CERRO GORDO COUNTY

IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005

CERRO GORDO COUNTY, IOWA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

Prepared by: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005
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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2005

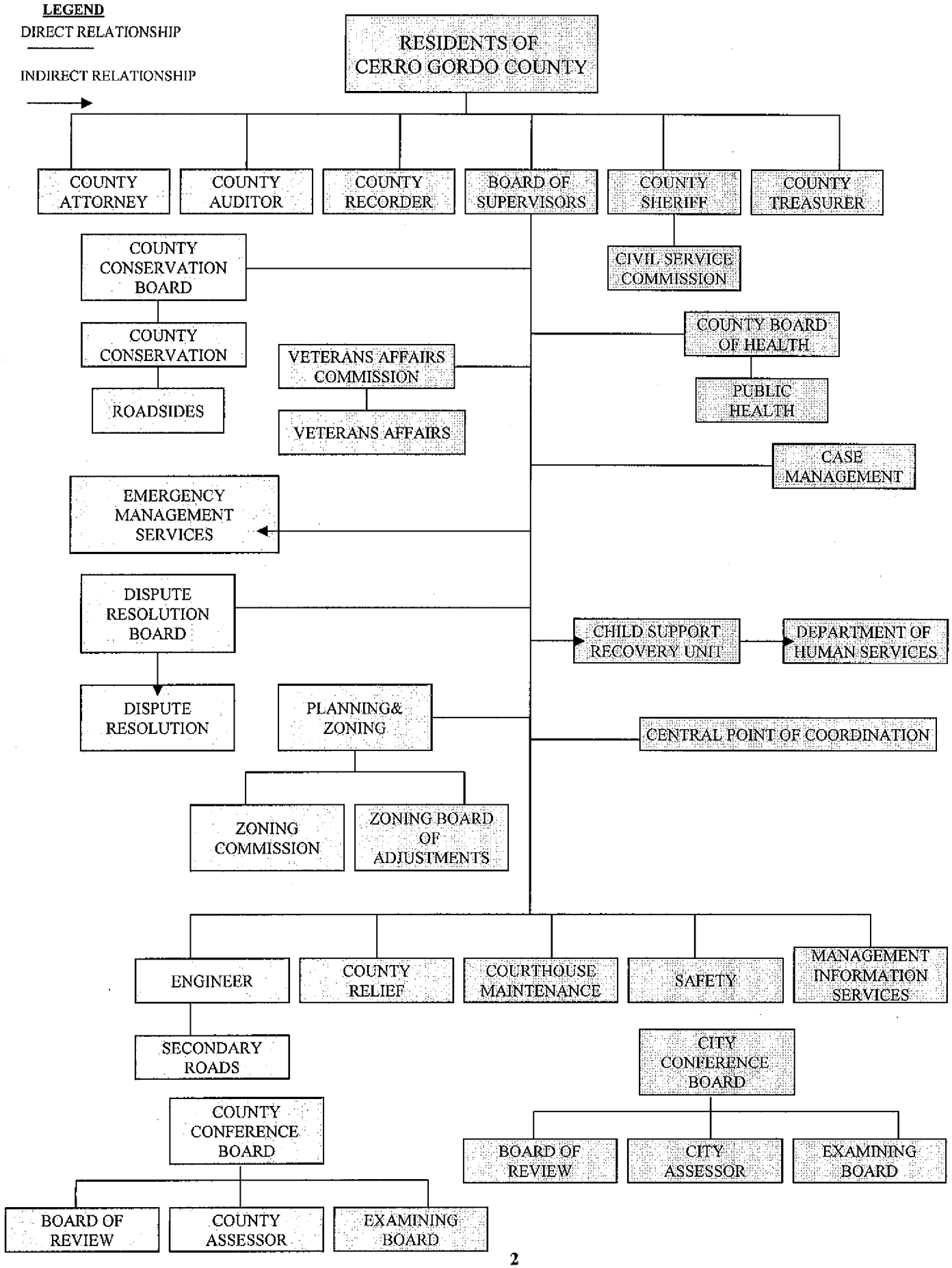
Board of Supervisors

Name	Term Expires	Address
Robert Amosson	January 2007	Rockwell, Iowa
Phillip Dougherty	January 2009	Dougherty, Iowa
Jay Urdahl	January 2009	Mason City, Iowa

Officers

Name	Term Expires	Title
Kenneth Kline	January 2009	Auditor
Michael J. Grandon	January 2007	Treasurer
Colleen Pearce	January 2007	Recorder
Kevin Pals	January 2009	Sheriff
John Boedeker	Appointed	County Assessor
Robert Zinnel	Appointed	City Assessor
Paul Martin	January 2007	County Attorney

CERRO GORDO COUNTY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cerro Gordo County, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

County Auditor
Cerro Gordo County
220 North Washington **Mason City, Iowa 50401** **(641) 421-3027**
Ken Kline, County Auditor **FAX (641) 421-3139**

December 19, 2005

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2005, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Gardiner Thomsen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2005, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cerro Gordo County

Cerro Gordo County was organized in 1855. The County is governed by a three-member board, each elected by citizens in one of the three districts. Board members serve over-lapping four-year terms, with elections held every two years. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs.

The County provides a full range of services to its citizens. These services include public safety, parks, planning and zoning, service to people with mental disabilities, construction and maintenance of secondary roads, physical health and social services, property assessment and taxation, and general administrative services. The County also provides a management information services department utilized by other governmental entities.

The Board of Supervisors is required to adopt a final budget by no later than March 15th for the fiscal year beginning the following July 1st. This annual budget serves as the foundation for the County's financial planning and control. The State of Iowa requires the adoption of an annual budget with total County operating expenditures listed by major program service area. Activities of the general fund, special revenue funds, capital projects funds, and debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program service area level. In addition, individual County officials' expenditures cannot exceed the amounts appropriated by the Board.

Factors Affecting Financial Condition

Local Economy

Cerro Gordo County, with the Cities of Mason City, Clear Lake, and eight smaller cities, is the twelfth largest of ninety-nine counties in the state, and serves as a regional center for north central Iowa in the areas of commerce, industry, retail shopping, higher education, and health care services. The surrounding area has an economic base that is historically agricultural in nature, but Cerro Gordo County also has several strong industries and commercial enterprises. With a low rate of unemployment and the lack of a single, dominant employer, the economy of the area is dynamic, robust, and broad-based. The City of Mason City is the largest city in Cerro Gordo County, with about two-thirds of the County's 46,000 population.

Tourism is an important industry in Cerro Gordo County, largely due to Clear Lake, which, at 3,865 acres, is the third largest natural lake in Iowa, and is the namesake of the surrounding city.

Although educational systems in the entire north central Iowa area are well known for their quality of education, Cerro Gordo County has become a regional center for higher learning. Drake University of Des Moines offers several programs at the Masters level in coordination with the North Iowa Area Community College (NIACC). This adds to the wide range of baccalaureate programs offered at NIACC by Buena Vista University of Storm Lake, and Hamilton College, which offers AAS and BA degrees.

Cerro Gordo County serves as a regional hub for transportation with an airport, three railroad branch lines, and Interstate 35, which runs north-south the length of the County. In November 1999 the Iowa Department of Transportation opened the "Avenue of the Saints", the link between Interstates 35 and 80.

The County is a regional center for health care services. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa is the County's largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region. For the fourth year in a row Mercy Medical Center - North Iowa has been named one of the nation's 100 Top Hospitals and 100 Top Cardiovascular Hospitals by Solucient, a leading source of health care information. The 350-bed health center employed more than 2,600 people during the fiscal year and had supporting services from more than 200 physicians, physician assistants, and nurse practitioners. As the premier health care delivery network in northern Iowa and southern Minnesota, Mercy Health Network – North Iowa consists of a secondary referral medical center, Mercy Medical Center – North Iowa; Mercy Clinics; a primary and specialty physician network; a home health agency; a hospice; a senior services agency; a

regional referral laboratory; regional rehabilitation and diagnostic technology services; an emergency services network; pharmacies, and a variety of other health care services.

In general economic news for the fiscal year, Mason City's cost of living for the second quarter of 2005 was 89.9% of the national average, according to the ACCRA Cost of Living Index. The number of persons employed in the county went from 26,210 to 24,920, a decrease of 4.37% from August 2004 to August 2005, according to figures from Iowa Workforce Development. Seasonally adjusted unemployment remained stable at 4.6% for the year. Taxable sales in Cerro Gordo County grew 1% from $121.0 million to $122.4 million comparing the first quarters of calendar years 2004 and 2005, according to figures from the Iowa Department of Revenue.

Retail news during the fiscal year included the opening of two large retail companies, Kohl's and Best Buy. Kohl's, a clothing, shoes, accessories, and home products company, opened a 62,000 square-foot store on a 5.3-acre site on the west side of Mason City in March 2005. The company employs 161 people, including 14 part-time employees, and had nationwide sales in 2004 of $11.7 billion. Best Buy, an electronics, home office equipment, entertainment software, and appliances store built a 20,000 square-foot facility located on the west edge of Mason City.

Industrial economic news during the fiscal year included an announcement by Intradyn Inc., a Minnesota-based computer products manufacturer, to open a branch in Mason City. The company will occupy an existing 6,000 square-foot facility on the west side of Mason City, and is expected to create 63 jobs over the next three years. Intradyn produces data protection equipment, hardware, and software.

Other industrial news included the closing of the Curtis 1000 plant, which included a loss of 40 manufacturing jobs. The company produced specialty printing and marketing materials in Mason City since 1972, and was closed in a consolidation process intended to reduce costs.

In November 2004 the new $56.4 million ethanol production plant opened operations on a 70-acre site in a newly-annexed area on the south edge of Mason City. Golden Grain Energy LLC employs 32 people with an annual payroll of more than $1.7 million. Company representatives say the 67,000 square-foot plant annually uses 16 million bushels of corn and produces 45 million gallons of ethanol. The plant will also produce 110,000 tons of dried distiller's grain for western livestock feed, and 60,000 tons of wet distiller's grain for Midwest beef feed lots and dairies annually. They estimate that north Iowa area farmers will see $2 million annually in higher grain prices. Two-thirds of the company's 760 investors are local farmers.

Major Initiatives

On the issue of overcrowded conditions in the county jail, voters at the November 2004 General Election defeated proposals for the issuance of $20 million in general obligation bonds. The proposals were a joint effort by the County and the City of Mason City, and included construction of a new 59,000 square-foot facility for a new county jail and joint law enforcement center.

In June 2005 the County board of supervisors repealed their three-year ordinance imposing a moratorium on construction of new animal confinement facilities. The move was in response to requests from members of the Farm Bureau, and with the recommendation of the County Attorney, who said the ordinance was preempted by state law and was not enforceable.

Cash Management

The County's investment policy is to ensure the safety of public funds by minimizing credit and market risk while maintaining a competitive yield on its portfolio. Idle funds during the year were invested in those investments authorized by law and included certificates of deposit and interest bearing bank accounts. Interest revenue on all governmental fund investments for the fiscal year was $271,358, up $133,264, a 96.57% increase from the prior fiscal year.

Risk Management

Cerro Gordo County is self-insured for employee health insurance. The Safety Department manages other types of insurance, including worker's compensation, general liability, property, fleet, law enforcement professionals, public officials, and tort. The Safety Department has developed a risk management program which includes drug screenings, physicals and return-to-work exams; a case management program administered by the County's insurance carrier; deductibles of $500 on worker's compensation claims, $5,000 on buildings, $250 on inland marine, $5,000 on crime, $25,000 on law enforcement, $10,000 on public officials, and $500 to $5,000 on motor vehicles; and, the retention of a doctor to deal with occupational medicine and to administer the required drug testing. The County has also developed programs including, but not limited to Bloodborne Pathogens, Tuberculosis, and Right to Know. Periodic training is offered in Defensive Driving and in the use of fire extinguishers. Annual hearing tests are provided for certain required employees.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been completed without the cooperation and services of the staffs of the County Auditor's and Treasurer's offices. Gratitude is also expressed to the independent auditors, Gardiner Thomsen, who provided endless support and assistance in preparing this report, and to the Cerro Gordo County Board of Supervisors for their interest and support.

Respectfully submitted,

Heather R Mathre

Heather R. Mathre, CPA
Finance Assistant
Office of the County Auditor
Cerro Gordo County, Iowa

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cerro Gordo 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued our report dated December 7, 2005 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 9 through 17 and 49 through 51 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County's basic financial statements. The combining and non-major fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information for the year ended June 30, 2005 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been compiled from County records by County personnel, has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

December 7, 2005

Gardiner Thomsen, P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Cerro Gordo County governmental fund revenues increased 14.2% or $3,322,924 from $23,417,496 in fiscal year 2004 (FY04) to $26,740,420 in fiscal year 2005 (FY05). Property taxes and other county taxes increased $491,048 and intergovernmental revenues increased $2,979,653 from FY04.

- Cerro Gordo County governmental fund expenditures for FY05 were $28,012,909, an increase of $3,962,813, or 16.5% from $24,050,096 in FY04.

- Cerro Gordo County's net assets increased 13.8% or approximately $2,711,543 from $19,582,156 to $22,293,699 at June 30, 2005.

- Cerro Gordo County's governmental funds reported combined ending fund balances of $8,140,033, a decrease of $1,244,920 in comparison with the FY04 fund balances of $9,384,953. Approximately 88% of the total amount, $7,192,762 is available for spending at the government's discretion (unreserved fund balance).

- Cerro Gordo County's general long-term debt, excluding compensated absences and claims payable, decreased by $548,996 during the fiscal year, from $2,122,579 in FY04 to $1,573,583 in FY05. This change was due to scheduled debt payments of $748,996 and the issuance of $200,000 general obligation notes in the spring of 2005.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of the Statements of Net Assets and the Statement of Activities (on pages 18-20). These provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

The Fund Financial Statements (starting on page 21) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo 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 Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

The Financial Statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary

information that further explains and supports the financial statements with a comparison of the County's budget for the year.

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

Supplemental Information provides detailed information about the nonmajor special revenue and the individual fiduciary funds.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Fund Financial Statements

The fund financial statements begin on page 21 and provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Cerro Gordo County has three kinds of funds:

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

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

2) Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds.

    a) Cerro Gordo County has two internal service funds: Central Services Fund and Health Insurance Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

    b) Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business. Cerro Gordo County maintains two enterprise funds: Meservey Wastewater Collection & Treatment Facility and Swaledale Wastewater Collection & Treatment Facility.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management, county assessor, and city assessor to name a few.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 35.

Supplemental Information

The supplemental information begins on page 52 and provides detailed information about the non-major governmental funds and the individual fiduciary funds. In addition, the Single Audit Section provides details of the various Federal awards received by the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net assets increased $2,773,146, from $19,520,553 to $22,293,699. The analysis below focuses on the net assets and changes in net assets of our government and business-type activities.

Cerro Gordo County's Net Assets
June 30, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	$21,934,787	$21,376,896	$ 84,707	$58,497	$22,019,494	$21,435,393
Capital assets	14,176,248	10,589,293	2,408,968	2,484,255	16,585,216	13,073,548
Total assets	36,111,035	31,966,189	2,493,675	2,552,752	38,604,710	34,518,941
Long-term debt outstanding	2,222,372	2,711,141	611,267	569,462	2,833,639	3,280,603
Other liabilities	13,476,559	11,641,884	813	14,298	13,477,372	11,656,182
Total liabilities	15,698,931	14,353,025	612,080	583,760	16,311,011	14,936,785
Net assets:						
Invested in capital assets, net of related debt	13,727,858	9,761,714	1,748,701	1,924,793	15,476,559	11,686,507
Restricted	3,083,406	3,241,336	0	0	3,083,406	3,241,336
Unrestricted	3,600,840	4,610,114	132,894	44,199	3,733,734	4,654,313
Total net assets	$20,412,104	$17,613,164	$ 1,881,595	$1,968,992	22,293,699	$19,582,156

The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. A restricted portion of the County's net assets (13.8%) represent resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is $3,733,734.

The County's net assets increased by $2,711,543 during the current fiscal year. The governmental-type activities increased by $2,798,940 and the business-type activities decreased $87,397.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2005 and 2004. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General Revenue includes taxes, investment income and other unrestricted revenue sources.

