,133</u>	<u>\$ 6,452,154</u>

Changes in Net Assets of Governmental Activities		
	<u>Year Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for service	\$ 1,094,826	\$ 1,238,371
Operating grants, contributions, and restricted interest	4,304,049	4,308,234
Capital grants, contributions, and restricted interest	2,720,192	1,030,833
General revenues:		
Property tax	5,828,385	5,510,117
Penalty and interest on property tax	99,399	39,409
Local option sales tax	563,711	629,453
State tax credits	316,943	285,772
Grants and contributions not restricted to specific purposes	24,367	123,796
Unrestricted investment earnings	91,268	132,333
Other general revenues	<u>61,636</u>	<u>8,446</u>
Total revenues	<u>15,104,776</u>	<u>13,306,764</u>
Program expenses:		
Public safety and legal services	2,044,276	1,937,131
Physical health and social services	1,044,190	1,083,876
Mental health	1,259,234	1,165,637
County environment and education	498,328	531,304
Roads and transportation	2,423,980	2,812,477

Governmental services to residents	460,487	453,550
Administration	1,066,731	994,782
Non-program	2,487,712	1,422,975
Interest on long-term debt	207,859	290,194
Total expenses	<u>11,492,797</u>	<u>10,691,926</u>
Increase in net assets	3,611,979	2,614,838
Net assets beginning of year, as restated	<u>6,452,154</u>	<u>3,837,316</u>
Net assets end of year	<u>\$10,064,133</u>	<u>\$ 6,452,154</u>

The cost of all governmental activities this year was \$11,492,797.

As noted earlier, net assets may serve over time as a useful indicator of financial position. Buena Vista County's net assets increased from \$6,452,154 to \$10,064,133. 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.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$5,914,270, an increase of \$1,132,913 above FY'04's total of \$4,781,357. The increase in fund balance is due to the property tax increase and accumulated funds in the Secondary Road fund for a 2006 gravel project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- From FY'04 to FY'05, General Fund expenditures decreased \$119,347, and revenues increased \$301,423. FY'05 revenues exceeded expenditures by \$987,556. Other financing sources/uses are not reflected in this total. The ending fund balance showed an increase of \$665,552 over the prior year.
- Rural Fund expenditures decreased \$101,551, and revenues decreased \$52,951. The ending fund balance increased \$91,901. FY'04 included a one time \$80,000 Innovation Fund grant for a new Comprehensive Plan project.
- Secondary Roads Fund expenditures increased \$88,348, and revenues increased \$254,581. The ending fund balance increased \$752,975.
- Debt Service Fund expenditures increased \$386,324, and revenues decreased \$19,271. The ending fund balance decreased \$327,842. With the re-financing of the Buena Vista Regional Medical Center general obligation bonds, the due date for payments was changed from Sept. 1 and March 1, to after tax collections. The accumulated funds were used to buy down the amount of re-issued bonds.

BUDGETARY HIGHLIGHTS

During FY'05, Buena Vista County amended its budget 2 times. The first amendment, which was approved December 14, 2004, increased revenue by \$1,288,801, operating transfers in by \$121,997, expenditures by \$1,348,904, and operating transfers out by \$121,997.

The second amendment, which was approved May 24, 2005, increased general long-term debt proceeds by \$262,200, operating transfers in by \$161,261, expenditures by \$461,639, and operating transfers out by \$161,261.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Buena Vista County had approximately 9.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$1,744,237 or 22.3 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30,</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 564	\$ 521
Construction in progress	575	-
Buildings and improvements	837	871
Equipment and vehicles	3,947	3,964
Infrastructure	<u>3,637</u>	<u>2,459</u>
Total	<u>\$9,560</u>	<u>\$7,815</u>

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

Capital assets contributed by the Iowa Department of Transportation	\$1,070
Resurfacing 620 th Street	78
Elk township bridge	137
Culverts	495
Secondary roads equipment	290
Haukens wildlife area land	43
Real estate software	70
Conservation vehicle	13
Voting equipment	34
Financial software	42
Jail architect	<u>7</u>
Total	<u>\$2,279</u>

The County had depreciation expense of \$496,426 in FY05 and total accumulated depreciation of \$3,170,046 at June 30, 2005.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

The County's FY'05 statutory debt limit was 5% of the assessed valuation, or \$47,206,124. At June 30, 2005, Buena Vista County had \$4,821,994 in outstanding general obligation bonds, or 10.2% of capacity. Outstanding bonds included \$4,270,935 for the Buena Vista Regional Medical Center addition and remodeling, \$480,000 for the lake dredge and equipment, \$65,000 for the 2004 Capital Projects Loan, and \$6,059 loan for a Comprehensive Plan update. The County does not have a current bond rating.

Other obligations include accrued vacation pay and compensatory time, and drainage district warrants. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS

Information specific to Buena Vista County and previously available from the Iowa Workforce Development website regarding the unemployment rate, median wage, and other economic factors was not updated for 2005. Information included in the 2004 audit was current only until 2003, and no changes have been posted on the web.

The following information was found at <http://www.answers.com/topic/buena-vista-county-iowa>. As of the census of 2000, there were 20,411 people, 7,499 households, and 5,121 families residing in the county. The racial makeup of the county was 88.00% White, 0.35% Black or African American, 0.13% Native American, 4.33% Asian, 0.01% Pacific Islander, 5.75% from other races, and 1.42% from two or more races. 12.54% of the population was Hispanic or Latino of any race.

There were 7,499 households out of which 31.90% had children under the age of 18 living with them, 57.50% were married couples living together, 7.20% had a female householder with no husband present, and 31.70% were non-families. 27.00% of all households were made up of individuals and 13.20% had someone living alone who was 65 years of age or older. The average household size was 2.54 and the average family size was 3.08.

In the county the population was spread out with 25.40% under the age of 18, 12.20% from 18 to 24, 25.40% from 25 to 44, 20.20% from 45 to 64, and 16.90% who were 65 years of age or older. The median age was 36 years. For every 100 females there were 100.40 males. For every 100 females age 18 and over, there were 97.40 males.

The median income for a household in the county was \$35,300, and the median income for a family was \$41,549. Males had a median income of \$29,172 versus \$20,252 for females. The per capita income for the county was \$16,042. 10.50% of the population and 7.60% of families were below the poverty line. 12.60% of those under the age of 18 and 7.60% of those 65 and older were living below the poverty line.

