

CRAWFORD COUNTY, IOWA

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

JUNE 30, 2005

Crawford County
Table of Contents

		<u>Page</u>
Officials		
Independent Auditor's Report		1
Management's Discussion and Analysis		3 - 3g
Basic Financial Statements	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	4
Statement of Activities	B	6
Governmental Fund Financial Statements:		
Balance Sheet	C	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	9
Statement of Revenues, Expenditures and Changes in Fund Balances	E	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	12
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	13
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	14
Statement of Cash Flows	I	15
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities - Agency Funds	J	16
Notes to Financial Statements		17
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds		34
Budgetary Comparison Schedule - Budget to GAAP Reconciliation		35
Notes to Required Supplementary Information - Budgetary Reporting		36
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	37
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	38
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	39
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	42
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	5	45
Schedule of Expenditures of Federal Awards	6	46
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		49
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		51
Schedule of Findings and Questioned Costs		53

Crawford County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
G. Dean Hargens	Board of Supervisors	January, 2007
Robert Lohrmann	Board of Supervisors	January, 2007
Dan Muhlbauer	Board of Supervisors	January, 2009
Mark Segebart	Board of Supervisors	January, 2009
Steve Ulmer	Board of Supervisors	January, 2007
Cecilia M. Fineran	County Auditor	January, 2009
Jeri Vogt	County Treasurer	January, 2007
Denise Meeves	County Recorder	January, 2007
Thomas Hogan	County Sheriff	January, 2009
Thomas E. Gustafson	County Attorney	January, 2007
Duane Zenk	County Assessor	January, 2010

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

To the Officials of Crawford County

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crawford County at June 30, 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 also issued our report dated December 9, 2005 on our consideration of Crawford County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

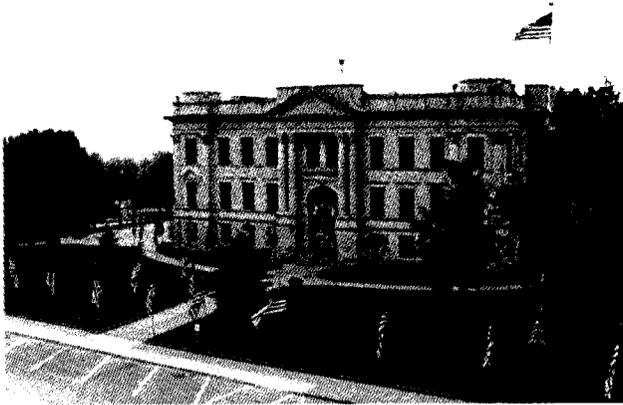
Management's Discussion and Analysis and budgetary comparison information on pages 3 through 3g and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures,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

To the Officials of Crawford County

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crawford County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The financial statements for the one year ended June 30, 2002 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Atlantic, Iowa
December 9, 2005



Crawford County Board of Supervisors

Crawford County Courthouse
1202 Broadway
Denison, IA 51442
712/263-5356
Fascimile 712/263-8382

Members:

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

MANAGEMENT'S DISCUSSION & ANALYSIS

The Crawford County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2005 FINANCIAL HIGHLIGHTS

- Crawford County's revenue for 2005 was \$11,904,362 compared to \$12,199,756 in 2004 for a decrease of \$295,394. Property and other taxes decreased \$486,005 from the previous fiscal year. Receipts from expenditures of federal awards totaled \$615,264 for the year.
- Crawford County's expenditures increased to \$12,327,247 in fiscal year 2005 from \$11,965,280 in fiscal year 2004 - an increase of \$361,967.
- Crawford County's capital assets (net of accumulated depreciation) increased approximately \$532,893 from the previous year.
- No major capital projects, other than secondary roads projects, were completed in fiscal year 2005. Ten major capital projects were completed as secondary road projects during FY05, including bridge replacement, weirs, and grading projects.
- Crawford County started self-funding of their health insurance. So far the plan has worked to maintain even premiums and the county has been able to grow a reserve in the fund. The ending cash balance as of June 30, 2005 was \$652,900 and the claims incurred but not yet paid were \$128,047 leaving a net of \$524,853.

UTILIZATION OF THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- The Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Crawford County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Crawford County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Crawford County acts solely as an agent or custodian for the benefit of the government.
- 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 non-major special revenue and the individual fiduciary funds.

Reporting the County as a Whole

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

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

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

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health, MR & DD
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Nonprogram Current
9. Debt Service
10. Capital Projects

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

Fund Financial Statements

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

Crawford County has two kinds of funds: governmental funds & fiduciary funds:

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

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

2) 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 services and the county assessor to name a couple.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Crawford County’s net assets for FY04 total \$28,055,370 compared to FY05 at \$28,051,078. The County utilizes depreciation for capital assets. Capital assets net of accumulated depreciation increased to \$21,315,704 in FY05. The analysis that follows focuses on the changes of the net assets for our governmental activities.