Cerro Gordo County's Changes in Net Assets
June 30, 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service and sales	$3,248,744	$2,868,828	$160,923	$151,408	$3,409,667	$3,020,236
Operating grants and contributions	9,275,378	8,903,694	0	0	9,275,378	8,903,694
Capital grants and contributions	2,445,455	0	0	0	2,445,455	0
General Revenues				0		
Property taxes	9,818,264	8,788,746	0	0	9,818,264	8,788,746
Penalty & Interest on Property Tax	126,247	106,704	0	0	126,247	106,704
State Tax Credits	422,743	399,747	0	0	422,743	399,747
Local Option Sales & Service Tax	1,228,557	1,769,845	0	0	1,228,557	1,769,845
Grants and contributions not restricted to specific purposes	45,959	198,621	0	0	45,959	198,621
Unrestricted Investment earnings	275,773	142,318	0	0	275,773	142,318
Miscellaneous	302,349	298,337	0	0	302,349	398,337
Total revenues	**27,189,469**	**23,476,840**	**160,923**	**151,408**	**27,350,392**	**23,628,248**
Expenses:						
Public safety and legal services	4,590,463	4,431,064	0	0	4,590,463	4,431,064
Physical health and social services	4,104,085	4,107,546	0	0	4,104,085	4,107,546
Mental Health	5,225,350	5,221,710	0	0	5,225,350	5,221,710
County environment and education	923,060	1,296,647	0	0	923,060	1,296,647
Roads and Transportation	5,591,263	4,704,427	0	0	5,591,263	4,704,427
Government services to residents	804,185	674,627	0	0	804,185	674,627
Administration or general government	2,050,532	2,671,926	0	0	2,050,532	2,671,926
Non-program	1,063,732	146,647	248,320	126,426	1,312,052	273,073
Interest on long-term debt	37,859	22,388	0	0	37,859	22,388
Capital Projects	0	0	0	0	0	0
Total expenses	**24,390,529**	**23,276,982**	**248,320**	**126,426**	**24,638,849**	**23,403,408**
Increase (decrease) in net assets	**2,798,940**	**199,858**	**(87,397)**	**24,982**	**2,711,543**	**224,840**
Net assets July 1,	17,613,164	17,413,306	1,968,992	1,944,010	19,582,156	19,357,316
Net assets June 30,	**20,412,104**	**17,613,164**	**1,881,595**	**1,968,992**	**22,293,699**	**19,582,156**

Governmental Activities

Revenues for governmental activities increased 15.8%, or $3,712,629 over the prior year. Major reasons for the increase include: additional Secondary Road intergovernmental revenues of $2,333,672 and increase property tax dollars and state credits of $1,052,514.

The cost of all governmental activities this year was $24,390,529, an increase of $1,113,547 over the prior years' $23,276,982. However, as shown in the Statement of Activities on page 20-21, the amount the taxpayers ultimately financed for these activities through County taxes was only $9,420,952 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Like most counties in Iowa, Cerro Gordo County experienced a significant decrease in assessed property values for FY05 – decreases of $22,180,746 and $43,390,541 for the countywide and rural valuations, respectively. With this in mind, Cerro Gordo County's increased the countywide tax levy from 4.59418 in FY04 to 5.27665 for FY05, and the rural rate from 3.13322 in FY04 to 3.41577 for FY05. The combined increases in tax levy

rates and decreased assessed property values resulted in increased property tax dollars of $639,791 for general purposes, $389,984 for debt service, and $0 for rural purposes.

Business-Type Activities

Operating expenses for the County's business-type activities increased by 96.4%, or $121,894, from $126,426 in FY04 to $248,320 in FY05. This was due to other financing uses with the Meservey Wastewater Collection & Treatment Facility project nearing completion. Revenues remained fairly constant for the year.

The County's Individual Major Funds

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of $8,140,033, which is a decrease of $1,244,920 over the combined fund balance for FY04. The following are the major reasons for the changes in fund balances from the prior year:

- The General Fund, as the chief operating fund for Cerro Gordo County, ended FY05 with a 37.5% ending fund balance totaling $3,060,094. This is a $238,866 decrease from the prior year's $3,298,960 fund balance. However, the declining fund balance has slowed compared to the FY04 fund balance decrease of $736,271. Several factors contributed to the decline including constant expenditures and the increase of health insurance expenditures.

- Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $5,209,344, an increase of only 0.2% over last year's expenditures of $5,198,915. The Mental Health Fund balance increased from $496,131 to $856,772 in FY05, a 16.4% fund balance.

- The Rural Services Fund ended FY05 with expenditures of $233,990, a decrease of $117,573 from FY04 expenditures of $351,563. The fund balance increased $101,914 to $173,320 from the prior year ending balance of $71,406, a result of the decreased expenditures.

- The Secondary Roads Fund expenditures increased by $3,106,998, from $5,745,702 in FY04 to $8,852,700 in FY05. This was largely in part due to additional roadway construction as the County continues to upgrade the condition of the County roadway system. The Secondary Road Fund balance decreased $1,168,796, from $2,851,936 in FY04 to $1,683,140 in FY05.

- The Public Health Fund ended FY05 with a $398,424 fund balance, a $89,316 increase over the prior year's balance of $309,108. Expenditures increased $108,404, or 4.6% over the prior year. Revenues increased 8.0%, or $137,361 due to the additional intergovernmental revenues.

Budgetary Highlights

Over the course of the year, Cerro Gordo County amended the General Fund budget once. The amendment was made in May 2005 and resulted in the following:

- The total original revenue budget of $8,693,077 was increased to $8,842,538 (an increase of $149,461) due to expected increases in miscellaneous revenues and interest income.

- The total original expenditure budget of $8,675,476 was decreased to $8,511,229 (a decrease of $164,247) mainly for expected decreases in Physical Health & Social Services.

- The total original budget for net transfers out of $696,214 did not change.

During the year, however, revenues were $323,610 less than budgetary revenues and expenditures were $348,492 less than budgetary expenditures, resulting in $34,882 less of a deficit for the General Fund balance. Iowa law requires budget amendments to specific expenditure service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and since the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting yearend budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects Fund when projects may roll over to a subsequent fiscal year.

None of the amendments made during the 2005 fiscal year should have any impact on the 2006 fiscal year budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2005 was $25,204,004, an increase of $4,352,779 compared to capital assets of $20,851,225 for FY04. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, vehicles, and infrastructure.

Major capital asset additions during the current fiscal year included infrastructure, election equipment, and vehicles for Sheriff and Secondary Roads.

Cerro Gordo County's Capital Assets
FYE 2005

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	$ 1,666,892	$ 1,666,892	$ 62,300	$ 62,300	$ 1,729,192	$ 1,729,192
Construction-in-Process	3,944,011	0	0	0	3,944,011	0
Buildings	4,248,474	4,248,474		0	4,248,474	4,248,474
Improvements other than Buildings	417,751	417,751	2,706,643	2,706,643	3,124,394	3,124,394
Machinery & Equipment	6,165,639	6,152,301		0	6,165,639	6,152,301
Vehicles	3,107,094	3,004,929		0	3,107,094	3,004,929
Infrastructure	2,885,199	2,591,934		0	2,885,199	2,591,934
Total	22,435,060	18,082,281	2,768,943	2,768,943	25,204,003	20,851,224
Less: Accumulated Depreciation	8,258,812	7,492,988	359,975	274,689	8,618,787	7,767,677
Total	14,176,248	10,589,293	2,408,968	2,494,254	16,585,216	13,083,547

For governmental activities, Cerro Gordo County had depreciation expense of $907,562 and total accumulated depreciation of $8,258,812 for the year ended June 30, 2005. For business-type activities, depreciation expense was $85,286 and total accumulated depreciation was $359,975 for the year end.

Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

As of June 30, 2005, Cerro Gordo County had general obligation bonds outstanding totaling $1,235,000, a decrease of $225,000 compared to FY04. The decrease of debt resulted from debt retirement and an issuance of $200,000 in general obligation bonds. These additional funds will be used to finance various projects and purchases, including computer equipment and Conservation equipment and projects. In the current year, the County paid $425,000 in principal and $37,012 in interest on outstanding debt, compared to $60,000 in principal and $18,738 in interest in FY04.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled $611,268. This is an increase of $41,805 due to the issuance of $49,000 in additional notes. Business-Type Activities paid $7,195 in principal and $41,327 in interest on outstanding debt in the current year, compared to $6,885 in principal and $25,936 in interest in FY04.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of $128 million.

Cerro Gordo County's Outstanding Debt
June 30, 2005

	2005	2004
Governmental Activities:		
General Obligation Bonds	$ 1,235,000	$ 1,460,000
Capital Lease Purchase Agreements	165,886	325,408
Installment Purchase Agreements	172,697	337,171
Drainage Warrants	33,952	41,650
Compensated Absences	631,671	546,910
Total	**$ 2,239,206**	**$ 2,711,139**
Business-Type Activities:		
Sewer Revenue Bonds	$ 611,268	$ 569,463

Additional information about the County's long-term liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2005 fiscal year budget, tax rates, and the fees that will be charged for the various County services. One of those

factors is the economy. Cerro Gordo County's unemployment rate now stands at 4.89% versus 3.92% a year ago. This compares with the State unemployment rate of 4.9% and the national rate of 5.5%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2% for fiscal year 2004 compared with the national rate of 3.5%. However, the State's modest financial condition and relatively flat revenue projection continue.

- For the budget year ending June 30, 2006, Cerro Gordo County increased the countywide levy by 17.5% from $5.27665 to $6.19934 per thousand of taxable valuation and increased the rural county levy from the prior year's rate of $3.41577 to $3.51050 per thousand of taxable valuation, a 2.8% increase.

- The tax base for Cerro Gordo County increased 2.8% over the prior year.

- Health care costs and personnel costs, which make up a significant portion of the County's operating costs, continue to rise. All four of the County bargaining unit contracts are currently under five year agreements that expire June 30, 2010.

- The County has been working towards a solution for the ongoing problem of overcrowded conditions in the county jail. This problem will be alleviated in the fall of 2007 when the voter approved Law Enforcement Complex is completed.

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2006 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, contact the Cerro Gordo County Auditor's Office, 220 North Washington, Mason City, Iowa 50401.

CERRO GORDO COUNTY, IOWA

GOVERNMENT – WIDE STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	$8,241,761	$76,680	$8,318,441
Receivables:			
Property Tax:			
Delinquent	35,430	0	35,430
Succeeding year	11,573,442	0	11,573,442
Interest and Penalty on Property Tax	776	0	776
Accounts	484,244	0	484,244
Accrued Interest	34,147	0	34,147
Drainage Assessments	53,636	0	53,636
Due From Other Governments	889,091	8,027	897,118
Inventories	622,260	0	622,260
Capital Assets:			
Land	1,666,892	62,300	1,729,192
Other Capital Assets	20,768,168	2,706,643	23,474,811
Less Accumulated Depreciation	8,258,812	359,975	8,618,787
Total Assets	$36,111,035	$2,493,675	$38,604,710
Liabilities			
Accounts Payable	$856,506	$813	$857,319
Accrued Interest Payable	2,778	0	2,778
Salaries and Benefits Payable	535,451	0	535,451
Due to Other Governments	508,382	0	508,382
Unearned Revenue:			
Succeeding Year Property Tax	11,573,442	0	11,573,442
Long-Term Liabilities			
Portion Due or Payable Within One Year:			
Capital Lease Purchase Agreements	165,886	0	165,886
Installment Purchase Agreement	172,697	0	172,697
General Obligation Bonds/Revenue Notes	640,000	7,519	640,000
Compensated Absences	614,837	0	614,837
Portion Due or Payable After One Year			
General Obligation Bonds/Revenue Notes	595,000	603,748	1,198,748
Drainage District Warrants Payable	33,952	0	33,952
Total Liabilities	15,698,931	612,080	16,311,011
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,727,858	1,748,701	15,476,559
Temporarily Restricted For:			
Mental Health Purposes	845,081	0	845,081
Secondary Roads Purposes	1,510,953	0	1,510,953
Debt Service	54,668	0	54,668
Other Purposes	672,704	0	672,704
Unrestricted	3,600,840	132,894	3,733,734
Total Net Assets	$20,412,104	$1,881,595	$22,293,699

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

GOVERNMENT – WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS:				
Governmental Activities:				
Public Safety and Legal Services	$4,590,463	$544,358	$449,425	$0
Physical Health and Social Services	4,104,085	698,391	1,982,490	32,211
Mental Health	5,225,350	56,119	3,247,789	0
County Environment and Education	923,060	161,248	50,963	0
Roads and Transportation	5,591,263	661,816	3,496,374	2,184,644
Governmental Services to Residents	804,185	687,499	0	228,600
Administrative Services	2,050,532	107,919	0	0
Non-Program	1,063,732	331,394	48,337	0
Interest on Long Term Debt	37,859	0	0	0
Capital Projects	0	0	0	0
	24,390,529	3,248,744	9,275,378	2,445,455
Business Type Activities				
Wastewater Collection and Treatment	248,320	160,923	0	0
Total	$24,638,849	$3,409,667	$9,275,378	$2,445,455

GENERAL REVENUES:

Property and Other County Tax Levied For:
- General Purposes
- Debt Service

Penalty and Interest on Property Tax
State Tax Credits, Unrestricted
Local Option Sales and Service Tax
Grants and Contributions Not Restricted to Specific Purpose
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($3,586,680)	$0	($3,596,680)
(1,390,993)	0	(1,390,993)
(1,921,442)	0	(1,921,442)
(710,849)	0	(710,849)
751,571	0	751,571
111,914	0	111,914
(1,942,613)	0	(1,942,613)
(684,001)	0	(684,001)
(37,859)	0	(37,859)
0	0	0
(9,420,952)	0	(9,420,952)
0	(87,397)	(87,397)
($9,420,952)	($87,397)	($9,508,349)
$9,443,597	$0	$9,443,597
374,667	0	374,667
126,247	0	126,247
422,743	0	422,743
1,228,557	0	1,228,557
45,959	0	45,959
275,773	0	275,773
302,349	0	302,349
12,219,892	0	12,219,892
2,798,940	(87,397)	2,711,543
17,613,164	1,968,992	19,582,156
$20,412,104	$1,881,595	$22,293,699

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2005

		Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Assets					
Cash and Pooled Investments	$3,191,057	$1,487,519	$189,102	$949,378	$189,232
Receivables:					
Property Tax:					
Delinquent	18,658	7,147	8,401	0	0
Succeeding Year	7,219,470	2,182,233	1,602,381	0	0
Interest and Penalty on Property Tax	776	0	0	0	0
Accounts	136,626	127,380	900	29,909	167,215
Accrued Interest	33,795	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	3,627	0	0	0	15,450
Due From Other Governments	191,858	24,450	0	387,141	186,333
Inventories	0	0	0	622,260	0
Total Assets	$10,795,867	$3,825,729	$1,800,784	$1,988,688	$558,230
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	$153,618	$247,458	$10,636	$192,431	$51,425
Salaries and Benefits Payable	289,674	22,020	6,638	112,927	87,017
Due To Other Funds	0	1,235	0	190	2,202
Due To Other Governments	9,380	496,472	0	0	2,530
Deferred Revenue:					
Succeeding Year Property Tax	7,219,470	2,182,233	1,602,381	0	0
Other	63,631	19,539	7,809	0	16,632
Total Liabilities	7,735,773	2,968,957	1,627,464	305,548	159,806
Fund Balances					
Reserved For:					
Inventories	0	0	0	622,260	0
Endowment	0	0	0	0	0
Drainage Warrants	0	0	0	0	0
Trust	0	0	0	0	0
Debt Service	0	0	0	0	0
Unreserved, Reported In:					
General Fund	3,060,094	0	0	0	0
Special Revenue Funds	0	856,772	173,320	1,060,880	398,424
Capital Projects Fund	0	0	0	0	0
Total Fund Balances	3,060,094	856,772	173,320	1,683,140	398,424
Total Liabilities and Fund Balances	$10,795,867	$3,825,729	$1,800,784	$1,988,688	$558,230

See Notes To Financial Statements

Debt Service	Capital Projects	Non-Major Special Revenue	Total
$56,622	$527,775	$1,327,108	$7,917,793
1,224	0	0	35,430
569,358	0	0	11,573,442
0	0	0	776
0	0	22,981	485,011
0	0	352	34,147
0	0	53,636	53,636
0	0	0	19,077
0	7,701	94,588	889,071
0	0	0	622,260
$627,204	$535,476	$1,498,665	$21,630,643
$400	$27,654	$61,860	$745,482
0	0	17,175	535,451
0	0	15,450	19,077
0	0	0	508,382
569,358	0	0	11,573,442
1,165	0	0	108,776
570,923	27,654	94,485	13,490,610
0	0	0	622,260
0	0	60,485	60,485
0	0	148,245	148,245
0	0	60,000	60,000
56,281	0	0	56,281
0	0	0	3,060,094
0	0	1,135,450	3,624,846
0	507,822	0	507,822
56,281	507,822	1,404,180	8,140,033
$627,204	$535,476	$1,498,665	$21,630,643