The June, 2005 consumer price index was 180.5, or 3.5% higher than June, 2004.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista 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 Buena Vista County Auditors Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2005

Exhibit A

Governmental
Activities

ASSETS

Cash and pooled investments	\$ 5,480,935
Receivables:	
Property tax:	
Delinquent	21,320
Succeeding year	5,922,585
Interest and penalty on property tax	66,831
Accounts	43,952
Accrued interest	13,006
Drainage assessments	32,644
Due from other governments	1,007,105
Prepaid insurance	46,400
Capital assets (net of accumulated depreciation)	<u>9,559,712</u>
Total assets	<u>22,194,490</u>

LIABILITIES

Accounts payable	273,873
Accrued interest payable	52,118
Salaries and benefits payable	53,714
Due to other governments	116,804
Deferred revenue:	
Succeeding year property tax	5,922,585
Other	60,414
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	456,471
Compensated absences	321,135
Portion due or payable after one year:	
General obligation bonds	4,365,523
Drainage warrants/drainage improvement certificates payable	<u>507,720</u>
Total liabilities	<u>12,130,357</u>

NET ASSETS

Invested in capital assets, net of related debt	9,008,653
Restricted for:	
Supplemental levy purposes	512,815
Secondary roads purposes	3,176,181
Debt service	85,331
Other purposes	829,901
Unrestricted (Note 20)	<u>(3,548,748)</u>
Total net assets	<u>\$ 10,064,133</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 2,044,276	\$ 90,581	\$ 133,299	\$ -	\$ (1,820,396)
Physical health and social services	1,044,190	329,491	442,952	-	(271,747)
Mental health	1,259,234	10,645	860,741	-	(387,848)
County environment and education	498,328	1,906	22,783	13,670	(459,969)
Roads and transportation	2,423,980	9,012	2,722,965	1,597,441	1,905,438
Governmental services to residents	460,487	315,268	112,693	34,089	1,563
Administration	1,066,731	370	8,616	-	(1,057,745)
Non-program	2,487,712	337,553	-	1,074,992	(1,075,167)
Interest on long-term debt	207,859	-	-	-	(207,859)
Total	\$ 11,492,797	\$ 1,094,826	\$ 4,304,049	\$ 2,720,192	(3,373,730)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,257,077
Debt service					571,308
Penalty and interest on property tax					99,399
State tax credits					316,943
Local option sales tax					563,711
Grants and contributions not restricted to specific purpose					24,367
Unrestricted investment earnings					91,268
Miscellaneous					61,636
Total general revenues					6,985,709
Change in net assets					3,611,979
Net assets beginning of year					6,452,154
Net assets end of year					\$ 10,064,133

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

Exhibit C

ASSETS	Special Revenue					
	General	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Cash and pooled investments	\$ 1,117,332	\$ 201,494	\$ 2,828,456	\$ 84,259	\$ 1,038,039	\$ 5,269,580
Receivables:						
Property tax:						
Delinquent	14,175	2,817	-	2,334	1,994	21,320
Succeeding year	3,631,282	1,182,574	-	598,013	510,716	5,922,585
Interest and penalty on property tax	66,831	-	-	-	-	66,831
Accounts	40,338	-	1,213	-	1,575	43,126
Accrued interest	12,610	-	-	-	125	12,735
Drainage assessments	-	-	-	-	32,644	32,644
Due from other governments	225,284	68,206	552,064	-	161,551	1,007,105
Prepaid expenses	77,612	34	16,852	-	1,841	96,339
Total assets	\$ 5,185,464	\$ 1,455,125	\$ 3,398,585	\$ 684,606	\$ 1,748,485	\$ 12,472,265
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 59,123	\$ 101	\$ 68,647	\$ -	\$ 128,451	\$ 256,322
Interest payable	-	-	-	-	30,955	30,955
Salaries and benefits payable	26,939	2,639	21,497	-	2,639	53,714
Due to other governments	10,840	-	-	-	105,964	116,804
Deferred revenue:						
Succeeding year property tax	3,631,282	1,182,574	-	598,013	510,716	5,922,585
Other	80,822	40,651	19,430	2,194	34,518	177,615
Total liabilities	3,809,006	1,225,965	109,574	600,207	813,243	6,557,995
Fund balances:						
Reserved for:						
Supplemental levy purposes	511,862	953	-	-	-	512,815
Drainage warrants	-	-	-	-	(101,204)	(101,204)
Future expenditures	-	-	-	-	96,628	96,628
Unreserved, reported in:						
General fund	864,596	-	-	-	-	864,596
Special revenue funds	-	228,207	3,289,011	-	936,020	4,453,238
Debt service fund	-	-	-	84,399	-	84,399
Capital projects fund	-	-	-	-	3,798	3,798
Total fund balances	1,376,458	229,160	3,289,011	84,399	935,242	5,914,270
Total liabilities and fund balances	\$ 5,185,464	\$ 1,455,125	\$ 3,398,585	\$ 684,606	\$ 1,748,485	\$ 12,472,265

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS

JUNE 30, 2005

Exhibit D

Total governmental fund balances	\$ 5,914,270
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 \$12,729,758 and the accumulated depreciation is \$3,170,046	9,559,712
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	119,123
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	143,040
Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,672,012)</u>
Net assets of governmental activities	<u>\$10,064,133</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005