Net Assets of Governmental Activities

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
Current and other assets	\$12,862,406	\$13,180,535
Capital Assets	\$20,782,811	\$21,315,704
Total Assets	\$33,645,217	\$34,496,239
Long Term Debt Outstanding	-0-	-0-
Other Liabilities	\$ 5,589,847	\$ 6,445,161
Total Liabilities	\$ 5,589,847	\$ 6,445,161
Net Assets:		
Invested in capital assets, net of related debt	\$20,782,811	\$21,315,704
Restricted	4,584,712	3,596,551
Unrestricted	2,687,847	3,138,823
Total Net Assets	\$28,055,370	\$28,051,078

The largest portion of the County's net assets is the Invested in Capital Assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES				
REVENUES	6/30/04	6/30/05	Difference	
Program Revenues				
Charges for services	1,367,910	1,380,356	12,446	
Operating Grants & Contributions	4,471,441	4,503,632	32,191	
Capital Grants & Contributions	213,125	492,833	279,708	
General Revenues				
Property Taxes	5,264,540	4,760,128	-504,412	
Penalty & Interest on Property	43,652	47,644	3,992	
State tax credits	313,645	317,898	4,253	
Local option sales & service tax	459,460	482,518	23,058	
Unrestricted investment earnings	78,279	130,823	52,544	
Other general revenues	1,070,961	920,034	-150,927	
Total Revenues	13,283,013	13,035,866	-247,147	
PROGRAM EXPENSES				
Public Safety & Legal Services	1,253,208	1,237,511	-15,697	
Physical Health & Social Services	2,102,654	1,814,024	-288,630	
Mental Health & MR & DD	1,478,995	1,862,455	383,460	
County Environment & Education	826,014	777,375	-48,639	
Roads & Transportation	4,862,862	5,121,470	258,608	
Government Services to Residents	422,457	500,712	78,255	
Administration	1,700,641	1,726,611	25,970	
Nonprogram Current	0	0	0	
Interest on long-term debt	322	0	-322	
Total Expenses	12,647,153	13,040,158	393,005	
Change in Net Assets	635,860	-4,292	-640,152	
Net assets beginning of year	27,419,510	28,055,370	635,860	
Net assets at end of year	28,055,370	28,051,078	-4,292	

	Taxable Valuation with Gas and Electric Values		Taxable Valuations without Gas and Electric Values	
	1-1-02	1-1-03	1-1-02	1-1-03
Rural	400,496,116	334,050,552	387,633,508	322,741,756
Urban	186,961,535	178,650,488	184,115,705	175,806,298
Total	587,457,651	512,701,040	571,749,213	498,548,054
Decrease		\$74,756,611		\$73,201,159

In addition to the large decrease in valuation, the residential rollback increased from 51.3874% to 48.4558%. Additionally, there was a commercial and railroad rollback of 99.2570%

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

	<u>2003-2004</u>	<u>2004-2005</u>
General Basis/General Supplemental	5.07	5.30
MH-DD	1.60	1.84
Rural Basic/Rural Supplemental	4.18	4.23
Total	10.85	11.37

Local option sales tax revenue remained relatively stable with the County receiving a total of \$527,033 in total for the year.

However, revenues from the State declined in credits to taxpayers. Unlike the previous year, military and the elderly and disabled credit was not reduced. The reduction did continue on homestead with the state only funding it at a 78% level.

INDIVIDUAL MAJOR FUND ANALYSIS

Crawford County completed the year with its governmental funds reported combined cash balance of \$5,413,321. The county ended the year with a fund balance of \$6,334,918.

The General Fund, as the operating fund for Crawford County, ended FY05 with a balance of \$2,534,744 cash – fund balance of \$2,734,565. It is noted that \$380,000 of this amount is unreserved but designated, mainly for courthouse capital improvement projects which the Board anticipates accomplishing in the years 2006 through 2009.

The Mental Health Fund of the County had an ending fund balance of \$474,529 as of 6-30-05. The Board had planned to take money from the ending balance, so the county would not be penalized when it comes to reimbursement from the State of Iowa.

The Rural Services Fund ended FY05 with a fund balance of \$394,747.

Secondary Roads ended FY05 with a fund balance of \$2,596,450 of which \$1,045,928 was inventory. This fund changes due to timing of construction projects. Crawford County maintains 878 miles of gravel roads, has 209 miles of dirt roads and 135 miles of paved roads. Unlike a large number of Iowa counties, Crawford County also has 265 bridges which they maintain. The county has an entitlement to farm to market funds for secondary road purposes which are administered by the Iowa Department of Transportation. These funds are not included in the County's financial report.

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

There are no funds in a capital project fund as of June 30, 2005.