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total Governmental Fund Balances (page 22)		$8,140,033
Amounts reported for governmental activities in the statement of net assets that 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 $22,435,060 and the accumulated depreciation is $8,258,812.		14,176,248
Other long-term assets are not available to pay for current period Expenditures and, therefore, are deferred in the funds.		
Property Taxes – General Purposes	32,598	
Property Taxes – Debt Service	1,165	
DHS Administrative Reimbursements	45,617	
Postage Reimbursement	136	
Mental Health Providers	12,628	
Public Health Grants	16,632	108,776
The Internal Service Fund is used by management to charge the costs of 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.		212,197
Long-term liabilities, including bonds payable, accrued interest payable and Compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(2,225,150)
Net assets of governmental activities (page 18)		$20,412,104

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	$5,829,390	$2,184,437	$1,568,391	$675,707	$0
Interest and Penalty on Property Tax	126,247	0	0	0	0
Intergovernmental	1,074,572	3,341,673	66,613	5,894,867	1,513,771
Licenses and Permits	12,680	0	0	4,715	14,440
Charges For Service	862,971	1,461	0	0	175,289
Use of Money and Property	323,029	0	0	3,510	0
Miscellaneous	290,039	42,414	900	92,713	146,194
	8,518,928	5,569,985	1,635,904	6,671,512	1,849,694
EXPENDITURES:					
Current					
Public Safety and Legal Services	4,364,180	0	4,557	0	0
Physical Health and Social Services	664,934	0	0	0	2,456,592
Mental Health	0	5,209,344	0	0	0
County Environment and Education	465,524	0	40,481	0	0
Roads and Transportation	0	0	188,952	4,696,793	0
Governmental Services to Residents	749,780	0	0	0	0
Administration	1,811,517	0	0	0	0
Non-Program	98,355	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	8,447	0	0	4,155,907	0
Total Expenditures	8,162,737	5,209,344	233,990	8,852,700	2,456,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	356,191	360,641	1,401,914	(2,181,188)	(606,898)
Other Financing Sources (Uses):					
Sale of Capital Assets	11,400	0	0	0	0
Proceeds From Drainage Warrants	0	0	0	0	0
Transfers In	94,757	0	0	1,300,000	696,214
Transfers Out	(701,214)	0	(1,300,000)	0	0
General Obligation Notes Issued	0	0	0	0	0
Discount on General Obligation Notes	0	0	0	0	0
Total Other Financing Sources (Uses)	(595,057)	0	(1,300,000)	1,300,000	696,214
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(238,866)	360,641	101,914	(881,188)	89,316
Fund Balances Beginning of Year	3,298,960	496,131	71,406	2,851,936	309,108
Decrease in Reserve For:					
Inventories	0	0	0	(287,608)	0
Fund Balances End of Year	$3,060,094	$856,772	$173,320	$1,683,140	$398,424

See Notes To Financial Statements

Debt Service	Capital Projects	Non-Major Special Revenue	Total
$373,502	$0	$429,996	$11,061,423
0	0	0	126,247
15,556	298,623	496,132	12,701,807
0	0	265,886	297,721
0	0	188,588	1,228,309
0	0	48,331	374,870
49,049	0	328,734	950,043
438,107	298,623	1,757,667	26,740,420
0	0	172,289	4,541,026
0	0	885,293	4,006,819
0	0	0	5,209,344
0	0	374,489	880,494
0	0	0	4,885,745
0	10,873	43,071	803,724
0	0	30,190	1,841,707
0	0	255,875	354,230
462,012	0	0	462,012
0	863,454	0	5,027,808
462,012	874,327	1,761,207	28,012,909
(23,905)	(575,704)	(3,450)	(1,272,489)
0	0	0	11,400
0	0	10,340	10,340
5,000	0	0	2,095,971
0	0	0	(2,001,214)
0	200,000	0	200,000
0	(1,320)	0	(1,320)
5,000	198,680	10,340	315,177
(18,905)	(377,024)	6,800	(957,312)
75,186	884,846	1,397,380	9,384,953
0	0	0	(287,608)
$56,281	$507,822	$1,404,180	$8,140,033

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

Net change in fund balances - Total governmental funds (page 25)		($1,244,920)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$4,227,758	
Capital assets contributed by the Iowa Department of Transportation	293,265	
Depreciation expense	(907,562)	3,613,461
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		(26,506)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.		
Property tax	(14,603)	
Other	10,695	(3,908)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt issues exceeded debt repayments as follows:		
Bonds, leases, and loans issued	(209,020)	
Principal payments	767,034	558,014
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	(67,926)	
Interest on long-term debt	(473)	(68,399)

The Internal Service Funds are used by management to charge the costs of employee health benefits, telephone service, and property insurance to individual funds. The net revenue of the Internal Service Funds are reported with governmental activities.	(28,802)
Change in net assets of governmental activities (page 20)	$2,798,940

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

COMBINED BALANCE SHEET – INTERNAL SERVICE FUNDS
June 30, 2005

	Internal Service
ASSETS	
Cash and Pooled Investments	$322,521
Receivables:	
Accounts	680
Due From other Governments	20
Total Assets	$323,221
LIABILITIES	
Liabilities	
Accounts Payable	111,024
Net Assets	
Unrestricted	$212,197

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

COMBINED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2005

	Internal Service
OPERATING REVENUES:	
Reimbursements from Operating Funds	$1,606,282
Reimbursements from Employees	98,000
Other Reimbursements	950
Total Operating Revenues	1,705,232
OPERATING EXPENSES:	
Health Insurance	
Medical Claims Paid	1,252,783
Insurance Premiums	138,472
Administrative Fees	49,271
Miscellaneous	16,750
Central Services	
Telephone	24,464
Insurance	255,789
Total Operating Expenses	1,737,529
Operating Loss	(32,297)
NON-OPERATING REVENUES:	
Interest	3,495
Change in Net Assets	(28,802)
Net Assets - Beginning of Year	240,999
Net Assets - End of Year	$212,197

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

COMBINED SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2005

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Operating Fund Reimbursements	$1,606,282
Cash Received from Employees & Others	98,250
Cash Payments to Suppliers for Services	(1,732,449)
Net Cash Used in Operating Activities	(27,917)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	3,495
Net Decrease in Cash	(24,422)
Cash - Beginning of Year	346,943
Cash - End of Year	$322,521
RECONCILIATION OF LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$(32,297)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Increase in Receivables	(700)
Increase in Payables	5,080
Net Cash Used in Operating Activities	$(27,917)

See Notes to Financial Statements.

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CERRO GORDO COUNTY, IOWA

COMBINED STATEMENT OF NET ASSETS – ENTERPRISE FUNDS
June 30, 2005

	Enterprise		
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Total
ASSETS			
Current Assets			
Cash and Pooled Investments	$24,413	$52,267	$76,680
Due From Other Governments	3,491	4,536	8,027
Total Current Assets	27,904	56,803	84,707
Non-Current Assets			
Capital Assets			
Land	37,300	25,000	62,300
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643
Less Accumulated Depreciation	(97,611)	(262,364)	(359,975)
Total Non-Current Assets	1,481,915	927,053	2,408,968
Total Assets	$1,509,819	$983,856	$2,493,675
LIABILITIES			
Current Liabilities			
Accounts Payable	$742	$71	$813
Note Payable			
Portion Due Within One Year			
Note Payable	3,551	3,968	7,519
Total Current Liabilities	4,293	4,039	8,332
Non-Current Liabilities			
Portion Due After One Year			
Note Payable	351,100	252,648	603,748
Total Liabilities	355,393	256,687	612,080
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,078,264	670,437	1,748,701
Unrestricted	76,162	56,732	132,894
	$1,154,426	$727,169	$1,881,595

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS – ENTERPRISE FUNDS
Year Ended June 30, 2005

	Enterprise		
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Total
OPERATING REVENUES:			
Charges for Services	$132,519	$28,404	$160,923
OPERATING EXPENSES:			
Waste Water Treatment Facility			
Depreciation	48,805	36,481	85,286
Miscellaneous	19,234	7,716	26,950
Total Operating Expenses	68,039	44,197	112,236
Operating Income (Loss)	64,480	(15,793)	48,687
NON-OPERATING EXPENSES			
Interest	(29,608)	(11,719)	(41,327)
Other Financing Uses			
Transfer to General Fund	(94,757)	0	(94,757)
Total Non-Operating Expenses	(124,365)	(11,719)	(136,084)
Change on Net Assets	(59,885)	(27,512)	(87,397)
Net Assets Beginning of Year	1,214,311	754,681	1,968,992
Net Assets End of Year	$1,154,426	$727,169	$1,881,595

See Notes To Financial Statements

CERRO GORDO COUNTY, IOWA

COMBINED STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year Ended June 30, 2005

	Enterprise		
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$38,859	$28,863	$67,722
Cash Received from Grantor Agencies	93,300	0	93,300
Cash Paid to Suppliers for Services	(32,684)	(7,751)	(40,435)
Net Cash Provided by Operating Activities	99,475	21,112	120,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Issuance of Debt	49,000	0	49,000
Interest Expense	(29,607)	(11,719)	(41,326)
Note Payments	(3,398)	(3,797)	(7,195)
Transfer to Other Funds	(94,757)	0	(94,757)
Net Cash Used in Capital and Related Financing Activities	(78,762)	(15,516)	(94,278)
Net Increase in Cash	20,713	5,596	26,309
Cash – Beginning of Year	3,700	46,671	50,371
Cash – End of Year	$24,413	$52,267	$76,680
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$64,480	$(15,793)	$48,687
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	48,805	36,481	85,286
(Increase) Decrease in Receivables	(360)	459	99
(Decrease) in Payables	(13,450)	(35)	(13,485)
Net Cash Provided by Operating Activities	$99,475	$21,112	$120,587

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
June 30, 2005

ASSETS	
Cash and Pooled Investments	
County Treasurer	$2,622,032
Other County Officials	98,396
Receivables:	
Property Tax	
Delinquent	2,654
Succeeding Year	39,546,798
Accounts	26,745
Accrued Interest	81
Assessments	1,003,529
Due From Other Governments	12,014
Total Assets	$43,312,249
LIABILITIES	
Accounts Payable	$10,778
Salaries and Benefits Payable	26,128
Due To Other Governments	43,171,827
Trusts Payable	86,682
Compensated Absences	16,483
Total Liabilities	$43,312,249

See Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Cerro Gordo 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 described by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, Cerro Gordo 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 Cerro Gordo 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.

One hundred and fifty-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 Cerro Gordo 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 Cerro Gordo 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: Cerro Gordo County and City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission, Cerro Gordo County Joint E911 Service Board, and Advanced Law Enforcement Investigative and Administrative System Users. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

B. BASIS OF PRESENTATION

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

The Rural Services Fund is used to account for property tax and 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 utilized to account for secondary road construction and maintenance.

The Public Health Fund is utilized to account for Federal and State grants and fees collected by the County to provide and maintain the County Public Health Department.

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

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

Additionally, the County reports the following proprietary funds:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the telephone service and property insurance. The Health Insurance Fund accounts for the County's self insurance for health insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based on historical claims experience.

The Enterprise Funds account for operations that are financed and operated in a manner to private business enterprises, where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds account for the activities of the Meservey Wastewater Collection and Treatment Facility and the Swaledale Wastewater Collection and Treatment Facility

Fiduciary fund types are used to account for net assets and changes in net assets. The fiduciary funds of the County are considered agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's Agency Funds consist of the following:

Elected Officials - To account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer, who acts as trustee for all pooled cash and investments of the County, or to other individuals, private entities or governments.

Board of Supervisors – Conservators – To account for the funds of individuals incapable of managing their own affairs.

Veterans Affairs – To account for the funds used to maintain the veterans plaque.

Auditor – To account for revenues received from the sale of GIS maps, plat books, and copies.

Recorder – To account for the recording of deeds and mortgages, writing fees for DNR licenses, passport issuance fees, and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

Sheriff – To account for fees associated with the serving of papers and the sale of gun permits.

Other Agency Funds – Clearing accounts that account for funds collected by the County on behalf of individuals and other governmental entities:

Agricultural Extension Education
County Assessor
County Special Appraisal
City Assessor
City Special Appraisal
Schools
Community College
Corporations
Townships
City Special Assessment
Auto License and Use Tax
Brucellosis and Tuberculosis Eradication
Joint Disaster Services
Clear Lake Sanitary District
County EMS Association
Advance Tax
Cash Long/Short
Tax Sale Redemption
Dispute Resolution
E-911 Operations
Advance Law Enforcement Investigative and Administration System
Recorder's Transfer Fee
Pass-through Projects
Employees Benefits

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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 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 sixty 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 judgements 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 grants resources to such programs, followed by categorical block grants, and then by general revenues.

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

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

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, consisting of non-negotiable certificates of deposit, 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 that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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 and will not be recognized as revenue until the year for which it is levied.

Note 1: Summary of Significant Accounting Policies (Continued)

E. ASSETS, LIABILITIES AND FUND EQUITY (Continued)

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

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

Drainage and Special Assessments Receivable - Drainage and special assessments receivable represents amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. 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 financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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 if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual coats in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

E. ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Unearned 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. Unearned 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. Unearned revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year-end.

Unearned revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use payable to employees. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Road Funds.

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

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

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

F. 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 amounts budgeted in the Non-Program Activity and several departments exceeded appropriated amounts. Disbursements were not in excess of the amounts budgeted at the end of the year.

Note 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk. The County's investment policy does not limit 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.

Note 3: Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2005, is as follows:

Receivable Fund	Payable Fund	Amount
Central Services	General	$ 1,082
	MH/DD Services	243
	County Assessor	77
	City Assessor	34
	Dispute Resolution	44
General	MH/DD Services	1,235
	Secondary Road	190
	Public Health	2,202
	County Assessor	388
	City Assessor	618
	Joint Disaster	70
	Dispute Resolution	217
Public Health	Rural County Betterment	15,450
		$21,850

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

Note 4: Interfund Transfers

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

Transfer To	Transfer From	Amount
General Fund	Meservey Wastewater Collection & Treatment Facility	$94,757
Public Health	General Fund	696,214
Secondary Roads	Rural Services	1,300,000
Debt Service	General Fund	5,000
Total		$ 2,095,971

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

Note 5: Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,666,892	0	0	1,666,892
Construction in progress	0	3,944,011	0	3,944,011
Total capital assets not being depreciated	1,666,892	3,944,011	0	5,610,903
Capital assets being depreciated:				
Buildings	4,248,474	0	0	4,248,474
Improvements other than buildings	417,751	0	0	417,571
Machinery and equipment	6,152,301	102,738	89,400	6,165,639
Vehicles	3,004,929	202,126	99,961	3,107,094
Infrastructure	2,591,934	293,265	0	2,885,199
Total capital assets being depreciated	16,415,389	598,129	189,361	16,824,157
Less accumulated depreciation for:				
Buildings	1,854,157	84,650	0	1,938,807
Improvements other than buildings	397,916	7,282	0	405,198
Machinery and equipment	3,398,736	427,402	68,283	3,757,855
Vehicles	1,790,090	267,770	73,455	1,984,405
Infrastructure, road network	52,089	120,458	0	172,547
Total accumulated depreciation	7,492,988	907,562	141,738	8,258,812
Total capital assets being depreciated, net	8,922,401	(309,433)	47,623	8,565,345
Governmental activities capital assets, net	$ 10,589,293	3,634,578	47,623	14,176,248

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

Governmental activities:	
Public safety and legal services	$ 118,267
Physical health and social services	29,962
Mental health	4,836
County environment and education	44,435
Roads and transportation	587,231
Governmental services to residents	43,817
Administrative services	79,014
Total depreciation expense – governmental activities	$ 907,562

Capital asset activity of the Enterprise Funds for the year ended June 30, 2005 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 62,300	0	0	62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	274,689	85,286	0	359,975
Total capital assets being depreciated, net	2,431,954	(85,286)	0	2,346,668
Business type activities capital assets, net	$ 2,494,254	(85,286)	0	2,408,968

Note 6: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	$9,380
Special Revenue		
Mental Health		496,472
Public Health		2,530
Trust & Agency	Collections	
County Special Appraisal		271,964
Schools		22,630,388
City Assessor		199,215
Corporations		14,813,876
Auto License & Use Tax		837,300
City Special Appraisal		148,833
County Assessor		366,185
E911 Operations		609,950
City Special Assessments		1,028,296
All Others		2,265,820
		$43,680,209

Note 7: Changes in Long-Term Liabilities

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

Governmental Activities	Capital Loan Notes & General Obligation Bonds	Lease Obligations	Compensated Absences
Balance – Beginning of Year	$1,460,000	$325,408	$546,910
Additions	200,000	0	631,671
Reductions	425,000	159,522	546,910
Balance – End of Year	$1,235,000	$165,886	$631,671
Due within one year	$640,000	$165,886	$631,671

	Drainage Warrants	Installment Purchase	Total
Balance – Beginning of Year	$41,650	$337,171	$2,711,139
Additions	10,339	0	842,010
Reductions	18,037	164,474	1,313,943
Balance – End of Year	$33,952	$172,697	$2,239,206
Due within one year	$0	$172,697	$1,610,254

Business Type Activities	Sewer Revenue Capital Loan Notes
Balance – Beginning of Year	$569,463
Additions	49,000
Reductions	7,195
Balance – End of Year	$611,268
Due within one year	$7,519

Note 8: Capital Lease Purchase Agreements / Installment Purchase

The County has entered into capital lease purchase agreements for the Administration's postage machine and Secondary Roads' motorgraders and trucks. The following is a schedule of the future minimum lease payments, including interest ranging from 8.25% to 9.36% per annum, and the present value of net minimum lease payments under the agreements:

Minimum future obligations on the capital lease obligations in effect at June 30, 2005 are as follows:

Year Ending June 30,	Postage Machine	Motor Graders	Trucks	Total
2006	$4,428	$37,689	$131,654	$173,771
Less: Amount Representing Interest	199	1,536	6,150	7,885
	$$4,229	$36,153	$125,504	$165,886

Payments under capital lease purchase agreements for year ended June 30, 2005, totaled to $175,247.