Exhibit E

	Special Revenue			Debt Service	Nonmajor	Total
	General	Rural Services	Secondary Roads			
Revenues:						
Property and other County tax	\$ 3,696,223	\$ 1,365,671	\$ -	\$ 570,880	\$ 755,908	\$6,388,682
Interest and penalty on property tax	34,702	-	-	-	-	34,702
Intergovernmental	1,137,777	70,864	3,070,317	224,232	1,518,739	6,021,929
Licenses and permits	26,157	1,700	4,925	-	-	32,782
Charges for service	484,068	4,600	161,010	-	23,817	673,495
Use of money and property	142,045	-	59	7,223	1,771	151,098
Miscellaneous	40,742	15,278	20,397	-	290,900	367,317
Total revenues	<u>5,561,714</u>	<u>1,458,113</u>	<u>3,256,708</u>	<u>802,335</u>	<u>2,591,135</u>	<u>13,670,005</u>
Expenditures:						
Operating:						
Public safety and legal services	1,807,692	108,706	-	-	-	1,916,398
Physical health and social services	1,022,158	-	-	-	236	1,022,394
Mental health	-	-	-	-	1,255,061	1,255,061
County environment and education	222,703	234,533	1,850	-	34,874	493,960
Roads and transportation	2,983	-	3,048,890	-	-	3,051,873
Governmental services to residents	449,430	3,092	-	-	-	452,522
Administration	967,640	-	-	-	11,795	979,435
Non-program	33,092	-	975,565	-	1,129,763	2,138,420
Debt service	68,460	-	-	1,197,132	-	1,265,592
Capital projects	-	-	-	-	257,978	257,978
Total expenditures	<u>4,574,158</u>	<u>346,331</u>	<u>4,026,305</u>	<u>1,197,132</u>	<u>2,689,707</u>	<u>12,833,633</u>
Excess (deficiency) of revenues over expenditures	<u>987,556</u>	<u>1,111,782</u>	<u>(769,597)</u>	<u>(394,797)</u>	<u>(98,572)</u>	<u>836,372</u>
Other financing sources (uses):						
Sale of assets	-	-	1,359	-	-	1,359
Operating transfers in (out)	(322,004)	(1,019,881)	1,521,213	-	(179,328)	-
General obligation bond proceeds	-	-	-	4,525,000	65,000	4,590,000
Payments to bond escrow	-	-	-	(4,458,045)	-	(4,458,045)
Drainage district warrants	-	-	-	-	163,227	163,227
Total other financing sources (uses)	<u>(322,004)</u>	<u>(1,019,881)</u>	<u>1,522,572</u>	<u>66,955</u>	<u>48,899</u>	<u>296,541</u>
Net change in fund balances	665,552	91,901	752,975	(327,842)	(49,673)	1,132,913
Fund balances, beginning of year	<u>710,906</u>	<u>137,259</u>	<u>2,536,036</u>	<u>412,241</u>	<u>984,915</u>	<u>4,781,357</u>
Fund balances, end of year	<u>\$ 1,376,458</u>	<u>\$ 229,160</u>	<u>\$ 3,289,011</u>	<u>\$ 84,399</u>	<u>\$ 935,242</u>	<u>\$5,914,270</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

Exhibit F

Net change in fund balances - Total governmental funds \$1,132,913

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

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

Expenditures for capital assets	\$1,170,912	
Capital assets contributed by the Iowa Department of Transportation	1,069,752	
Depreciation expense	<u>(496,427)</u>	1,744,237

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

Property tax	3,414	
Other	<u>68,042</u>	71,456

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

Issued	(4,753,227)	
Repaid	5,191,337	
Deferred charges on refinanced debt	255,842	
Amortization of deferred charges	<u>(1,777)</u>	692,175

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:

Change in compensated absences	(11,825)	
Change in interest on long-term debt	<u>64,100</u>	52,275

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

(81,077)

Change in net assets of governmental activities

\$3,611,979

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2005

Exhibit G

Internal
Service-
Employee
Group
Health

ASSETS

Cash and cash equivalents	\$ 211,355
Interest receivable	271
Other receivables	<u>826</u>
Total assets	<u>212,452</u>

LIABILITIES

Accounts payable	17,551
Deferred revenue	<u>51,861</u>
Total liabilities	<u>69,412</u>

NET ASSETS

Unrestricted	<u>\$ 143,040</u>
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See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005

Exhibit H

Internal
Service-
Employee
Group
Health

Operating revenues:	
Reimbursements from operating funds	\$ 611,447
Reimbursements from employees	<u>276,191</u>
Total operating revenues	887,638
Operating expenses:	
Medical claims and administrative fees	<u>971,768</u>
Operating loss	(84,130)
Non-operating revenues:	
Interest income	<u>3,053</u>
Net loss	(81,077)
Net assets beginning of year	<u>224,117</u>
Net assets end of year	<u>\$ 143,040</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005

Exhibit I

	<u>Internal Service- Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	\$ 923,702
Cash payments for medical claims and administrative fees	<u>952,902</u>
Net cash used in operating activities	(29,200)
Cash flows from investing activities:	
Interest on investments	<u>3,041</u>
Net decrease in cash and cash equivalents	(26,159)
Cash and cash equivalents, beginning of year	<u>237,514</u>
Cash and cash equivalents, end of year	<u><u>\$ 211,355</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating income	\$ (84,130)
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) in accounts receivable	(827)
Increase in accounts payable	17,550
Increase in deferred revenue	<u>38,207</u>
Net cash used in operating activities	<u><u>\$ (29,200)</u></u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2005

Exhibit J

ASSETS

Cash and pooled investments:	
County treasurer	\$ 1,094,227
Other County officials	40,951
Receivables:	
Property tax:	
Delinquent	67,334
Succeeding year	15,658,464
Accounts	59,152
Due from other governments	<u>70,870</u>
Total assets	<u>16,990,998</u>

LIABILITIES

Accounts payable	58,008
Salaries and benefits payable	696
Due to other governments	16,912,943
Trusts payable	<u>19,351</u>
Total liabilities	<u>16,990,998</u>

Net Assets \$ -

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies

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

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

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

Two hundred forty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista 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: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multicounty Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets 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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

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

Additionally, the County reports the following funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

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

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

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

D. Assets, Liabilities, and Fund Equity

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

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

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

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

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

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Property tax revenues recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2004.

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

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

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

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

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	\$65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Building improvements	50
Infrastructure	65
Equipment	5-20
Vehicles	4-15

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

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

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

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

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

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

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, 2005, disbursements exceeded the amount budgeted in the debt service function.

(2) Cash and Pooled Investments

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

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

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

The County's investments at June 30, 2005 are as follows:

<u>Type</u>	<u>Fair Value</u>
Drainage warrants	<u>\$ 539</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$60,949 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

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

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(3) Landfill Agreement

The County participates in an agreement with the Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member county and municipalities. Payments to that commission totaled \$149,978 during the year ended June 30, 2005.

The County has guaranteed closure and post closure costs of the landfill as per Chapter 111.6(7) of the Iowa Code. The total costs have been estimated at approximately \$181,840 and \$849,300, respectively. The landfill has an estimated remaining life of four years as of June 30, 2005.

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Secondary Roads	\$ 124
	Capital Projects	<u>7,083</u>
		<u>7,207</u>
Special Revenue:	General	102,219
Secondary Roads	Special Revenue:	
	Rural Services	1,016,217
	Local Option Secondary Roads	<u>402,901</u>
		<u>1,521,337</u>
Conservation Land Acquisition	General	<u>23,838</u>
Capital Projects:	General	203,154
	Special Revenue:	
	Rural Services	<u>3,664</u>
		<u>206,818</u>
Total		<u>\$1,759,200</u>

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

(5) Capital Assets

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 521,324	\$ 42,698	\$ -	\$ 564,022
Construction in progress	<u>-</u>	<u>575,069</u>	<u>-</u>	<u>575,069</u>
Total capital assets not being depreciated	<u>521,324</u>	<u>617,767</u>	<u>-</u>	<u>1,139,091</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(5) Capital Assets - (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$ 1,728,461	\$ -	\$ -	\$ 1,728,461
Equipment and vehicles	5,855,157	372,910	(135,887)	6,092,180
Infrastructure	2,481,529	1,288,497	-	3,770,026
Total capital assets being depreciated	<u>10,065,147</u>	<u>1,661,407</u>	<u>(135,887)</u>	<u>11,590,667</u>
Less: accumulated depreciation for:				
Buildings	856,925	34,569	-	891,494
Equipment and vehicles	1,891,587	351,562	(97,376)	2,145,773
Infrastructure	22,484	110,295	-	132,779
Total accumulated depreciation	<u>2,770,996</u>	<u>496,426</u>	<u>(97,376)</u>	<u>3,170,046</u>
Total capital assets being depreciated, net	<u>7,294,151</u>	<u>1,164,981</u>	<u>(38,511)</u>	<u>8,420,621</u>
Governmental activities capital assets, net	<u>\$ 7,815,475</u>	<u>\$1,782,748</u>	<u>\$ (38,511)</u>	<u>\$ 9,559,712</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 86,174
Physical health and social services	12,999
Mental health	1,438
County environment and education	61,905
Roads and transportation	305,574
Administration	<u>28,336</u>
Total depreciation expense - governmental activities	<u>\$496,426</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. 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>Description</u>	<u>Amount</u>
General	Services	\$ <u>10,840</u>
Special Revenue:		
Mental Health	Services	<u>105,964</u>
Total for governmental funds		<u>\$ 116,804</u>
Agency:		
County Assessor	Collections	\$ 622,344
Auto License and Use Tax		345,871
Community Colleges		584,578
Corporations		3,918,010
Schools		10,286,108
All other		<u>1,156,032</u>
Total for agency funds		<u>\$16,912,943</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(7) Special Revenue - Due From Other Governments

Included in this balance is \$38,086 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012 when the remaining principal balance shall be paid in full.

(8) Changes in Long-Term Liabilities

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

	<u>Balance begin-</u>			<u>Balance,</u>	<u>Due within</u>
	<u>ning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>end of year</u>	<u>one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 344,493	\$ 438,309	\$ 275,082	\$ 507,720	\$ -
General obligation bonds	5,677,396	4,525,000	5,126,337	5,076,059	456,471
Deferred charges on refinanced debt	-	1,777	255,842	(254,065)	-
Compensated absences	<u>309,310</u>	<u>11,825</u>	<u>-</u>	<u>321,135</u>	<u>321,135</u>
Total	<u>\$6,331,199</u>	<u>\$4,976,911</u>	<u>\$5,657,261</u>	<u>\$5,650,849</u>	<u>\$777,606</u>

A. Bonds Payable

A summary of the County's June 30, 2005 general obligation bonded indebtedness is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	2.00 - 3.09	\$ 456,471	\$ 185,114	\$ 641,585
2007	2.00 - 3.00	381,498	158,797	540,295
2008	2.00 - 3.30	396,529	147,366	543,895
2009	2.00 - 3.50	406,561	135,319	541,880
2010	3.25 - 3.70	415,000	121,977	536,977
2011	3.30 - 3.90	430,000	108,219	538,219
2012	3.375 - 4.10	445,000	93,669	538,669
2013	3.40 - 4.30	455,000	78,179	533,179
2014	3.500	400,000	62,079	462,079
2015	3.625	415,000	48,079	463,079
2016	3.750	430,000	33,035	463,035
2017	3.800	<u>445,000</u>	<u>16,910</u>	<u>461,910</u>
Total		<u>\$5,076,059</u>	<u>\$1,188,743</u>	<u>\$6,264,802</u>

During the year ended June 30, 2005 the County issued \$4,525,000 in general obligation debt and retired \$5,380,402 of general obligation debt.

On September 1, 1997, Buena Vista County issued \$6,000,000 of general obligation bonds to pay for remodeling and construction at Buena Vista Regional Medical Center. The county has a property tax levy to pay the principal and interest on these bonds. During the year ended June 30, 2005, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(8) Changes in Long-Term Liabilities - (Continued)

A. Bonds Payable - (Continued)

they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances and liabilities of the escrow account are not recorded by the County.

The amount of the refunded general obligation bonds that was considered extinguished and, therefore, excluded from long-term debt was \$4,640,000 at June 30, 2005.

The reacquisition price exceeded the net carrying amount of the old debt by \$255,842. This amount has been netted against the new debt and is being amortized over the remaining life of the new debt issued, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$341,591.

On June 1, 2000, Buena Vista County issued \$875,000 of general obligation bonds and loaned the proceeds to Buena Vista County Solid Waste Commission. The Commission has agreed to pay all interest and principal on the bonds on or before the due dates. The outstanding balance of \$185,000 was paid in full during the year ended June 30, 2005.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(9) 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, IA, 50306-9117.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(9) Pension and Retirement Benefits - (Continued)

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, 2005 are 5.10% and 7.66%, respectively. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively, and for the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 7.48%, respectively. Contribution requirements are established by State statute. The County's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$237,187, \$239,675, and \$230,844 respectively, equal to the required contributions for each year.

(10) Risk Management

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

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contribution to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2005 was \$645,701.