In September of 2003, the County entered into an installment purchase agreement for four motor graders. Payments of $ 181,322 are required annually from September 1, 2003 through September 1, 2005.

Future obligations on the installment purchase in effect at June 30, 2005 are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$172,697	8,635	$181,322

Note 9: General Obligation Capital Loan Bonds and Notes

The County has issued $ 620,000 in general obligation bonds to fund the costs of construction of a sanitary sewer project. During the fiscal year 2004, the County issued $ 1,120,000 in General Obligation Capital Loan Notes to fund the costs of election equipment, health insurance, computer equipment and several maintenance projects. During the fiscal year 2005, the County issued $200,000 in General Obligation Capital Loan Notes to fund the costs of computer and server upgrades in the Courthouse, and Conservation upgrades and equipment purchases. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Details of the outstanding bonds and notes are as follows:

	1999 $620,000 Issue			2005 $1,120,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2006	4.60%	$65,000	$13,097	1.55%	$375,000	$13,032
2007	4.65%	70,000	10,107	1.90%	380,000	7,220
2008	4.70%	70,000	6,853		0	0
2009	4.75%	75,000	3,563		0	0
		$280,000	$33,620		$755,000	$20,252

	2005 $200,000 Issue		
Year Ending June 30,	Interest Rate	Principal	Interest
2006	2.70%	$200,000	$6,300

Note 10: 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.

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 special assessments against benefited properties.

Note 11: Sewer Revenue Capital Loan Notes

The County has issued $280,000 in sewer revenue capital loan notes to fund the costs of improvement and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Swaledale. The notes and interest are payable solely from the net earnings of the system and not from general funds of the County. Payments on the capital loan notes began on July 1, 1999. The capital loan notes have an interest rate of 4.50% with the final payment due July 1, 2036. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$3,968	$11,548	$15,516
2007	4,147	11,369	15,516
2008	4,333	11,183	15,516
2009	4,528	10,988	15,516
2010	4,732	10,784	15,516
2011-2015	27,054	50,526	77,580
2016-2020	33,714	43,866	77,580
2021-2025	42,014	35,566	77,580
2026-2030	52,357	25,223	77,580
2031-2035	65,246	12,334	77,580
2036	14,523	654	15,177
	$256,616	$224,041	$480,657

The County has also issued $ 59,100, $ 253,200 and $49,000 in sewer revenue capital loan notes to fund the costs of improvements and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Meservey. The notes and interest are payable solely from the net earnings of the system and do not represent general obligations of the County. Interest payments on the capital loan notes begin on July 1, 2003. The capital loan notes have an interest rate of 4.5% with final payment due by July 1, 2041. Details of the sewer revenue capital loan notes are as follows:

Year Ending	$59,100 Note		$253,200 Note		$49,000 Note		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	$672	$2,603	$2,878	$11,152	$0	$2,205	$3,550	$15,960
2007	702	2,573	3,008	11,622	511	2,205	4,221	15,800
2008	734	2,541	3,143	10,887	534	2,182	4,411	15,610
2009	767	2,508	3,285	10,745	558	2,158	4,610	15,411
2010	802	2,473	3,433	10,597	583	2,133	4,818	15,203
2011-2015	4,582	11,793	19,625	50,525	3,334	10,246	27,541	72,564
2016-2020	5,711	10,664	24,456	45,694	4,154	9,426	34,321	65,784
2021-2025	7,116	9,259	30,477	39,673	5,177	8,403	42,770	57,335
2026-2030	8,868	7,507	37,979	32,171	6,452	7,128	53,299	46,806
2031-2035	11,051	5,324	47,329	22,821	8,040	5,540	66,420	33,685
2036-2040	13,772	2,603	58,981	11,169	10,019	3,561	82,772	17,333
2041	3,064	138	13,215	595	9,638	1,100	25,917	1,833
	$57,841	$59,986	$247,809	$257,051	$49,000	$56,287	$364,650	$373,324

Note 12: 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 statue to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. The County has implemented GASB statement 27, Accounting for Pensions by State and local governments.

Plan members are required to contribute 3.7% 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 8.535% and 8.535% respectively. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.90% and 7.48% respectively, for the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05% respectively. Contribution requirements are established by State statute. The County contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were $515,125, $473,834 and $450,698 respectively, equal to the required contributions for each year.

Note 13: Risk Management

Cerro Gordo County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 509 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were $ 179,891.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $250,000 per claim. Claims exceeding $250,000 are reinsured in an amount not to exceed $2,000,000 per claim and $11,000,000 in the aggregate per year. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claimed exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such losses can be reasonably estimated. Accordingly, at June 30, 2005, no liability has been recorded in the County's financial statements. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six months of membership may receive a partial refund of their capital contribution.

Note 13: Risk Management (Continued)

If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

Note 14: Employee Health Insurance Plan

The Cerro Gordo County Health Insurance 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 Blue Cross and Blue Shield of Iowa. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $125,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance 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 Blue Cross and Blue Shield of Iowa from the Cerro Gordo County Health Insurance Fund. The County records the plan assets and related liabilities of the Cerro Gordo County Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2005 was $1,305,917.

Amounts payable from the Health Insurance Fund at June 30, 2005 total $108,982 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was $ 146,100 at June 30, 2005 and is reported as a designation of the Health Insurance Fund retained earnings. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on the reconciliation of changes in the aggregate liabilities for claims for the current year and prior year is as follows:

	Balance as of July 1	Current Year Claims	Claim Payments	Balance as of June 30
2003-2004	$125,519	985,869	1,007,471	$103,647
2004-2005	$103,647	1,258,118	1,252,784	$108,981

Note 15: Closure and Postclosure Care Costs

Cerro Gordo County is a member of the Landfill of North Iowa. The Landfill of North Iowa is an inter-governmental agency established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member city, town, and the unincorporated portion of Cerro Gordo County, comprising the municipalities. In performing its duties, the agency may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and federal laws and regulations require the agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2005, the County did not anticipate any additional assessments for closure and postclosure care costs.

Note 16: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the contracts were made upon competitive bid in writing, publicly invited and opened.

Note 17: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agency is not determinable at this time; however, County officials do not believe that such amounts would be significant.

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Required Supplementary Information

CERRO GORDO COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN BALANCE – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	$11,061,423	$0	$11,061,423
Interest and Penalty on Property Tax	126,247	0	126,247
Intergovernmental	12,701,807	0	12,701,807
Licenses and Permits	297,721	0	297,721
Charges for Service	1,228,309	116,183	1,112,126
Use of Money and Property	374,870	920	373,950
Miscellaneous	950,043	139,039	811,004
Total Revenues	26,740,420	256,142	26,484,278
EXPENDITURES:			
Public Safety and Legal Services	4,541,026	0	4,451,026
Physical Health and Education	4,006,819	0	4,006,819
Mental Health	5,209,344	0	5,209,344
County Environment and Education	880,494	0	880,494
Roads and Transportation	4,885,745	0	4,885,745
Governmental Services to Residents	803,724	0	803,724
Administrative Services	1,841,707	0	1,841,707
Non-Program	354,230	255,875	98,355
Debt Service	462,012	0	462,012
Capital Projects	5,027,808	0	5,027,808
Total Expenditures	28,012,909	255,875	27,757,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,272,489)	267	(1,272,756)
Other Financing Sources, Net	315,177	10,340	304,837
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(957,312)	10,607	(967,919)
Balance – Beginning of Year	9,384,953	137,638	9,247,315
Balance - End of Year	$8,427,641	$148,245	$8,279,396

See Accompanying Independent Auditors' Report.

Budgeted Amounts		Final to Net Variance - Positive (Negative)	Net as % of Amended Budget
Original	Final		
$11,405,179	$11,026,636	$34,787	100.32%
115,000	115,000	11,247	109.78%
10,930,806	13,271,215	(569,408)	95.71%
259,725	271,235	26,486	109.76%
1,242,853	1,237,442	(125,316)	89.87%
255,756	335,756	38,194	111.38%
659,763	897,341	(86,337)	90.38%
24,869,082	27,154,625	(670,347)	97.53%
4,692,063	4,742,820	201,794	95.75%
4,070,803	4,011,219	4,400	99.89%
5,200,000	5,257,000	47,656	99.09%
965,919	983,919	103,425	89.49%
4,804,586	5,454,586	568,841	89.57%
856,226	846,295	42,571	94.97%
1,991,007	1,938,610	96,903	95.00%
30,000	100,000	1,645	98.36%
466,082	466,582	4,570	99.02%
4,126,908	5,813,304	785,496	86.49%
27,203,594	29,614,335	1,857,301	93.73%
(2,334,512)	(2,459,710)	1,186,954	
8,000	210,680	94,157	
(2,326,512)	(2,249,030)	1,281,111	
9,262,940	9,262,940	(15,625)	
$6,936,428	$7,013,910	$1,265,486	

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2005

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except blended component units, drainage districts, 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 budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted revenues and disbursements by $2,285,543 and $2,410,741, respectively. This budget amendment is reflected in the final budgeted amounts.

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

Other Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND
Year Ended June 30, 2005

REVENUES:		
Property and Other County Tax		
Property Tax	$5,489,887	
Local Option Sales Tax	122,857	
Utility Tax Replacement Excise Tax	209,234	
Other County Tax	7,412	$5,829,390
Interest and Penalty on Property Tax		126,247
Intergovernmental		
State Shared Revenues		
Franchise Tax		12,344
State Tax Credits		246,257
State and Federal Pass-Thru Revenues		
Human Services Administration Reimbursement	121,904	
Other	396,313	518,217
Contributions From Other Intergovernmental Units		216,917
State Grants and Entitlements		80,837
Licenses and Permits		12,680
Charges for Service		
Office Fees and Collections		
County Auditor	1,183	
County Recorder	337,886	
County Sheriff	183,755	
Auto License, Use Tax and Postage	314,297	
Miscellaneous	25,850	862,971
Use of Money and Property		
Interest on Investments	265,779	
Miscellaneous	57,250	323,029
Miscellaneous		
Reimbursements	199,420	
Assessments	61,697	
Miscellaneous	28,922	290,039
Total Revenues		8,518,928

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND
Year Ended June 30, 2005

EXPENDITURES:		
Operating		
Public Safety and Legal Services		$4,364,180
Physical Health and Social Services		664,934
County Environment and Education		465,524
Governmental Services to Residents		749,780
Administration		1,811,517
Non-Program		98,355
Capital Projects		8,477
Total Expenditures		8,162,737
Excess of Revenues Over Expenditures		356,191
Other Financing Sources (Uses)		
Sale of Capital Assets	11,400	
Transfers In		
Meservey Wastewater Collection and Treatment Facility	94,757	
Transfers Out		
Public Health	(696,214)	
Debt Service	(5,000)	(595,057)
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses		(238,866)
Fund Balance - Beginning of Year		3,298,960
Fund Balance - End of Year		$3,060,094

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2005

Public Safety and Legal Services		
Law Enforcement		
Uniformed Patrol Services	$984,318	
Law Enforcement Communications	53,447	
Adult Correctional Services	1,570,710	
Administration	327,904	
	2,936,379	
Legal Services		
Criminal Prosecution	661,880	
Medical Examinations	89,061	
Child Support Recovery	326,545	
	1,077,486	
Emergency Services		
Emergency Management	46,136	
Assistance to District Court System		
Physical Operations	1,930	
Court Proceeding Program		
Juries and Witnesses	22,389	
Detention Services	24,357	
Court Costs	87	
Service of Civil Papers	126,634	
	173,467	
Juvenile Justice Administration		
Juvenile Victim Restitution	29,637	
Juvenile Representation Services	6,088	
Court-Appointed Attorneys and Court Costs for Juveniles	93,057	
	128,782	
Total Public Safety and Legal Services		$4,364,180

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2005

Physical Health and Social Services		
Services to the Poor		
Administration	$244,562	
General Welfare Services	41,277	
	285,839	
Services to Military Veterans		
Administration	87,980	
General Services to Veterans	31,330	
	119,310	
Children's and Family Services		
Youth Guidance	165,366	
Chemical Dependency		
Treatment Services	52,206	
Preventive Services	42,213	
	94,419	
Total Physical Health and Social Services		$664,934
County Environment and Education		
Conservation and Recreation Services		
Administration	316,069	
Maintenance and Operations	84,703	
	400,722	
Animal Control		
Animal Shelter	8,875	
Animal Bounties and State Apiarist Expense	160	
	9,035	
County Development		
Land Use and Building Controls	55,717	
Total County Environment and Education		$465,524

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND
Year Ended June 30, 2005

Governmental Services to Residents		
Representation Services		
Elections Administration	$209,739	
Local Elections	5,031	
Township Officials	2,106	
	216,876	
State Administrative Services		
Motor Vehicle Registrations and Licensing	291,603	
Recording of Public Documents	241,301	
	532,904	
Total Governmental Services to Residents		$749,780
Administration		
Policy and Administration		
General County Management	270,532	
Administrative Management Services	310,965	
Treasury Management Services	151,703	
Other Policy and Administration	31,248	
	764,448	
Central Services		
General Services	384,579	
Data Processing	530,705	
	915,284	
Risk Management Services		
Safety of Workplace	114,517	
Fidelity of Public Officers	3,304	
Unemployment Compensation	13,964	
	131,785	
Total Administration		$1,811,517
Non-Program		
Other Non-Program Current		$98,355
Capital Projects		
Other Capital Projects		$8,447
Total Expenditures		$8,162,737

(Concluded)

See Accompanying Independent Auditors' Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
ASSETS					
Cash and Pooled Investments	$37,405	$66,325	$25,255	$287,337	$38,852
Receivables:					
Accounts	0	2,868	0	4,662	7,456
Accrued Interest	0	59	0	122	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	11,999	0	0
Total Assets	$37405	$69,252	$37,254	$292,121	$46,308
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	$0	$0	$950	$69	$1,537
Salaries and Benefits Payable	0	0	0	0	3,174
Due To Other Governments	0	0	0	0	0
Total Liabilities	0	0	950	69	4,711
Fund Equity					
Reserved for Endowment	0	0	0	60,485	0
Reserved for Drainage Warrants	0	0	0	0	0
Reserved for Trust	0	0	0	0	0
Unreserved	37,405	69,252	36,304	231,567	41,597
Total Fund Equity	37,405	69,252	36,304	292,052	41,597
Total Liabilities and Fund Equity	$37,405	$69,252	$37,254	$292,121	$46,308

See Accompanying Independent Auditors' Report.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$9,305	$353,317	$101,702	$67,864	$95,291
0	0	0	3,761	0
0	0	0	0	0
0	0	53,636	0	0
47,995	23,998	0	8,536	2,060
$57,300	$377,315	$155,338	$80,161	$97,351
$1,668	$10,000	$7,093	$16,382	$17,997
0	0	0	14,001	0
15,450	0	0	0	0
17,118	10,000	7,093	30,383	17,997
0	0	0	0	0
0	0	148,245	0	0
0	0	0	0	0
40,182	367,315	0	49,778	79,354
40,182	367,315	148,245	49,778	79,354
$57,300	$377,315	$155,338	$80,161	$97,351