Amounts payable from the Employee Group Health Fund at June 30, 2005 total \$17,551, which is for reported but not paid claims. The reserve for catastrophic losses was \$143,040 at June 30, 2005 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2004	\$ -
Incurred claims	971,769
Payment on claims during the fiscal year	<u>954,218</u>
Unpaid claims at June 30, 2005	<u>\$ 17,551</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(12) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford and Sac Counties, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2005:

Additions:		
Contributions from governmental units:		
School Ready grant	\$320,899	
TANF grant	<u>92,295</u>	\$413,194
Miscellaneous reimbursements from private sources		3,149
Interest income		<u>5,509</u>
Total additions		421,852
Deductions:		
Administration	73,144	
Home management services	306,399	
School ready grants	1,819	
Sac City Public Library	9,578	
Early childhood mini-grants	98,761	
Educational and training services	2,363	
Translating services	3,834	
Transportation	6,286	
Other	<u>3,681</u>	<u>505,865</u>
Net		(84,013)
Balance beginning of year		<u>245,459</u>
Balance end of year		<u>\$161,446</u>

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multicounty Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2005, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$248,507
Revenues	541,657
Expenses	<u>496,236</u>
Net assets, end of year	<u>\$293,928</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(14) Contingencies

A lawsuit alleges negligence in the application of gravel to a County road. The County's insurance carrier is defending the action of the County; however, no opinion has been made regarding the outcome of the case or possible damages that might be awarded.

(15) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2005:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-05</u>	<u>Remaining Commitment As of 6-30-05</u>
Grant township box culvert	\$ 91,486	\$88,741	\$ 2,745
Elk township box culvert	83,612	81,104	2,508
Newell township pipe culvert	49,277	45,379	3,898
Purchase of motor grader	169,422	-	169,422
Purchase of tractor and mower	70,381	-	70,381
Slurry leveling	42,088	-	42,088
Grant township culverts	58,828	-	58,828
Bridge construction	183,533	-	183,533
Voting equipment, software, and training	201,295	34,089	167,206
Purchase of financial software and training	<u>72,210</u>	<u>42,292</u>	<u>29,918</u>
	<u>\$1,022,132</u>	<u>\$291,605</u>	<u>\$730,527</u>

The balance remaining at June 30, 2005 will be paid as work on the projects progresses.

(16) Community Development Block Grant Funds

On May 28, 2004 the County entered into an agreement with the Iowa Department of Economic Development to receive grant funds under the Community Development Block Grant Program totaling \$828,000. \$580,000 of these funds are to be used for construction of a rural water distribution system, \$228,000 are to be used to connect the City of Rembrandt to this rural water system, and \$20,000 are to be used for the planning of this system. As of June 30, 2005, \$795,395 of these funds had been received and disbursed.

(17) Deficit Fund Balance

The Drainage District fund had a deficit balance of \$4,576 at June 30, 2005. The deficit is because of drainage warrants payable.

(18) Accounting Restatements

Beginning net assets for governmental activities has been restated to reflect a change in accounts payable. This restatement is summarized below:

	<u>Amount</u>
Net assets June 30, 2004, as previously reported	\$6,322,734
Restatement of beginning accounts payable	<u>129,420</u>
Restated net assets June 30, 2004	<u>\$6,452,154</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

(19) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(20) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$(3,548,748) at June 30, 2005. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2005 would reflect a surplus of \$722,187.

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
 BUDGETARY COMPARISON
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN BALANCES - BUDGET
 AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2005

	Actual	Less Funds	Net	Budgeted Amounts		Final to Net Variance
		Not Required to be Budgeted		Original	Final	
Receipts:						
Property and other County tax	\$ 6,402,340	\$ -	\$ 6,402,340	\$ 6,348,111	\$ 6,461,649	\$ (59,309)
Interest and penalty on property tax	34,801	-	34,801	30,200	30,200	4,601
Intergovernmental	5,537,657	-	5,537,657	5,101,069	6,275,612	(737,955)
Licenses and permits	35,430	-	35,430	27,101	27,101	8,329
Charges for service	599,271	-	599,271	486,056	486,056	113,215
Use of money and property	140,529	-	140,529	106,856	106,856	33,673
Miscellaneous	580,469	285,718	294,751	546,431	546,431	(251,680)
Total receipts	<u>13,330,497</u>	<u>285,718</u>	<u>13,044,779</u>	<u>12,645,824</u>	<u>13,933,905</u>	<u>(889,126)</u>
Disbursements:						
Public safety and legal services	1,951,109	-	1,951,109	2,088,913	2,108,478	157,369
Physical health and social services	1,033,830	-	1,033,830	1,151,195	1,194,815	160,985
Mental health	1,260,420	-	1,260,420	1,330,451	1,330,451	70,031
County environment and education	460,008	-	460,008	554,582	554,582	94,574
Roads and transportation	3,067,792	-	3,067,792	3,461,000	3,636,000	568,208
Governmental services to residents	493,172	-	493,172	481,173	512,502	19,330
Administration	987,549	-	987,549	1,064,371	1,101,371	113,822
Non-program	609,203	-	609,203	283,250	1,212,140	602,937
Debt service	1,191,414	-	1,191,414	849,641	876,641	(314,773)
Capital projects	1,756,035	450,784	1,305,251	1,106,700	1,654,839	349,588
Total disbursements	<u>12,810,532</u>	<u>450,784</u>	<u>12,359,748</u>	<u>12,371,276</u>	<u>14,181,819</u>	<u>1,822,071</u>
Excess (deficiency) of receipts over disbursements	519,965	(165,066)	685,031	274,548	(247,914)	932,945
Other financing sources, net	<u>230,482</u>	<u>163,227</u>	<u>67,255</u>	<u>500</u>	<u>262,500</u>	<u>(195,245)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	750,447	(1,839)	752,286	275,048	14,586	737,700
Balance beginning of year	<u>4,519,133</u>	<u>102,701</u>	<u>4,416,432</u>	<u>3,311,014</u>	<u>4,416,435</u>	<u>(3)</u>
Balance end of year	<u>\$ 5,269,580</u>	<u>\$ 100,862</u>	<u>\$ 5,168,718</u>	<u>\$ 3,586,062</u>	<u>\$ 4,431,021</u>	<u>\$ 737,697</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