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Recorder's Electronic Transfer	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
ASSETS					
Cash and Pooled Investments	$14	$5,464	$77,141	$2,510	$1,084
Receivables:					
Accounts	0	1,147	980	0	0
Accrued Interest	13	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	0	0	0
Total Assets	$27	$6,611	$78,121	$2,510	$1,084
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	$0	$0	$0	$0	$0
Salaries and Benefits Payable	0	0	0	0	0
Due To Other Governments	0	0	0	0	0
Total Liabilities	0	0	0	0	0
Fund Equity					
Reserved for Endowment	0	0	0	0	0
Reserved for Drainage Warrants	0	0	0	0	0
Reserved for Trust	0	0	0	0	0
Unreserved	27	6,611	78,121	2,510	1,084
Total Fund Equity	27	6,611	78,121	2,510	1,084
Total Liabilities and Fund Equity	$27	$6,611	$78,121	$2,510	$1,084

See Accompanying Independent Auditors' Report.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Trust	Conservation Land Acquisition Trust	Total
$3,405	$31,572	$12,828	$77,341	$33,096	$1,327,108
0	1,817	0	0	290	22,981
0	0	0	158	0	352
0	0	0	0	0	53,636
0	0	0	0	0	94,588
$3,405	$33,389	$12,828	$77,499	$33,366	$1,498,665
$0	$5,870	$0	$294	$0	$61,860
0	0	0	0	0	17,175
0	0	0	0	0	15,450
0	5,870	0	294	0	94,485
0	0	0	0	0	60,485
0	0	0	0	0	148,245
0	0	0	60,000	0	60,000
3,405	27,519	12,828	17,205	33,386	1,135,450
3,405	27,519	12,828	77,205	33,386	1,404,180
$3,405	$33,389	$12,828	$77,499	$33,386	$1,498,665

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Conservation Parks
REVENUES:					
Property and Other County Tax	$0	$0	$61,428	$0	$0
Intergovernmental	17,777	0	0	0	0
Licenses and Permits	0	0	0	0	0
Charges For Service	0	11,520	0	0	42,249
Use of Money and Property	227	556	0	1,446	0
Miscellaneous	0	0	0	51,881	108
Total Revenues	18,004	12,078	61,428	53,327	42,357
EXPENDITURES:					
Current:					
Public Safety and Legal Services	0	0	5,950	0	0
Physical Health and Social Services	0	0	40,853	0	0
County Environment and Education	150	0	3,500	29,411	35,033
Governmental Services to Residents	0	6,013	0	0	0
Administration	0	0	26,337	0	0
Non-Program	0	0	0	0	0
Total Expenditures	150	6,013	76,640	29,411	35,033
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,854	6,063	(15,212)	23,916	7,324
Other Financing Sources:					
Proceeds From Drainage Warrants	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	17,854	6,063	(15,212)	23,916	7,324
Fund Balances Beginning of Year	19,551	63,189	51,516	268,136	34,273
Fund Balances End of Year	$37,405	$69,252	$36,304	$292,052	$41,597

See Notes to Financial Statements.

Rural County Betterment	Economic Development	Drainage	Public Health Inspections	Empowerment
$245,711	$122,857	$0	$0	$0
76	0	0	40,876	427,649
0	0	0	265,886	0
0	0	116,183	4,440	0
0	0	920	0	1,881
0	0	139,039	3,328	6,551
245,787	122,857	256,142	314,530	436,081
120,595	0	0	0	0
19,450	0	0	313,099	511,891
217,993	84,600	0	0	0
0	00	0	0	0
3,853	0	0	0	0
0	0	255,875	0	0
361,891	84,600	255,875	313,099	511,891
(116,104)	38,257	267	1,431	(75,810)
0	0	10,340	0	0
0	0	10,340	0	0
(116,104)	38,257	10,607	1,431	(75,810)
156,286	329,058	137,638	48,347	155,164
$40,182	$367,315	$148,245	$49,778	$79,354

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2005

	Recorder's Electronic Transfer	Jail Commissary Profits	Sheriff Forfeiture	Sheriff Tobacco	Sheriff Abandoned Vehicle
REVENUES:					
Property and Other County Tax	$0	$0	$0	$0	$0
Intergovernmental	0	0	0	3,361	1,479
Licenses and Permits	0	0	0	0	0
Charges For Service	14,196	0	0	0	0
Use of Money and Property	158	7,782	0	0	0
Miscellaneous	0	0	114,987	0	0
Total Revenues	14,354	7,782	114,987	3,361	1,479
EXPENDITURES:					
Current:					
Public Safety and Legal Services	0	1,171	36,866	851	395
Physical Health and Social Services	0	0	0	0	0
County Environment and Education	0	0	0	0	0
Governmental Services to Residents	37,058	0	0	0	0
Administration	0	0	0	0	0
Non-Program	0	0	0	0	0
Total Expenditures	37,058	1,171	36,866	851	395
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,704)	6,611	78,121	2,510	1,084
Other Financing Sources:					
Proceeds From Drainage Warrants	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(22,704)	6,611	78,121	2,510	1,084
Fund Balances Beginning of Year	22,731	0	0	0	0
Fund Balances End of Year	$27	$6,611	$78,121	$2,510	$1,084

See Notes to Financial Statements.

Sheriff DARE	Jail Phone Profits	Attorney Forfeiture	Strand Estate Grant	Conservation Land Acquisition Trust	Total
$0	$0	$0	$0	$0	$429,996
3,613	0	0	0	1,301	496,132
0	0	0	0	0	265,886
0	0	0	0	0	188,588
0	33,760	0	1,311	290	48,331
12	0	12,828	0	0	328,734
3,625	33,760	12,828	1,311	1,591	1,757,667
220	6,241	0	0	0	172,289
0	0	0	0	0	885,293
0	0	0	3,802	0	374,489
0	0	0	0	0	43,071
0	0	0	0	0	30,190
0	0	0	0	0	255,875
220	6,241	0	3,802	0	1,761,207
3,405	27,519	12,828	(2,491)	1,591	(3,540)
0	0	0	0	0	10,340
0	0	0	0	0	10,340
3,405	27,519	12,828	(2,491)	1,591	6,800
0	0	0	79,696	31,795	1,397,380
$3,405	$27,519	$12,828	$77,205	$33,386	$1,404,180

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – INTERNAL SERVICE FUNDS
June 30, 2005

	Central Services	Health Insurance	Total
ASSETS			
Cash and Pooled Investments	$67,439	$255,082	$322,521
Receivables:			
Accounts	680	0	680
Due From other Governments	20	0	20
Total Assets	68,139	255,082	323,221
LIABILITIES			
Liabilities			
Accounts Payable	2,042	108,982	111,024
Net Assets			
Unrestricted	$66,097	$146,100	$212,197

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2005

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Reimbursements from Operating Funds	$300,365	$1,305,917	$1,606,282
Reimbursements from Employees	0	98,000	98,000
Other Reimbursements	950	0	950
Total Operating Revenues	301,315	1,403,917	1,705,232
OPERATING EXPENSES:			
Health Insurance			
Medical Claims Paid	0	1,252,783	1,252,783
Insurance Premiums	0	138,472	138,472
Administrative Fees	0	49,271	49,271
Miscellaneous	0	16,750	16,750
Central Services			
Telephone	24,464	0	24,464
Insurance	255,789	0	255,789
Total Operating Expenses	280,253	1,457,276	1,737,529
Operating Income (Loss)	21,062	(53,359)	(32,297)
NON-OPERATING REVENUES:			
Interest	0	3,495	3,495
Change in Net Assets	21,062	(49,864)	(28,802)
Net Assets - Beginning of Year	45,035	195,964	240,999
Net Assets - End of Year	$66,097	$146,100	$212,197

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS
Year Ended June 30, 2005

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Operating Fund Reimbursements	$300,365	$1,305,917	$1,606,282
Cash Received from Employees & Others	250	98,000	98,250
Cash Payments to Suppliers for Services	(280,508)	(1,451,941)	(1,732,449)
Net Cash Provided by (Used in) Operating Activities	20,107	(48,024)	(27,917)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	0	3,495	3,495
Net Increase (Decrease) in Cash	20,107	(44,529)	(24,422)
Cash - Beginning of Year	47,332	299,611	346,943
Cash - End of Year	$67,439	$255,082	$322,521
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income (Loss)	$21,062	($53,359)	($32,297)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Increase in Receivables	(700)	0	(700)
Increase in Payables	(255)	5,335	5,080
Net Cash Used in Operating Activities	$20,107	($48,024)	($27,917)

See Notes to Financial Statements.

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CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
June 30, 2005

	Elected Officials	Other	Total
ASSETS			
Cash and Pooled Investments			
County Treasurer	$0	$2,622,032	$2,622,032
Other County Officials	98,396	0	98,396
Receivables:			
Property Tax			
Delinquent	0	2,654	2,654
Succeeding Year	0	39,546,798	39,546,798
Accounts	370	26,375	26,745
Accrued Interest	0	81	81
Assessments	0	1,003,529	1,003,529
Due From Other Governments	0	12,014	12,014
Total Assets	$98,766	$43,213,483	$43,312,249
LIABILITIES			
Accounts Payable	$0	$10,778	$10,778
Salaries and Benefits Payable	0	26,128	26,128
Due to Other Governments	43,084	43,128,743	43,171,827
Trusts Payable	55,682	31,000	86,682
Compensated Absences	0	16,834	16,834
Total Liabilities	$98,766	$43,213,483	$43,312,249

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS
June 30, 2005

	Board of Supervisors Conservators	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash and Pooled Investments					
Other County Officials	$39,392	$992	$42,714	$15,298	$98,396
Receivables:					
Accounts	0	0	370	0	370
Total Assets	$39,392	$992	$43,084	$15,298	$98,766
LIABILITIES					
Due to Other Governments	$0	$0	$43,084	$0	$43,084
Trusts Payable	39,392	992	0	15,298	55,682
Total Liabilities	$39,392	$992	$43,084	$15,298	$98,766

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
June 30, 2005

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS				
Cash and Pooled Investments				
County Treasurer	$2,420	$138,195	$194,738	$57,349
Receivables:				
Property Tax				
Delinquent	20	51	17	1
Succeeding Year	186,243	249,252	79,804	154,535
Accounts	0	2,188	0	152
Accrued Interest	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	$188,683	$389,686	$274,559	$212,037
LIABILITIES				
Accounts Payable	$0	$1,050	$2,5950	$291
Salaries and Benefits Payable	0	13,691	0	7,559
Due to Other Governments	188,683	366,185	271,964	199,215
Trusts Payable	0	0	0	0
Compensated Absences	0	8,760	0	4,972
Total Liabilities	$188,683	$389,686	$274,559	$212,037

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments
$135,172	$287,674	$13,168	$158,665	$31,017	$24,767
0	2,324	109	57	74	0
15,074	22,340,390	999,960	14,655,154	193,441	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	1,003,529
0	0	0	0	0	0
$150,246	$22,630,388	$1,013,237	$14,318,876	$224,532	$1,028,296
$1,413	$0	$0	$0	$0	$0
0	0	0	0	0	0
148,833	22,630,368	1,013,237	14,813,876	224,532	1,028,296
0	0	0	0	0	0
0	0	0	0	0	0
$150,246	$22,630,388	$1,013,237	$14,813,876	$224,532	$1,028,296

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
June 30, 2005

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association
ASSETS					
Cash and Pooled Investments					
County Treasurer	$837,300	$84	$20,519	$18,902	$0
Receivables:					
Property Tax					
Delinquent	0	1	0	0	0
Succeeding Year	0	8,946	0	663,999	0
Accounts	0	0	16,724	0	0
Accrued Interest	0	0	81	0	0
Assessments	0	0	0	0	0
Due From Other Governments	0	0	0	0	7,975
Total Assets	$837,300	$9,031	$37,324	$682,901	$7,975
LIABILITIES					
Accounts Payable	$0	$0	$1,079	$0	$0
Salaries and Benefits Payable	0	0	1,879	0	0
Due to Other Governments	837,300	9,031	34,366	682,901	7,975
Trusts Payable	0	0	0	0	0
Compensated Absences	0	0	0	0	0
Total Liabilities	$837,300	$9,031	$37,324	$682,901	$7,975

Advance Tax	Cash Long/Short	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Pass-Through Projects	Employee Benefits	Total
$30,712	$790	$41,044	$605,008	$23,200	$952	$68	$288	$2,622,032
0	0	0	0	0	0	0	0	2,654
0	0	0	0	0	0	0	0	39,546,798
0	0	1,351	4,942	0	1,018	0	0	26,375
0	0	0	0	0	0	0	0	81
0	0	0	0	0	0	0	0	1,003,529
0	0	0	0	0	0	4,039	0	12,014
$30,712	$790	$42,395	$609,950	$23,200	$1,970	$4,107	$288	$43,213,483
$0	$0	$243	$0	$0	$0	$4,107	$0	$10,778
0	0	2,999	0	0	0	0	0	26,128
0	790	36,051	609,950	23,200	1,970	0	0	43,128,743
30,712	0	0	0	0	0	0	288	31,000
0	0	3,102	0	0	0	0	0	16,834
$30,712	$790	$42,395	$609,950	$23,200	$1,970	$4,107	$288	$43,213,483

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year Ended June 30, 2005

	Elected Officials			
	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
ASSETS				
Cash and Pooled Investments				
Other County Officials	$131,884	$2,582,700	$2,616,188	$98,396
Receivables				
Accounts	87	370	87	370
Total Assets	$131,971	$2,583,070	$2,616,275	$98,766
LIABILITIES				
Due to County Funds				
Due to Other Governments	$51,972	$2,527,388	$2,536,276	$43,084
Trusts Payable	79,999	55,682	79,999	55,682
Total Liabilities	$131,971	$2,583,070	$2,616,275	$98,766

	Other Agency Funds			
	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
ASSETS				
Cash and Pooled Investments				
County Treasurer	$2,580,671	$11,290,264	$11,248,903	$2,622,032
Receivables				
Property Tax				
Delinquent	2,421	2,654	2,421	2,654
Succeeding Year	37,095,372	39,546,798	37,095,372	39,546,798
Accounts	9,741	26,375	9,741	26,375
Interest	2,486	81	2,486	81
Due From Other Governments	25,670	1,003,529	25,670	1,003,529
Assessments	1,110,931	12,014	1,110,931	12,014
Total Assets	$40,827,292	$51,881,715	$49,495,524	$43,213,483
LIABILITIES				
Accounts Payable	$12,642	$10,778	$12,642	$10,778
Salaries and Benefits Payable	22,956	26,128	22,956	26,128
Due to County Funds				
Due to Other Governments	40,672,940	51,796,975	49,341,172	43,128,743
Trusts Payable	101,428	31,000	101,428	31,000
Compensated Absences	17,326	16,834	17,326	16,834
Total Liabilities	$40,827,292	$51,881,715	$49,495,524	$43,213,483

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS
Year Ended June 30, 2005

	Board of Supervisors Conservators	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance - Beginning of Year	$27,695	$1,001	$0	$51,572	$51,703	$131,971
Additions:						
Office Fees and Collections	0	0	3,722	362,472	1,319,140	1,685,334
Trusts	315,502	1	0	422,914	159,319	897,736
Total Additions	315,502		3,722	785,386	1,478,459	2,583,070
Deductions:						
Agency Remittances:						
To County Funds	0	0	3,722	362,479	99,137	465,338
To Other Governments	0	0	0	430,188	736	430,924
Trusts Paid Out	303,805	10	0	1,207	1,414,991	1,720,013
Total Deductions	303,805	10	3,722	793,874	1,514,864	2,616,275
Balance - End of Year	$39,392	$992	$0	$43,084	$15,298	$98,766

See Accompanying Independent Auditors' Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
Year Ended June 30, 2005

	Agricultural Extension Education	County Assessor	County Special Appraisal	City Assessor
ASSETS AND LIABILITIES				
Balance - Beginning of Year	$181,566	$363,179	$288,622	$197,423
Additions:				
Property and Other County Tax	186,774	252,737	80,960	153,318
E911 Surcharge	0	0	0	0
State Tax Credits	7,761	10,190	3,384	6,127
Auto Licenses, Use Tax and Postage	0	0	0	0
Assessments	0	0	0	0
Trusts	0	0	0	0
Miscellaneous	0	8,406	1,285	5,491
Total Additions	194,535	271,333	85,629	164,936
Deductions:				
Agency Remittances:				
To Other Governments	187,418	274,826	69,692	150,322
Trusts Paid Out	0	0	0	0
Total Deductions	187,418	274,826	69,692	150,322
Other Financing Sources (Uses):				
Transfers In (Out)	0	30,000	(30,000)	0
Balance - End of Year	$188,683	$389,686	$274,559	$212,037

See Accompanying Independent Auditors' Report.

City Special Appraisal	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax
$156,939	$21,793,130	$988,455	$13,268,522	$195,828	$1,137,387	$835,428
14,842	22,411,890	1,002,850	14,544,083	199,791	0	0
0	0	0	0	0	0	0
1,168	937,100	42,234	494,635	8,924	0	0
0	0	0	0	0	0	9,108,723
0	0	0	0	0	253,378	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
16,010	23,348,990	1,045,084	15,038,718	208,715	253,378	9,108,723
22,703	22,511,732	1,020,302	13,493,364	180,011	362,469	9,106,851
0	0	0	0	0	0	0
22,703	22,511,732	1,020,302	13,493,364	180,011	362,469	9,106,851
0	0	0	0	0	0	0
$150,246	$22,630,388	$1,013,237	$14,813,876	$224,532	$1,028,296	$837,300

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS
Year Ended June 30, 2005

	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary	County EMS Association	Advance Tax
ASSETS AND LIABILITIES					
Balance - Beginning of Year	$6,317	$13,500	$646,934	$0	$98,278
Additions:					
Property and Other County Tax	16,416	0	659,499	0	0
E911 Surcharge	0	0	0	0	0
State Tax Credits	270	0	18,754	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	81,332	0	0
Trusts	0	0	0	0	0
Miscellaneous	0	107,549	0	7,975	0
Total Additions	16,686	107,549	759,585	7,975	0
Deductions:					
Agency Remittances:					
To Other Governments	13,972	83,725	723,618	0	0
Trusts Paid Out	0	0	0	0	67,566
Total Deductions	13,972	83,725	723,618	0	67,566
Other Financing Sources (Uses):					
Transfers In (Out)	0	0	0	0	0
Balance - End of Year	$9,031	$37,324	$682,901	$7,975	$30,712

Cash Long/Short	Tax Sale Redemption	Dispute Resolution	E911 Operations	Advanced Law Enforcement Investigative and Administrative System	Recorder's Transfer Fee	Pass-Through Projects	Employee Benefits	Total
$869	$0	$55,597	$559,892	$25,710	$6,500	$5,194	$2,022	$40,827,292
0	0	0	0	0	0	0	0	39,523,160
0	0	0	160,598	0	0	0	0	160,598
0	0	0	0	0	0	0	0	1,530,547
0	0	0	0	0	0	0	0	9,108,723
0	0	0	0	0	0	0	0	334,710
0	458,012	0	0	0	0	380,766	147,090	985,868
0	0	49,455	5,265	41,150	11,533	0	0	238,109
0	458,012	49,455	165,863	41,150	11,533	380,766	147,090	51,881,715
79	0	62,657	115,805	43,660	16,063	0	0	48,439,269
0	458,012	0	0	0	0	381,853	148,824	1,056,255
79	458,012	62,657	115,805	43,660	16,063	381,853	148,824	49,495,524
0	0	0	0	0	0	0	0	0
$790	$0	$42,395	$609,950	$23,200	$1,970	$4,107	$288	$43,213,483

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE
Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deletions	**Balance June 30, 2005**
ASSETS				
Land	$ 1,666,892	$ -	$ -	$ **1,666,892**
Construction in Process	-	3,944,011	-	**3,944,011**
Buildings and Structures	4,248,474	-	-	**4,248,474**
Improvements other than Buildings	417,751	-	-	**417,751**
Machinery and Equipment	6,152,301	102,738	89,400	**6,165,639**
Licensed Vehicles	3,004,929	202,126	99,961	**3,107,094**
Infrastructure	2,591,934	293,265	-	**2,885,199**
	$ 18,082,281	$ 4,542,140	$ 189,361	$ **22,435,060**
FUNDING SOURCE				
General Fund	$ 5,928,911	$ 12,006	$ 92,262	$ **5,848,655**
Special Revenue Funds	11,041,138	4,451,552	60,899	**15,431,791**
Capital Project Fund	1,112,232	78,582	36,200	**1,154,614**
	$ 18,082,281	$ 4,542,140	$ 189,361	$ **22,435,060**

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
AS OF JUNE 30, 2005

	Land	Construction in Process	Buildings and Structures
Public Safety and Legal Services			
Law Enforcement	$ -	-	610,931
Legal Services	-	-	-
Total Public Safety and Legal Services	-	-	610,931
Physical Health and Social Services:			
Physical Health Services	-	-	-
Services to Poor	-	-	-
Services to Military Veterans	-	-	-
Total Physical Health and Social Services	-	-	-
Mental Health:			
Persons with Chronic Mental Illness	-	-	-
Total Mental Health	-	-	-
County Environment and Education:			
Environmental Quality Program	-	-	-
Conservation and Recreation Services	150,798	-	490,292
County Development	-	-	-
Total County Environment and Education	150,798	-	490,292
Roads and Transportation:			
Secondary Roads Administration and Engineering	-	-	325,259
Roadway Maintenance	-	3,944,011	-
General Roadway Expenditures	-	-	229,970
Total Roads and Transportation	-	3,944,011	555,229
State and Local Government Services:			
Representation Services	-	-	
State Administration Services		-	
Total State and Local Government Services	-	-	-
Interprogram Services:			
Policy and Administration		-	273,715
Central Services	1,516,094	-	2,318,307
Total Interprogram Services	1,516,094	-	2,592,022
Total Capital Assets	**$ 1,666,892**	**3,944,011**	**$ 4,248,474**

Improvements other than Buildings	Machinery and Equipment	Licensed Vehicles	Infrastructure	Total
-	376,935	487,112	-	$ **1,474,978**
-	34,237	-	-	**34,237**
-	411,172	487,112	-	**1,509,215**
-	225,889	80,754	-	**306,643**
-	6,371	-	-	**6,371**
-	-	-	-	**-**
-	232,260	80,754	-	**313,014**
-	23,260	21,271	-	**44,531**
-	23,260	21,271	-	**44,531**
-	-	-	-	**-**
44,974	254,318	202,593	-	**1,142,975**
-	5,157	-	-	**5,157**
44,974	259,475	202,593	-	**1,148,132**
31,151	58,225	51,827	-	**466,462**
-	40,019	107,837	2,885,199	**6,977,066**
-	4,356,029	2,144,550	-	**6,730,549**
31,151	4,454,273	2,304,214	2,885,199	**14,174,077**
-	236,699		-	**236,699**
	48,907		-	**48,907**
-	285,606	-	-	**285,606**
	42,276	-	-	**315,991**
341,626	457,317	11,150	-	**4,644,494**
341,626	499,593	11,150	-	**4,960,485**
417,751	**$ 6,165,639**	**$ 3,107,094**	**$ 2,885,199**	**22,435,060**

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deletions	Transfers	**Balance June 30, 2005**
Public Safety and Legal Services					
Law Enforcement	$ 1,474,753	$ 100,186	$ 99,961	$	$ **1,474,978**
Legal Services	28,165	6,072	-		**34,237**
Total Public Safety and Legal Services	1,502,918	106,258	99,961		**1,509,215**
Physical Health and Social Services:					
Physical Health Services	296,646	9,997	-		**306,643**
Services to Poor	6,371	-	-		**6,371**
Services to Military Veterans	-	-	-		**-**
Total Physical Health and Social Services	303,017	9,997	-		**313,014**
Mental Health:					
Persons with Chronic Mental Illness	44,531	-	-		**44,531**
Total Mental Health	44,531	-	-		**44,531**
County Environment and Education:					
Environmental Quality Program	-	-	-		**-**
Conservation and Recreation Services	1,124,795	18,180	-		**1,142,975**
County Development	5,157	-	-		**5,157**
Total County Environment and Education	1,129,952	18,180	-		**1,148,132**
Roads and Transportation:					
Secondary Roads Administration and Engineering	466,462	-	-		**466,462**
Roadway Maintenance	2,739,790	4,237,276	-		**6,977,066**
General Roadway Expenditures	6,638,071	92,478	-		**6,730,549**
Total Roads and Transportation	9,844,323	4,329,754	-		**14,174,077**
Government Services to Residents:					
Representation Services	259,737	66,362	89,400		**236,699**
State Administration Services	37,318	11,589	-		**48,907**
Total Government Services to Residents	297,055	77,951	89,400		**285,606**
Administration:					
Policy and Administration	315,991	-	-		**315,991**
Central Services	4,644,494	-	-		**4,644,494**
Total Administration	4,960,485	-	-		**4,960,485**
Total Capital Assets	**$ 18,082,281**	**$ 4,542,140**	**$ 189,361**	-	**22,435,060**

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUNDS
Years Ended June 30,

	Modified Accrual Basis					
	2005	2004	2003	2002	2001	2000
Revenues:						
Property and other County Tax $	11,061,423	10,570,374	10,152,625	9,928,084	9,963,952	9,681,668
Interest and Penalty on property tax	126,247	118,275	110,045	128,449	113,886	109,952
Intergovernmental	12,701,807	9,722,154	9,214,984	8,150,270	7,642,241	7,531,032
Licenses and permits	297,721	270,476	255,666	17,870	25,682	16,856
Charges for services	1,228,309	1,292,565	1,537,166	1,607,381	1,232,500	1,168,535
Use of money and property	374,870	228,181	274,923	405,278	705,077	676,919
Fines, forfeitures, and defaults	-	-	-	2,369	1,928	2,721
Miscellaneous	950,043	1,215,451	863,485	679,024	784,551	644,793
Total	26,740,420	23,417,476	22,408,894	20,918,725	20,469,817	19,832,476
Expenditures:						
Current:						
Public safety and legal services $	4,541,026	4,251,143	4,222,779	3,838,927	3,644,249	3,278,743
Physical health and social services	4,006,819	3,913,976	3,615,357	3,494,239	3,038,370	2,843,920
Mental Health	5,209,344	5,198,915	5,003,304	4,790,348	5,263,698	5,007,406
County environment and education	880,494	921,991	855,482	591,227	578,945	531,926
Roads and transportation	4,885,745	4,551,633	4,496,519	4,577,949	4,328,377	3,546,455
Governmental services to residents	803,724	742,415	729,694	754,305	612,996	589,493
Administrative services	1,841,707	1,902,524	1,719,801	1,626,570	1,652,354	1,625,355
Non-program	354,230	207,694	296,741	31,871	34,299	88,137
Debt service	462,012	78,738	265,192	339,763	662,871	535,583
Capital projects	5,027,808	2,281,067	1,605,101	611,437	1,230,675	1,966,240
Total	28,012,909	24,050,096	22,809,970	20,656,636	21,046,834	20,013,258

See accompanying independent auditors' report.

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CERRO GORDO COUNTY, IOWA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

Fiscal Year	Public Safety & Legal Services (2)	Physical Health & Education (2)	Physical Health & Social Services (2)	Mental Health	Social Services (2)	County Environment (2)	County Environment & Education (2)
1995-1996	$ 2,239,238	$ 1,365,671	$	$ 4,699,294	$ 806,870	$ 399,864	$
1996-1997	2,381,446	1,337,328		4,480,179	806,790	398,715	
1997-1998	2,734,446	1,466,007		4,556,624	956,140	507,873	
1998-1999	2,939,989	1,640,437		5,016,103	1,059,042	652,852	
1999-2000	3,278,743	1,763,585		5,007,406	1,080,335	531,926	
2000-2001	3,644,249	1,910,286		5,263,698	1,128,084	578,945	
2001-2002	3,838,927	2,021,633		4,790,348	1,472,606	591,227	
2002-2003	4,222,779		3,615,357	5,003,304			855,482
2003-2004	4,251,143		3,913,976	5,198,915			921,991
2004-2005	4,541,026		4,006,819	5,209,344			880,494

(1) General governmental expenditures include expenditures of the General, Special Revenue, Capital Projects, and Debt Service fund types only.

(2) Beginning with fiscal year 2003, the following changes were implemented according to the Iowa Uniform Chart of Account Codes: Public Safety and Legal Services were combined into one function, Social Services were combined with Physical Health, Education was combined with County Environment, State & Local Government Services is now called Government Services to Residents, and Interprogram Services is now referred to as Administration.

Source: Cerro Gordo County Auditor's Office

Roads and Transportation	Government Services to Residents (2)	Administration (2)	Nonprogram Services	Capital Projects	Debt Service	Total
$ 3,261,170	$ 429,679	$ 1,597,704	$ 18,784	$ 797,608	$ 508,962	$ 16,124,844
3,799,441	460,082	1,810,102	36,543	1,385,394	505,900	17,401,920
3,675,686	520,785	1,673,415	47,556	1,524,879	557,505	18,220,916
3,630,491	577,648	1,620,502	69,611	2,161,535	138,655	19,506,865
3,546,455	589,493	1,625,355	88,137	1,966,240	535,583	20,013,258
4,328,377	612,996	1,652,354	34,299	1,230,675	662,871	21,046,834
4,577,949	754,305	1,626,570	31,871	611,437	339,763	20,656,636
4,496,519	729,694	1,719,801	296,741	1,605,101	265,192	22,809,970
4,551,633	742,415	1,902,524	207,694	2,281,067	78,738	24,050,096
4,885,745	803,724	1,841,707	354,230	5,027,808	462,012	28,012,909

CERRO GORDO COUNTY, IOWA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	(2) Taxes	Interest and Penalties on Delinquent Taxes	Intergovernmental	Licenses and Permits
1995-1996	$ 8,419,972	$ 119,943	$ 5,547,370	$ 20,157
1996-1997	8,808,411	98,128	6,528,872	20,745
1997-1998	8,534,454	114,008	6,483,887	20,378
1998-1999	9,085,059	150,527	6,898,244	23,438
1999-2000	9,681,668	109,952	7,531,032	16,856
2000-2001	9,963,952	113,886	7,642,241	25,682
2001-2002	9,928,084	128,449	8,150,270	17,870
2002-2003	10,152,625	110,045	9,214,984	255,666
2003-2004	10,570,374	118,295	9,722,154	270,476
2004-2005	11,061,423	126,247	12,701,807	297,721

(1) General governmental revenues include revenues of the General, Special Revenue, Capital Projects, and Debt Service fund types only.

(2) Taxes include net current property taxes, delinquent property tax revenue, and other County taxes.

(3) The County began reporting Fines, Forfeitures & Defaults separately beginning with fiscal year 1997-1998. In prior years, Fines, Forfeitures & Defaults were classified as Miscellaneous revenue. Beginning with fiscal year 2002-2003, the county resumed reporting Fines, Forfeitures & Defaults as Miscellaneous revenue to comply with the Iowa Uniform Chart of Account Code changes.