	<u>Governmental Funds</u>		
	<u>Cash</u> <u>Basis</u>	<u>Accrual</u> <u>Adjustments</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>
Revenues	\$13,330,497	\$ 339,508	\$13,670,005
Expenditures	<u>12,810,532</u>	<u>23,101</u>	<u>12,833,633</u>
Net	519,965	316,407	836,372
Other financing sources, net	230,482	66,059	296,541
Beginning fund balances	<u>4,519,133</u>	<u>262,224</u>	<u>4,781,357</u>
Ending fund balances	<u>\$ 5,269,580</u>	<u>\$ 644,690</u>	<u>\$ 5,914,270</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING
JUNE 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units 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 ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,810,543. 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 E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

OTHER SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2005

Schedule I

	Special Revenue												Total
	Mental Health	Local Option Secondary Roads	County Recorder's Record Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Clay Regional Water CDBG	Recorder's Electronic Transactions	Capital Projects	
ASSETS													
Cash and pooled investments	\$ 441,839	\$ 324,244	\$ 17,192	\$ 26,640	\$ 14,520	\$ 100,862	\$ 52,037	\$ 67,281	\$ 2,275	-	\$ 2,282	\$ (11,133)	\$ 1,038,039
Receivables:													
Property tax:													
Delinquent	1,994	-	-	-	-	-	-	-	-	-	-	-	1,994
Succeeding year	510,716	-	-	-	-	-	-	-	-	-	-	-	510,716
Accounts	1,088	-	400	-	-	-	87	-	-	-	-	-	1,575
Accrued interest	-	-	19	33	-	-	-	64	1	-	8	-	125
Drainage assessments	-	-	-	-	-	32,644	-	-	-	-	-	-	32,644
Due from other governments	48,878	70,004	-	-	-	-	-	-	-	8,580	-	34,089	161,551
Prepaid expenses	1,841	-	-	-	-	-	-	-	-	-	-	-	1,841
Total assets	<u>\$ 1,006,356</u>	<u>\$ 394,248</u>	<u>\$ 17,611</u>	<u>\$ 26,673</u>	<u>\$ 14,520</u>	<u>\$ 133,506</u>	<u>\$ 52,124</u>	<u>\$ 67,345</u>	<u>\$ 2,276</u>	<u>\$ 8,580</u>	<u>\$ 2,290</u>	<u>\$ 22,956</u>	<u>\$ 1,748,485</u>
LIABILITIES AND FUND EQUITY													
Liabilities:													
Accounts payable	\$ 32,430	\$ -	\$ -	\$ -	\$ -	\$ 74,483	\$ -	\$ -	\$ -	\$ 2,380	\$ -	\$ 19,158	\$ 128,451
Interest payable	-	-	-	-	-	30,955	-	-	-	-	-	-	30,955
Salaries and benefits payable	2,639	-	-	-	-	-	-	-	-	-	-	-	2,639
Due to other governments	105,964	-	-	-	-	-	-	-	-	-	-	-	105,964
Deferred revenue:													
Succeeding year property tax	510,716	-	-	-	-	-	-	-	-	-	-	-	510,716
Other	1,874	-	-	-	-	32,644	-	-	-	-	-	-	34,518
Total liabilities	<u>653,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380</u>	<u>-</u>	<u>19,158</u>	<u>813,243</u>
Fund equity:													
Fund balances:													
Reserved for:													
Drainage warrants	-	-	-	-	-	(101,204)	-	-	-	-	-	-	(101,204)
Future expenditures	-	-	-	-	-	96,628	-	-	-	-	-	-	96,628
Unreserved	352,733	394,248	17,611	26,673	14,520	-	52,124	67,345	2,276	6,200	2,290	3,798	939,818
Total fund equity	<u>352,733</u>	<u>394,248</u>	<u>17,611</u>	<u>26,673</u>	<u>14,520</u>	<u>(4,576)</u>	<u>52,124</u>	<u>67,345</u>	<u>2,276</u>	<u>6,200</u>	<u>2,290</u>	<u>3,798</u>	<u>935,242</u>
Total liabilities and fund equity	<u>\$ 1,006,356</u>	<u>\$ 394,248</u>	<u>\$ 17,611</u>	<u>\$ 26,673</u>	<u>\$ 14,520</u>	<u>\$ 133,506</u>	<u>\$ 52,124</u>	<u>\$ 67,345</u>	<u>\$ 2,276</u>	<u>\$ 8,580</u>	<u>\$ 2,290</u>	<u>\$ 22,956</u>	<u>\$ 1,748,485</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 2

	Special Revenue											Capital Projects	Total
	Mental Health	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Clay Regional Water CDBG	Recorder's Electronic Transactions		
Revenues:													
Property and other County tax	\$ 361,310	\$ 394,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 755,908
Intergovernmental	880,710	-	-	11,459	-	-	-	-	592,481	-	-	34,089	1,518,739
Charges for services	10,922	-	4,280	-	6,632	-	1,983	-	-	-	-	-	23,817
Use of money and property	-	-	228	384	-	-	87	851	23	-	198	-	1,771
Miscellaneous	-	-	-	-	-	285,718	5,182	-	-	-	-	-	290,900
Total revenues	1,252,942	394,598	4,508	11,843	6,632	285,718	7,252	851	23	592,481	198	34,089	2,591,135
Expenditures:													
Operating:													
Physical health and social services	-	-	-	-	-	-	-	236	-	-	-	-	236
Mental health	1,255,061	-	-	-	-	-	-	-	-	-	-	-	1,255,061
Governmental services to residents	-	-	-	-	-	-	-	-	-	-	34,874	-	34,874
Administration	-	-	-	-	11,795	-	-	-	-	-	-	-	11,795
Non-program	-	-	10,044	21,349	-	490,740	21,349	-	586,281	-	-	-	1,129,763
Capital projects	-	-	-	-	-	22,986	-	-	-	-	-	234,992	257,978
Total expenditures	1,255,061	-	10,044	21,349	11,795	513,726	21,349	236	586,281	34,874	34,874	234,992	2,689,707
Excess (deficiency) of revenues over expenditures	(2,119)	394,598	(5,536)	(9,506)	(5,163)	(228,008)	(14,097)	615	23	6,200	(34,676)	(200,903)	(98,572)
Other financing sources (uses):													
Operating transfers in (out)	-	(402,901)	-	-	-	-	23,838	-	-	-	-	199,735	(179,328)
General obligation bond proceeds	-	-	-	-	-	-	-	-	-	-	-	65,000	65,000
Drainage district warrants	-	-	-	-	-	163,227	-	-	-	-	-	-	163,227
Total other financing sources (uses)	-	(402,901)	-	-	-	163,227	23,838	-	-	-	-	264,735	48,899
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,119)	(8,303)	(5,536)	(9,506)	(5,163)	(64,781)	9,741	615	23	6,200	(34,676)	63,832	(49,673)
Fund balances beginning of year	354,852	402,551	23,147	36,179	19,683	60,205	42,383	66,730	2,253	-	36,966	(60,034)	984,915
Fund balances end of year	\$ 352,733	\$ 394,248	\$ 17,611	\$ 26,673	\$ 14,520	\$ (4,576)	\$ 52,124	\$ 67,345	\$ 2,276	\$ 6,200	\$ 2,290	\$ 3,798	\$ 935,242

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
 AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2005

Schedule 3

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ASSETS										
Cash and pooled investments:										
County treasurer	\$ -	\$ 1,802	\$ 268,923	\$ 127,673	\$ 6,218	\$ 42,629	\$ 2,930	\$ 319,644	\$ 324,408	\$ 1,094,227
Other County officials	40,951	-	-	-	-	-	-	-	-	40,951
Receivables:										
Property tax:										
Delinquent	-	614	1,404	39,197	2,207	21,904	496	-	1,512	67,334
Succeeding year	-	157,334	359,574	10,119,238	576,153	3,853,477	213,106	-	379,582	15,658,464
Accounts	4,086	-	340	-	-	-	-	26,227	28,499	59,152
Special assessments	-	-	-	-	-	-	-	-	70,870	70,870
Total assets	<u>\$ 45,037</u>	<u>\$ 159,750</u>	<u>\$ 630,241</u>	<u>\$ 10,286,108</u>	<u>\$ 584,578</u>	<u>\$ 3,918,010</u>	<u>\$ 216,532</u>	<u>\$ 345,871</u>	<u>\$ 804,871</u>	<u>\$16,990,998</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 7,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,444	\$ 58,008
Salaries and benefits payable	-	-	333	-	-	-	-	-	363	696
Due to other governments	32,878	159,750	622,344	10,286,108	584,578	3,918,010	216,532	345,871	746,872	16,912,943
Trusts payable	12,159	-	-	-	-	-	-	-	7,192	19,351
Total liabilities	<u>\$ 45,037</u>	<u>\$ 159,750</u>	<u>\$ 630,241</u>	<u>\$ 10,286,108</u>	<u>\$ 584,578</u>	<u>\$ 3,918,010</u>	<u>\$ 216,532</u>	<u>\$ 345,871</u>	<u>\$ 804,871</u>	<u>\$16,990,998</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
 AND LIABILITIES - AGENCY FUNDS
 YEAR ENDED JUNE 30, 2005

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
ASSETS AND LIABILITIES										
Balances beginning of year	\$ 38,020	\$ 144,275	\$ 621,106	\$10,229,059	\$ 497,058	\$ 3,595,867	\$ 218,930	\$ 352,433	\$ 912,252	\$ 16,609,000
Additions:										
Property and other County tax	-	157,035	358,355	10,091,913	575,255	3,832,711	213,056	-	378,556	15,606,881
E911 surcharge	-	-	-	-	-	-	-	-	135,940	135,940
State tax credits	-	7,767	22,322	549,992	26,764	182,606	12,010	-	20,305	821,766
Office fees and collections	358,435	-	1,099	-	-	-	-	-	112,187	471,721
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	4,083,655	-	4,083,655
Assessments	-	-	-	-	-	-	-	-	18,190	18,190
Trusts	479,449	-	-	-	-	-	-	-	465,335	944,784
Total additions	<u>837,884</u>	<u>164,802</u>	<u>381,776</u>	<u>10,641,905</u>	<u>602,019</u>	<u>4,015,317</u>	<u>225,066</u>	<u>4,083,655</u>	<u>1,130,513</u>	<u>22,082,937</u>
Deductions:										
Agency remittances:										
To other governments	354,440	149,327	372,641	10,584,856	514,499	3,693,174	227,464	4,090,217	694,887	20,681,505
Trusts paid out	476,427	-	-	-	-	-	-	-	543,007	1,019,434
Total deductions	<u>830,867</u>	<u>149,327</u>	<u>372,641</u>	<u>10,584,856</u>	<u>514,499</u>	<u>3,693,174</u>	<u>227,464</u>	<u>4,090,217</u>	<u>1,237,894</u>	<u>21,700,939</u>
Balances end of year	\$ <u>45,037</u>	\$ <u>159,750</u>	\$ <u>630,241</u>	\$ <u>10,286,108</u>	\$ <u>584,578</u>	\$ <u>3,918,010</u>	\$ <u>216,532</u>	\$ <u>345,871</u>	\$ <u>804,871</u>	\$ <u>16,990,998</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION - ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS

Schedule 5

	Modified Accrual Basis			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Property and other County tax	\$ 6,388,682	\$ 6,136,029	\$ 4,697,645	\$ 4,337,449
Interest and penalty on property tax	34,702	39,269	31,434	29,995
Intergovernmental	6,021,929	5,401,544	4,388,110	4,382,573
Licenses and permits	32,782	27,954	26,003	26,467
Charges for service	673,495	586,418	503,889	441,771
Use of money and property	151,098	129,839	154,053	220,720
Miscellaneous	367,317	197,088	128,306	59,039
Total	<u>\$ 13,670,005</u>	<u>\$12,518,141</u>	<u>\$ 9,929,440</u>	<u>\$ 9,498,014</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,916,398	\$ 1,891,622	\$ 1,789,460	\$ 1,648,975
Physical health and social services	1,022,394	1,081,819	1,167,713	1,063,282
Mental health	1,255,061	1,170,050	1,126,253	1,236,325
County environment and education	493,960	460,508	471,973	467,927
Roads and transportation	3,051,873	3,298,592	2,725,349	2,654,654
Governmental services to residents	452,522	436,248	345,670	301,108
Administration	979,435	963,822	1,009,896	925,179
Non-program	2,138,420	1,158,653	213,401	85,869
Debt service	1,265,592	881,621	693,761	697,150
Capital projects	257,978	332,071	1,846,546	633,988
Total	<u>\$ 12,833,633</u>	<u>\$11,675,006</u>	<u>\$11,390,022</u>	<u>\$ 9,714,457</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