Source: Cerro Gordo County Auditor's Office

Charges for Services	Use of Money and Property	(3) Fines, Forfeitures & Defaults	Miscellaneous	Total
$ 934,322	$ 562,311	$	$ 485,821	$ 16,089,896
997,916	557,444		514,842	17,526,358
1,155,324	591,580	496	470,524	17,370,651
1,193,928	524,289	1,627	859,981	18,737,093
1,168,535	676,919	2,721	644,793	19,832,476
1,232,500	705,077	1,928	784,551	20,469,817
1,607,381	405,278	2,369	679,024	20,918,725
1,537,166	274,923		863,485	22,408,894
1,292,565	228,181		1,215,451	23,417,496
1,228,309	374,870		950,043	26,740,420

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVY AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections
1994-1995	$ 33,635,664	$ 33,415,855	99.35%	$ 23,034
1995-1996	34,462,372	34,203,452	99.25%	19,412
1996-1997	33,653,254	33,029,933	98.15%	47,140
1997-1998	35,904,786	35,763,919	99.61%	24,056
1998-1999	38,974,766	38,912,357	99.84%	69,769
1999-2000	39,957,583	39,870,744	99.78%	7,310
2000-2001	39,666,372	39,603,479	99.84%	8,684
2001-2002	42,976,436	42,543,086	98.99%	18,382
2002-2003	44,383,926	44,169,153	99.52%	8,059
2003-2004	44,544,314	42,566,151	95.56%	144,700
2004-2005	47,203,216	45,252,976	95.87%	24,111

Source: Cerro Gordo County Treasurer's Office

(1) Total tax collections solely for Cerro Gordo County were:

Fiscal Year	Amount
1994-1995	$7,741,141
1995-1996	$7,349,693
1996-1997	$7,246,784
1997-1998	$7,319,823
1998-1999	$7,830,349
1999-2000	$8,433,188
2000-2001	$8,311,186
2001-2002	$9,016,960
2002-2003	$9,175,330

Total Tax Collections (1)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
$ 33,438,889	99.41%	$ 232,380	0.69%
34,222,864	99.31%	148,330	0.43%
33,077,073	98.29%	132,548	0.39%
35,787,975	99.67%	106,223	0.30%
38,982,126	100.02%	106,584	0.27%
39,878,054	99.80%	140,451	0.35%
39,612,163	99.86%	71,893	0.18%
42,561,468	99.03%	87,249	0.20%
44,177,212	99.53%	151,658	0.34%
42,710,851	95.88%	129,644	0.29%
45,277,087	95.92%	120,245	0.25%

CERRO GORDO COUNTY, IOWA

ASSESSED AND TAXABLE VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

	Real Property		Taxable Utilities/Railroads	
Fiscal Year	Taxable Value	Assessed Value (1)	Taxable Value	Assessed Value (1)
1995-1996	$ 1,169,289,308	$ 1,449,622,420	$ 116,641,022	$ 119,989,940
1996-1997	1,139,660,095	1,491,584,224	120,960,484	121,463,334
1997-1998	1,158,767,216	1,562,868,784	134,081,125	134,081,125
1998-1999	1,229,489,646	1,766,820,130	135,374,288	135,791,817
1999-2000	1,293,292,051	1,813,263,085	134,648,246	134,648,246
2000-2001	1,364,701,922	1,967,451,453	66,377,054	66,549,007
2001-2002	1,438,189,521	2,049,297,607	71,812,595	71,812,595
2002-2003	1,452,765,606	2,167,995,784	74,784,573	75,142,038
2003-2004	1,500,758,693	2,236,342,544	79,384,077	79,384,077
2004-2005	1,497,208,786	2,340,476,685	72,070,672	72,205,511

Source: Cerro Gordo County Auditor's Office

(1) Assessed value equals estimated actual value.

(2) Values for property classed as gas & electric utilities are no longer taxed as real estate, but through an excise tax. They are, however, still included in budget valuations for calulation of tax levy rates.

Gas & Electric Utilities (2)		Real Property Tax Increment		Total		Ratio of Assessed to Total Taxable Value
Taxable Value	Assessed Value (1)	Taxable Value	Assessed Value (1)	Taxable Value	Assessed Value (1)	
$ 0	$ 0	$ 57,038,094	$ 57,038,094	$ 1,342,968,424	$ 1,626,650,454	82.6%
0	0	65,528,984	65,528,984	1,326,149,563	1,678,576,542	79.0%
0	0	64,613,275	64,613,275	1,357,461,616	1,761,563,184	77.1%
0	0	65,462,038	65,462,038	1,430,325,972	1,968,073,985	72.7%
0	0	64,944,208	64,944,208	1,492,884,505	2,012,855,539	74.2%
68,442,172	68,442,172	63,173,024	63,173,024	1,562,694,172	2,165,615,656	72.2%
73,009,862	73,009,862	66,247,060	66,247,060	1,649,259,038	2,260,367,124	73.0%
74,322,389	74,322,389	63,909,159	63,909,159	1,665,781,727	2,381,369,370	70.0%
76,374,771	76,374,771	63,650,574	63,650,574	1,720,168,115	2,455,751,966	70.0%
65,057,337	80,062,128	71,183,983	71,183,983	1,705,520,778	2,563,928,307	66.5%

CERRO GORDO COUNTY, IOWA

PROPERTY TAX RATES PER $1000 TAXABLE VALUATION-
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Taxing Body	City of Mason City	City of Clear Lake: Clear Lake Schools	City of Clear Lake: Ventura Schools	City of Dougherty
1995-1996	City	$ 9.35175	$ 9.48608	$ 9.48608	$ 13.55611
	School	14.47985	12.79274	9.76576	12.06746
	North Iowa Area Community College	0.49509	0.49509	0.49509	0.49509
	County	5.11407	5.11407	5.11407	5.11407
	Assessor	0.29119	0.40575	0.40575	0.40575
	Other (1)	0.09210	1.82641	1.82641	0.09210
	Total Levy	29.82405	30.12014	27.09316	31.73058
Percent of Cerro Gordo County to totals		17.15%	16.98%	18.88%	16.12%
1996-1997	City	$ 9.73944	$ 9.48608	$ 9.48608	$ 16.75204
	School	13.82872	11.98784	9.48265	11.28389
	North Iowa Area Community College	0.48565	0.48565	0.48565	0.48565
	County	5.12506	5.12506	5.12506	5.12506
	Assessor	0.20094	0.44186	0.44186	0.44186
	Other (1)	0.10638	1.84069	1.84069	0.10638
	Total Levy	29.48619	29.36718	26.86199	34.19488
Percent of Cerro Gordo County to totals		17.38%	17.45%	19.08%	14.99%
1997-1998	City	$ 10.17958	$ 9.48702	$ 9.48702	$ 14.27599
	School	14.41913	13.93380	11.32911	11.24634
	North Iowa Area Community College	0.50619	0.50619	0.50619	0.50619
	County	4.93858	4.93858	4.93858	4.93858
	Assessor	0.23978	0.43716	0.43716	0.43716
	Other (1)	0.11097	1.91843	1.91843	0.11097
	Total Levy	30.39423	31.22118	28.61649	31.51523
Percent of Cerro Gordo County to totals		16.25%	15.82%	17.26%	15.67%
1998-1999	City	$ 10.43269	$ 8.32973	$ 8.32973	$ 13.87222
	School	15.87631	13.83670	11.28793	13.76158
	North Iowa Area Community College	0.50619	0.50619	0.50619	0.50619
	County	4.93858	4.93858	4.93858	4.93858
	Assessor	0.25255	0.42749	0.42749	0.42749
	Other (1)	0.11197	1.93018	1.93018	0.11197
	Total Levy	32.11829	29.96887	27.42010	33.61803
Percent of Cerro Gordo County to totals		15.38%	16.48%	18.01%	14.69%

City of Meservey	City of Plymouth	City of Rock Falls	City of Rockwell	City of Swaledale	City of Thornton	City of Ventura
$ 7.98137	$ 2.96522	$ 5.62536	$ 11.99551	$ 25.52791	$ 10.58832	$ 8.69930
10.18953	11.58140	14.78042	10.54360	10.54360	10.18953	9.76576
0.49509	0.49509	0.49509	0.49509	0.49509	0.49509	0.49509
5.11407	5.11407	5.11407	5.11407	5.11407	5.11407	5.11407
0.40575	0.40575	0.40575	0.40575	0.40575	0.40575	0.40575
0.09210	0.09210	0.15960	0.09210	0.09210	0.09210	1.82641
24.27791	20.65363	26.58029	28.64612	42.17852	26.88486	26.30638
21.06%	24.76%	19.24%	17.85%	12.12%	19.02%	19.44%
$ 8.10000	$ 2.17020	$ 5.62563	$ 12.24156	$ 13.77264	$ 10.64551	$ 9.56607
9.91413	10.73167	14.06352	10.20883	10.20883	9.91413	9.48265
0.48565	0.48565	0.48565	0.48565	0.48565	0.48565	0.48565
5.12506	5.12506	5.12506	5.12506	5.12506	5.12506	5.12506
0.44186	0.44186	0.44186	0.44186	0.44186	0.44186	0.44186
0.10638	0.10638	0.17388	0.10638	0.10638	0.10638	1.84069
24.17308	19.06082	25.91560	28.60934	30.14042	26.71859	26.94198
21.20%	26.89%	19.78%	17.91%	17.00%	19.18%	19.02%
$ 8.10000	$ 1.66589	$ 6.12568	$ 8.10000	$ 23.14525	$ 10.67118	$ 8.73660
9.74858	13.69412	15.00006	10.78486	10.78486	9.74858	11.32911
0.50619	0.50619	0.50619	0.50619	0.50619	0.50619	0.50619
4.93858	4.93858	4.93858	4.93858	4.93858	4.93858	4.93858
0.43716	0.43716	0.43716	0.43716	0.43716	0.43716	0.43716
0.11097	0.11097	0.17847	0.11097	0.11097	0.11097	1.91843
23.84148	21.35291	27.18614	24.87776	39.92301	26.41266	27.86607
20.71%	23.13%	18.17%	19.85%	12.37%	18.70%	17.72%
$ 7.88507	$ 1.50618	$ 6.62565	$ 8.10000	$ 26.34119	$ 10.40305	$ 8.22400
9.93471	13.43712	15.20852	10.58491	10.58491	9.93471	11.28793
0.50619	0.50619	0.50619	0.50619	0.50619	0.50619	0.50619
4.93858	4.93858	4.93858	4.93858	4.93858	4.93858	4.93858
0.42749	0.42749	0.42749	0.42749	0.42749	0.42749	0.42749
0.11197	0.11197	0.17947	0.11197	0.11197	0.11197	1.93018
23.80401	20.92753	27.88590	24.66914	42.91033	26.32199	27.31437
20.75%	23.60%	17.71%	20.02%	11.51%	18.76%	18.08%

(Continued)

CERRO GORDO COUNTY, IOWA

PROPERTY TAX RATES PER $1000 TAXABLE VALUATION-
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

			City of Clear Lake		
Fiscal Year	Taxing Body	City of Mason City	Clear Lake Schools	Ventura Schools	City of Dougherty
1999-2000	City	$ 10.08216	$ 8.10782	$ 8.10782	$ 14.25469
	School	14.93590	13.21620	11.59822	13.36669
	North Iowa Area Community College	0.53536	0.53536	0.53536	0.53536
	County	5.15524	5.15524	5.15524	5.15524
	Assessor	0.27839	0.42358	0.42358	0.42358
	Other (1)	0.11215	1.93605	1.93605	0.11215
	Total Levy	31.09920	29.37425	27.75627	33.84771
Percent of Cerro Gordo County to totals		16.58%	17.55%	18.57%	15.23%
2000-2001	City	$ 10.11793	$ 8.10782	$ 8.10782	$ 13.64253
	School	14.49999	13.33615	11.61854	13.09529
	North Iowa Area Community College	0.53329	0.53329	0.53329	0.53329
	County	5.14422	5.14422	5.14422	5.14422
	Assessor	0.31438	0.48496	0.48496	0.48496
	Other (1)	0.11170	1.91904	1.91904	0.11170
	Total Levy	30.72151	29.52548	27.80787	33.01199
Percent of Cerro Gordo County to totals		16.74%	17.42%	18.50%	15.58%
2001-2002	City	$ 10.09507	$ 7.82587	$ 7.82587	$ 14.77826
	School	14.38998	12.85907	11.56408	12.79336
	North Iowa Area Community College	0.52425	0.52425	0.52425	0.52425
	County	4.70156	4.70156	4.70156	4.70156
	Assessor	0.28817	0.47343	0.47343	0.47343
	Other (1)	0.11050	1.91864	1.91864	0.11050
	Total Levy	30.10953	28.30282	27.00783	33.38136
Percent of Cerro Gordo County to totals		15.61%	16.61%	17.41%	14.08%
2002-2003	City	$ 10.24691	$ 8.23096	$ 8.23096	$ 14.85957
	School	15.10747	12.94453	11.58402	12.94041
	North Iowa Area Community College	0.59547	0.59547	0.59547	0.59547
	County	4.70156	4.70156	4.70156	4.70156
	Assessor	0.23647	0.40448	0.40448	0.40448
	Other (1)	0.11262	1.86993	1.86993	0.11262
	Total Levy	31.00050	28.74693	27.38642	33.61411
Percent of Cerro Gordo County to totals		15.17%	16.35%	17.17%	13.99%

City of Meservey	City of Plymouth	City of Rock Falls	City of Rockwell	City of Swaledale	City of Thornton	City of Ventura
$ 7.99474	$ 1.92648	$ 6.57256	$ 8.09995	$ 25.07823	$ 10.26151	$ 8.68209
9.73511	13.99011	14.52902	11.08636	11.08636	9.73511	11.59822
0.53536	0.53536	0.53536	0.53536	0.53536	0.53536	0.53536
5.15524	5.15524	5.15524	5.15524	5.15524	5.15524	5.15524
0.42358	0.42358	0.42358	0.42358	0.42358	0.42358	0.42358
0.11215	0.11215	0.17965	0.11215	0.11215	0.11215	1.93605
23.95618	22.14292	27.39541	25.41264	42.39092	26.22295	28.33054
21.52%	23.28%	18.82%	20.29%	12.16%	19.66%	18.20%
$ 8.10000	$ 2.42652	$ 6.54969	$ 8.10000	$ 20.31488	$ 10.36119	$ 7.40352
10.76966	13.43595	14.67755	10.81268	10.81268	10.76966	11.61854
0.53329	0.53329	0.53329	0.53329	0.53329	0.53329	0.53329
5.14422	5.14422	5.14422	5.14422	5.14422	5.14422	5.14422
0.48496	0.48496	0.48496	0.48496	0.48496	0.48496	0.48496
0.11170	0.11170	0.17920	0.11170	0.11170	0.11170	1.91904
25.14383	22.13664	27.56891	25.18685	37.40173	27.40502	27.10357
20.46%	23.24%	18.66%	20.42%	13.75%	18.77%	18.98%
$ 8.10000	$ 2.97462	$ 6.54956	$ 8.10000	$ 20.91731	$ 10.39334	$ 6.22365
10.19321	13.02753	14.72708	10.75622	10.75622	10.19321	11.56408
0.52425	0.52425	0.52425	0.52425	0.52425	0.52425	0.52425
4.70156	4.70156	4.70156	4.70156	4.70156	4.70156	4.70156
0.47343	0.47343	0.47343	0.47343	0.47343	0.47343	0.47343
0.11050	0.11050	0.17800	0.11050	0.11050	0.11050	1.91864
24.10295	21.81189	27.15388	24.66596	37.48327	26.39629	25.40561
19.51%	21.56%	17.31%	19.06%	12.54%	17.81%	18.51%
$ 9.75095	$ 3.15246	$ 6.74136	$ 8.10000	$ 19.51574	$ 10.46965	$ 6.52280
9.82561	14.34289	16.16114	11.68277	11.68277	9.82561	11.58402
0.59547	0.59547	0.59547	0.59547	0.59547	0.59547	0.59547
4.70156	4.70156	4.70156	4.70156	4.70156	4.70156	4.70156
0.40448	0.40448	0.40448	0.40448	0.40448	0.40448	0.40448
0.11262	0.11262	0.17988	0.11262	0.11262	0.11262	1.86993
25.39069	23.30948	28.78389	25.59690	37.01264	26.10939	25.67826
18.52%	20.17%	16.33%	18.37%	12.70%	18.01%	18.31%

(Continued)

CERRO GORDO COUNTY, IOWA

PROPERTY TAX RATES PER $1000 TAXABLE VALUATION-
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Taxing Body	City of Mason City	City of Clear Lake: Clear Lake Schools	City of Clear Lake: Ventura Schools	City of Dougherty
2003-2004	City	$ 10.46693	$ 8.41204	$ 8.41204	$ 14.53176
	School	13.65051	12.82648	11.71607	12.90455
	North Iowa Area Community College	0.61307	0.61307	0.61307	0.61307
	County	4.59418	4.59418	4.59418	4.59418
	Assessor	0.22759	0.39979	0.39979	0.39979
	Other (1)	0.11327	1.81058	1.81058	0.11327
	Total Levy	29.66555	28.65614	27.54573	33.15662
Percent of Cerro Gordo County to totals		15.49%	16.03%	16.68%	13.86%
2004-2005	City	$ 10.55109	$ 8.97902	$ 8.97902	$ 16.64866
	School	14.11808	13.45400	10.96697	14.49543
	North Iowa Area Community College	0.62599	0.62599	0.62599	0.62599
	County	5.27665	5.27665	5.27665	5.27665
	Assessor	0.21369	0.40729	0.40729	0.40729
	Other (1)	0.11903	1.78974	1.78974	0.11903
	Total Levy	30.90453	30.53269	28.04566	37.57305
Percent of Cerro Gordo County to totals		17.07%	17.28%	18.81%	14.04%

Source: Cerro Gordo County Auditor's Office

(1) County Agricultural Extension levy, State levy, Sanitary District levy, and Cemetery levy.

Not shown are the Rural Services Fund of the County and 16 townships over and above the cities listed.

City of Meservey	City of Plymouth	City of Rock Falls	City of Rockwell	City of Swaledale	City of Thornton	City of Ventura
$ 9.78939	$ 3.40129	$ 6.74217	$ 8.10000	$ 17.95069	$ 10.45614	$ 7.33972
9.01725	13.97236	16.26620	11.90008	11.90008	9.01725	11.71607
0.61307	0.61307	0.61307	0.61307	0.61307	0.61307	0.61307
4.59418	4.59418	4.59418	4.59418	4.59418	4.59418	4.59418
0.39979	0.39979	0.39979	0.39979	0.39979	0.39979	0.39979
0.11327	0.11327	0.18077	0.11327	0.11327	0.11327	0.11327
24.52695	23.09396	28.79618	25.72039	35.57108	25.19370	24.77610
18.73%	19.89%	15.95%	17.86%	12.92%	18.24%	18.54%
$ 9.86110	$ 1.22173	$ 6.83671	$ 8.10000	$ 16.64253	$ 12.83746	$ 7.41232
10.85430	14.82220	16.85958	13.79876	13.79876	10.85430	10.96697
0.62599	0.62599	0.62599	0.62599	0.62599	0.62599	0.62599
5.27665	5.27665	5.27665	5.27665	5.27665	5.27665	5.27665
0.40729	0.40729	0.40729	0.40729	0.40729	0.40729	0.40729
0.11903	0.11903	0.18653	0.11903	0.11903	0.11903	1.78974
27.14436	22.47289	30.19275	28.32772	36.87025	30.12072	26.47896
19.44%	23.48%	17.48%	18.63%	14.31%	17.52%	19.93%

(Concluded)

CERRO GORDO COUNTY, IOWA

RATIO OF OUTSTANDING GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUES AND DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonded Debt Outstanding (2)	Assessed Value	Percent of Debt to Assessed Value	Population (1)	Debt Per Capita
1995-1996	$ 940,000	$ 1,626,650,454	0.06%	46,633	$ 20.16
1996-1997	885,000	1,678,576,542	0.05%	46,584	19.00
1997-1998	375,000	1,761,563,184	0.02%	46,371	8.09
1998-1999	1,480,000	1,968,073,985	0.08%	46,159	32.06
1999-2000	1,520,000	2,012,855,539	0.08%	45,669	33.28
2000-2001	930,000	2,165,615,656	0.04%	46,447	20.02
2001-2002	635,000	2,260,367,124	0.03%	45,638	13.91
2002-2003	400,000	2,381,369,370	0.02%	45,339	8.82
2003-2004	1,460,000	2,455,751,966	0.06%	45,118	32.36
2004-2005	1,235,000	2,563,928,307	0.05%	45,029	27.43

(1) U. S. Bureau of the Census. Actual decennial counts for FY 2000-2001, all other years are estimates of the U.S. Bureau of the Census.

(2) The fund balance of the debt service fund has been excluded due to the immateriality of such balances.

CERRO GORDO COUNTY, IOWA

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Assessed valuation, at 100% of actual valuation	$ 2,563,928,307
Multiply by 5%	0.05
Debt Limit	128,196,415
Less: Outstanding General Obligation Debt	1,235,000
Legal Debt Margin	$ 126,961,415

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2005

Jurisdiction	Net General Obligation Debt	Applicable to Cerro Gordo County Percent	Applicable to Cerro Gordo County Amount
Cerro Gordo County	$ 1,235,000	100.00%	$ 1,235,000
Cities and Towns:			
Clear Lake	3,000,000	100.00%	3,000,000
Mason City	11,644,623	100.00%	11,644,623
Nora Springs	542,540	7.37%	39,997
Thornton	365,000	100.00%	365,000
Ventura	309,000	100.00%	309,000
School Districts:			
Clear Lake	5,185,000	100.00%	5,185,000
Forest City	3,110,000	3.64%	113,203
Mason City	5,775,000	100.00%	5,775,000
Meservey-Thornton	185,000	68.47%	126,677
Nora Springs-Rock Falls	765,000	46.21%	353,478
North Central	2,680,000	31.66%	848,354
Rockwell-Swaledale	1,950,000	100.00%	1,950,000
Rudd-Rockford-Marble Rock	880,000	7.46%	65,640
Sheffield-Chapin	1,980,000	24.13%	477,765
Ventura	555,000	73.04%	405,367
Other Districts:			
Clear Lake Sanitary District	9,416,000	100.00%	9,416,000
Total overlapping debt			$ 40,075,106
Total direct and overlapping debt			$ 41,310,106

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service Expenditures	Total Governmental Expenditures	Percent of General Debt Service Expenditures To Total Governmental Expenditures
1995-1996	$ 435,000	$ 73,962	$ 508,962	$ 16,124,844	3.16%
1996-1997	455,000	50,900	505,900	17,401,920	2.91%
1997-1998	510,000	47,505	557,505	18,220,916	3.06%
1998-1999	115,000	23,655	138,655	19,506,865	0.71%
1999-2000	465,000	70,583	535,583	20,013,258	2.68%
2000-2001	590,000	72,871	662,871	21,046,834	3.15%
2001-2002	295,000	44,763	339,763	20,656,636	1.64%
2002-2003	235,000	30,192	265,192	22,809,970	1.16%
2003-2004	60,000	18,738	78,738	24,132,500	0.33%
2004-2005	425,000	37,012	462,012	28,012,909	1.65%

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (2)	Unemployment Rate (3)	School Enrollment (4)
1995-1996	46,633	$ 20,448	37.56	3.75%	7,781
1996-1997	46,584	22,833	37.84	3.35%	7,521
1997-1998	46,408	23,169	38.25	2.83%	7,970
1998-1999	46,159	23,637	38.04	2.70%	7,886
1999-2000	45,669	25,647	39.16	2.59%	7,894
2000-2001	46,447	28,024	39.30	2.82%	7,769
2001-2002	45,638	29,176	39.95	3.73%	7,764
2002-2003	45,339	29,530	40.30	3.93%	7,475
2003-2004	45,118	30,747	41.13	3.92%	7,444
2004-2005	45,029	31,879	41.55	4.89%	7,183

Source:
(1) U. S. Bureau of the Census. Actual decennial counts for FY 2000-2001, all other years are estimates.
(2) Woods & Poole Economics, Inc
(3) Iowa Workforce Development
(4) Northern Trails Area Education Agency

CERRO GORDO COUNTY, IOWA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fisal Year	Assessed Value	Residential Construction (1) Number of Units	Residential Construction (1) Value	Bank Deposits (2)
1995-1996	$ 1,506,660,514	64	$ 6,436,563	$ 590,437,000
1996-1997	1,557,113,208	150	12,354,060	710,789,000
1997-1998	1,627,482,059	110	12,412,234	683,764,000
1998-1999	1,832,282,168	174	16,001,147	769,110,000
1999-2000	1,878,207,293	80	9,948,155	725,000,000
2000-2001	2,030,624,477	80	9,994,006	733,000,000
2001-2002	2,115,544,667	79	10,199,309	775,000,000
2002-2003	2,231,904,943	100	14,972,017	810,000,000
2003-2004	2,299,993,118	134	19,338,511	804,000,000
2004-2005	2,299,993,118	155	22,717,463	841,000,000

Source: (1) Bureau of the Census, Building Permits Branch - Construction Statistics Division

(2) Federal Deposit Insurance Corporation

CERRO GORDO COUNTY, IOWA

TEN PRINCIPAL TAXPAYERS
JUNE 30, 2005

	Taxable Value	Percent of Total Taxable Value
Interstate Power Company	$ 62,256,682	3.65%
Lehigh Portland Cement Company	19,487,476	1.14%
Union Pacific	16,445,653	0.96%
Holnam Inc / Nothwestern States Portland Cement Company	15,636,628	0.92%
Curries Company	14,272,922	0.84%
QWEST Corporation	13,013,003	0.76%
Northern Border Pipeline	12,152,122	0.71%
Mall Associates LLC	11,993,055	0.70%
Mason City Shopping Center	10,029,633	0.59%
Mills Properties Inc	9,943,040	0.58%
	185,230,214	10.86%

Source: Cerro Gordo County Auditor's Office, City Assessor's Office and County Assessor's Office

CERRO GORDO COUNTY, IOWA

SALARIES OF PRINCIPAL OFFICERS
June 30, 2005

Official Title	Name of Official	2004-2005 Salary
Board of Supervisors	Robert Amosson	$ 37,200
	Phillip Dougherty	37,200
	Jay Urdahl	37,200
County Attorney	Paul Martin	84,000
County Auditor	Ken Kline	51,500
County Recorder	Colleen Pearce	50,750
County Sheriff	Kevin Pals	70,000
County Treasurer	Michael Grandon	51,500
Conservation Director	Fred Heinz	49,401
County Engineer	Jim Witt	88,088
Public Health Director	Ronald Osterholm	73,870
Veterans Affairs/County Relief Director	Rosetta Waychus	44,894
Case Management Director/HIPAA Coordinator	MaryBeth Nelson	64,782
Management Information Systems Director	Jim Rice	71,372

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

MISCELLANEOUS STATISTICS
June 30, 2005

Date of Incorporation:	January 15, 1851
Form of Government:	County Board
County Seat:	Mason City
Median Age:	41.55
Land Area:	576 square miles
Miles of roads and streets:	
Interstate highways	24
State highways	95
County roads	962
City street	254
Total miles	1,335
Farming acres	322,800
Number of Farms	790
County employees:	
Board members	3
Elected officials	5
Full and Part-time	238
Total Employees	246
Elections:	
Last general election:	
Registered voters:	33,402
Votes cast	24,516
Percent	73.4%
Last municipal election:	
Registered voters	27,169
Votes cast	7,894
Percent	29.1%

Public Safety:	
County Sheriff department	1
City police department	4
Fire Department:	
Full-time	1
Volunteer	8
Recreation:	
Parks:	
County Parks	30
Number of acres	3,016
City Parks	58
Number of acres	582
Snowmobile trails, total miles	144
Number of lakes	5
Total acres	3,740
Number of boat launches	8
Number of beaches	4
Number of public swimming pools	3
Number of golf courses	9
Schools within the County:	
Public schools:	
Elementary	11
Junior High	6
Senior High	5
Total students	6518
Nonpublic schools:	
Elementary	2
Junior High	2
Senior High	1
Total students	665
Higher Education (students):	
1 University	225
1 College	350
1 Junior college	3004
Total students	3579

Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited the financial statements of Cerro Gordo County, Iowa as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005. These financial statements are the responsibility of Cerro Gordo County's management. Our responsibility is to express an opinion 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 that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, which is also the responsibility of the County's management, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

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

December 7, 2005

Gardiner Thomsen, P.C.

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct			
U.S. Environmental Protection Agency			
Surveys, Studies, Investigations and Special Purpose	66.606		$39,444
Surveys, Studies and Investigations -- Grants and Cooperative Agreements	66.436		2,450
U.S. Department of Agriculture			
Rural Development	10.760		92,500
Total Direct			$134,394
Indirect:			
U.S. Department of Agriculture			
Iowa Department of Human Services			
Human Services Administrative Reimbursements			
State Administrative Matching Grants for Food Stamp Program	10.561		$23,656
U.S. Department of Housing & Urban Development			
Community Development Block Grant/ Small Cities Program	14.219	03-CF-047	230,320
U.S. Department of Justice			
Iowa Office of Justice			
STOP Violence Against Women	16.588	VW-05-55	33,600
Iowa Department of Justice			
Crime Victim Assistance	16.575	VA-05-55	21,200
Iowa Office of Drug Control Policy			
Edward Byrne Memorial State and Local Law Enforcement Grant	16.579	03D-1312 04D-1321	70,024
Federal Emergency Management Agency			
Iowa Emergency Management Agency			
Emergency Management Performance Grant	97.042		14,399
Citizens Emergency Response Team	97.054		3,411
Disaster Recovery – Public Assistance	97.036	DR-1518-1A	452,406
State Homeland Security Grant Program	97.004		30,584
U.S. Department of Health and Human Services			
Iowa Department of Public Health			
Minimizing Injuries of Health Workers Providing Direct Care	93.888	5885NW18	935
Immunization Action Plan	93.268	58841410	39,353
Breast & Cervical Cancer Prevention	93.283	5885NB07	88,668
Community Based Cardiovascular Risk Reduction Program	93.991	5885HPO1	14,533
HIV Counseling, Testing & Referral	93.940	5885AP16	33,502
Wisewoman Cardiovascular Study	93.283	5885WW05	21,118
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Temporary Assistance to Needy Families	93.558		31,221
Refugee & Entrant Assistance – State Administered Programs	93.566		38
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596		6,118
Foster Care Title IV-E	93.658		16,529
Adoption Assistance	93.659		3,855
Medical Assistance Program	93.778		33,850
Social Services Block Grant	93.667		20,917
Social Services Block Grant	93.667		190,574
			211,491

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Expenditures
Indirect (Continued)			
Public Health Preparedness and Response for Bioterrorism	93.283	5885BT22	106,331
Iowa Department of Elder Affairs			
Retired Area Agency on Aging			
Special Programs for the Aging –Title III			
Part B – Grants for Supportive Services & Senior Centers	93.043		1,226
Special Programs for the Aging – Title III			
Part D – Medication Management	93.052		16,390
National Highway Traffic Safety Administration			
Iowa Department of Public Safety			
Traffic Safety Bureau			
State and Community Highway Safety Program	20.600		12,700
Alcohol Incentive Grants	20.601		3,491
Total Indirect			$1,520,949
Total			$1,655,343

Basis of Presentation -- The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cerro Gordo 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 auditors' report.

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Gardiner Thomsen
Certified Public Accountants

INDEPENDENT AUDITORS' 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 Cerro Gordo County
Mason City, Iowa

We have audited the accompanying financial statements, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents and have issued our report thereon dated December 7, 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 Cerro Gordo 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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Cerro Gordo County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 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

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audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statues.

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

December 7, 2005

Gardiner Thomsen, P.C.

Gardiner Thomsen
Certified Public Accountants

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

To the Officials of Cerro Gordo County
Mason City, Iowa

Compliance

We have audited the compliance of Cerro Gordo County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Cerro Gordo County's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Cerro Gordo County's management. Our responsibility is to express an opinion on Cerro Gordo County's compliance based on our audit.

We conducted our audit of compliance 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 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 Cerro Gordo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cerro Gordo County's compliance with those requirements.

In our opinion Cerro Gordo 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 Cerro Gordo 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 Cerro Gordo 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.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Cerro Gordo County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements.

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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 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.

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

December 7, 2005

Gardiner Thomsen, P.C.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part I: Summary of the Independent Auditors' Results

a. An unqualified opinion was issued on the financial statements.

b. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.

c. The audit did not disclose any non-compliance which is material to the financial statements.

d. An unqualified opinion was issued on compliance with requirements applicable to each major program.

e. 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).

f. Major programs were as follows:

- CFDA Number 97.036 – Disaster Recovery – Public Assistance
- CFDA Number 14.219 – Community Development Block Grant – Small Cities Program.
- CFDA Number 93.667 – Social Services Block Grant – Local Purchases

g. The dollar threshold used to distinguish between Type A and Type B programs was $300,000.
h. Cerro Gordo County did not qualify as a low-risk auditee.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part II: Findings Related to the General Purpose 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.

Recommendation—We realize that with a limited number of office employees, segregation of duties is difficult. However, each county official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances.

Response—We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy will be separated and spread among the County Official, Deputy and Clerks. We plan to implement these changes as soon as possible.

Conclusion—Responses accepted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were reported.

REPORTABLE CONDITIONS

No matters were reported.

CERRO GORDO COUNTY, IOWA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

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 of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 **Certified Budget** – Disbursements at year end did not exceed the amount budgeted. It was noted disbursements during the year exceeded the amount budgeted in the Non-Program function and several departments exceeded appropriations.

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.
Chapter 331.436(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriations.

Response – We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

IV-C-05 **Questionable Expenditures** – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979

IV-D-05 **Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-05 **Business Transactions** – Business transactions between the County and County officials or employees are detailed as follows:

Name & Title	Transaction	Amount
John Bakehouse, spouse of Penny Bakehouse	Janitorial Service	$16,536

The transactions with John Bakehouse may not be authorized in accordance with Chapter 331.342 of the Code of Iowa.

Response – John Bakehouse: The Cerro Gordo County Department of Public Health seeks annual bids from at least three (3) cleaning companies. Bid requests including cleaning specifications are mailed out around March/April time period. The contract is from July (fiscal year beginning) to June (fiscal year ending). Each year the health department's attorney reviews the contract procedures and awarding.

Conclusion – Response accepted.

IV-F-05 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the 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.

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 properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-05 **Economic Development** – During the year ended June 30, 2005, the County paid $84,300 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

IV-K-05 **Grant Activity** – The County complied with grant regulations; no violations were noted.

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