Schedule 6

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Agriculture:			
Watershed Protection and Flood Protection	10.904		\$173,759
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grant for Food Stamp Program	10.561		8,365
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228		583,901
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C011-(50)-8J-11	67,443
		BROS-C011-(64)-8J-11	<u>158,465</u>
			<u>225,908</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		11,173
Refugee and Entrant Assistance - State Administered Programs	93.566		15
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,188
Foster Care - Title IV-E	93.658		5,848
Adoption Assistance	93.659		1,363
Medical Assistance Program	93.778		12,014
Social Services Block Grant	93.667		7,273
Social Services Block Grant	93.667		95,542
Iowa Department of Public Health:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5884TB10	11,407
Consolidated Knowledge Development and Application (KD&A) Program	93.230	5885IP02	103,570
Immunization Grants	93.268	5885I426	27,343
Siouxland District Health Department:			
Center for Disease Control and Prevention- Investigations and Technical Assistance	93.283	5885BT03-LPHA1104	18,638

(Continued)

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

Schedule 6
(Continued)

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-009	\$ 47,691
State Domestic Preparedness Equipment Support Program	97.004	ODP-2003-11	126,040
Emergency Management Performance Grants	97.042		<u>13,327</u>
Total			<u>\$1,475,365</u>

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

See accompanying independent auditor's report.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

WESLEY E. STILLE, C.P.A.
JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 3, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving 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 internal control over financial reporting that, in our judgment, could adversely affect Buena Vista County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-05 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

Hunnegelman, Putzler & Co.

November 3, 2005

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Compliance

We have audited the compliance of Buena Vista 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 each of its major federal programs for the year ended June 30, 2005. Buena Vista County's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of Buena Vista County's management. Our responsibility is to express an opinion on Buena Vista County's compliance based on our audit.

We conducted our audit of compliance in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buena Vista County's compliance with those requirements.

In our opinion, Buena Vista County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Hungelman, Putzier + Co.

November 3, 2005

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

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

- (a) A qualified 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 material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no 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 14.228 - Community Development Block Grants/State's Program.
 - 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) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-05 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

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

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

Part II: Findings Related to the Financial Statements: - (Continued)

REPORTABLE CONDITIONS - (Continued)

II-A-05 Segregation of Duties - (Continued)

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of petty cash.

Conclusion - Response accepted.

II-B-05 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response - At the current time sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion - Response accepted.

II-C-05 Approval of Time Sheets - We noted some time sheets which had no indication that they had been reviewed and approved prior to the preparation of the payroll.

Recommendation - Time sheets should be maintained for all County employees. Time sheets should be approved and initialed by the employee's supervisor or by an independent official who is not involved with payroll.

Response - Department Heads will be reminded of their responsibility to approve all time sheets for employees of their respective departments.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-05 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005, except for deposits at Security Trust & Savings Bank. The maximum authorized amount of \$8,500,000 was exceeded in October, 2004 and April, 2005 by approximately \$2,300,000. Also, the Sheriff's deposits at Central Bank exceeded the maximum authorized amount of \$100,000 by approximately \$86,000 at June 30, 2005.

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

Response - The authorized maximum deposit for the Treasurer will be raised to \$20,000,000. The authorized maximum deposit for the Sheriff at Central Bank has been increased as recommended.

Conclusion - Response accepted.

IV-B-05 Certified Budget - Disbursements during the year ended June 30, 2005 exceeded the amount budgeted in the non-program function prior to the December 14, 2004 budget amendment, and the debt service function disbursements exceeded the amount budgeted at June 30, 2005.

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - In December, 2004, a conflict presented itself. As the recipient of a CDBG grant, the County was required to write warrants within 7-10 days of receiving CDBG funds. The timeframe required for a budget amendment is a minimum of 18 days since the county must publish notice of an amendment not less than 10 days prior to a hearing. The county has 3 official county newspapers of which one is a weekly publication with a minimum of 5 days lead time. It was not possible to complete the budget amendment prior to writing the warrant. The CDBG grant project is now complete. Also, because of the refinancing of the hospital bonds there were additional disbursements we had not anticipated.

Conclusion - Response accepted.

IV-C-05 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

- IV-D-05 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.
- IV-E-05 Business Transactions - No business transactions between the County and County officials or employees were noted.
- IV-F-05 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-05 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim.

Response - Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion - Response accepted.

- IV-H-05 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-05 Resource Enhancement and Protection Certification - The County has dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-J-05 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting: - (Continued)

- II-K-05 Carryover of Compensatory Hours - Unused compensatory time for several employees in the Sheriff's department and one employee in the Recorder's department appears to be in excess of established policies as of June 30, 2005.

Recommendation - Unused vacation and compensatory hours should be monitored closely to determine that they are within County policy and legal guidelines.

Response - The Chairman of the Board will meet with the Recorder and the Sheriff to encourage the development of a plan for reduction of the compensatory time through paid time off, and to encourage close monitoring of the accrual of compensatory time.

Conclusion - Response accepted.

- IV-L-05 Department Heads Vacation Carryover - The department heads of E911 and Conservation had approximately 700 hours and 350 hours, respectively, of accrued vacation as of June 30, 2005. Although the County's policy allows the carryover of vacation with department head approval, these amounts result in a current liability which may become a substantial payment at a future date.

Recommendation - To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response - The Chairman of the Board of Supervisors will meet with the Communications Commission and Conservation Board to discuss the vacation carryover policy of the two boards to encourage the development of a plan for reduction of the carryover vacation through paid time off.

Conclusion - Response accepted.

- II-M-05 Self-Funding Insurance - The Insurance Division of the Iowa Department of Commerce requires all Iowa Public Bodies with self-funding insurance plans to comply with Section 509A.15(1) of the Code of Iowa and file a certificate of compliance, an actuarial opinion, and the annual financial report with the Commissioner of Insurance within 90 days following the end of the plan year. The County has not filed the required documentation with the Commissioner for the year ended June 30, 2005.

Recommendation - The County should prepare and file the necessary documents with the Insurance Division as soon as practicable in order to avoid any penalties.

Response - There had initially been some discussion concerning whether the County was still required to complete these documents. However, it does now appear that we are required to file this and the necessary documents have been sent to an actuary. That report will be completed shortly.

Conclusion - Response accepted.