General Budgetary Highlights

The Crawford County budget was amended twice. The amendment made August 10, 2004 was for adjustments to conservation and emergency services. The amendment made May 31, 2005 was the treasurer, sheriff, recorder, public health, conservation, general services, data processing and mental health coordinator.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crawford County ended FY05 with approximately \$36,739,582 invested in a broad range of capital assets. Crawford County excludes any assets under \$5,000. After consideration of depreciation this figure reduces to \$21,315,704.

Debt

Crawford County had no general obligation bonds outstanding as of the end of FY05.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Crawford County's Board of Supervisors considered many factors for the fiscal year 2006 budget, tax rates, and funding of various County services. The economy has not rebounded significantly from the down-turn it suffered the previous year. The County also experienced a dramatic increase in its insurance costs: liability and workmen's compensation. The population of Crawford County was down slightly from the 2000 census figure of 16,942 to the estimated 2004 figure of 16,925. Unemployment in Crawford County was approximately 3.9% at the end of June, 2005. Inflation seems to be relatively close to the CPI which increased 5%. The State's financial condition has remained flat which will continue to impact credits paid to the county.

The Board has tightened all departmental budgets in the last two years to help alleviate the difference between revenue and expenditures in an effort to maintain current county programs. Limitations of growth in the general funds may further jeopardize programs in the future.

On November 15, 2005, a jail bond issue was approved by the voters of Crawford County. It anticipates the construction of a new jail bed facility to house approximately 38 prisoners at a cost not to exceed \$2,110,000. Of this amount, general obligation bond totaling \$2,060,000 will be sold. The Board of Supervisors has established a Capital Projects Fund to be utilized for this project.

If projections are realized, the Board of Supervisors anticipates taking \$736,000 from fund balances during FY06.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Crawford County
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,066,221
Receivables:	
Property tax:	
Delinquent	9,665
Succeeding year	5,083,000
Interest and penalty on property tax	54,358
Accounts	320,087
Accrued interest	17,135
Due from other funds	30,385
Due from other governments	385,021
Inventories	1,045,928
Prepaid insurance	168,735
Capital assets (net of accumulated depreciation)	<u>21,315,704</u>
Total assets	<u>34,496,239</u>
Liabilities	
Accounts payable	769,088
Salaries and benefits payable	95,303
Due to other governments	260,927
Deferred revenue:	
Succeeding year property tax	5,083,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	<u>236,843</u>
Total liabilities	<u>6,445,161</u>

(continued next page)

Crawford County
 Statement of Net Assets - continued
 June 30, 2005

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 21,315,704
Restricted for:	
Mental health purposes	473,491
Secondary roads purposes	2,060,283
Other purposes	1,062,777
Unrestricted	<u>3,138,823</u>
Total net assets	<u>\$ 28,051,078</u>

See notes to financial statements.

Crawford County
Statement of Activities
Year ended June 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 1,237,511	\$ 136,904
Physical health and social services	1,814,024	761,050
Mental health	1,862,455	--
County environment and education	777,375	93,453
Roads and transportation	5,121,470	111,735
Governmental services to residents	500,712	249,234
Administrative services	<u>1,726,611</u>	<u>27,980</u>
Total	<u>\$ 13,040,158</u>	<u>\$ 1,380,356</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net assets		
Net assets beginning of year		
Net assets end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
\$ 18,530	\$ --	\$(1,082,077)
590,875	--	(462,099)
677,957	--	(1,184,498)
98,271	--	(585,651)
3,087,676	492,833	(1,429,226)
1,370	--	(250,108)
<u>28,953</u>	<u>--</u>	<u>(1,669,678)</u>
<u>\$ 4,503,632</u>	<u>\$ 492,833</u>	(6,663,337)

4,760,128
47,644
317,898
482,518
130,823
<u>920,034</u>
<u>6,659,045</u>
(4,292)
<u>28,055,370</u>
<u>\$ 28,051,078</u>

Crawford County
Balance Sheet
Governmental Funds
June 30, 2005

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 2,534,744	\$ 701,598	\$ 410,445
Receivables:			
Property tax:			
Delinquent	6,375	2,214	1,076
Succeeding year	2,732,000	898,000	1,453,000
Interest and penalty on property tax	54,358	--	--
Accounts	42,275	--	--
Accrued interest	17,112	--	--
Due from other funds	29,394	--	--
Due from other governments	163,006	--	115
Inventories	--	--	--
Prepaid insurance	128,231	--	3,157
Total assets	\$ 5,707,495	\$ 1,601,812	\$ 1,867,793
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 64,285	\$ 32,153	\$ 3,477
Salaries and benefits payable	25,948	692	12,009
Due to other governments	66,069	193,749	373
Deferred revenue:			
Succeeding year property tax	2,732,000	898,000	1,453,000
Other	60,729	2,211	1,076
Compensated absences	23,899	478	3,111
Total liabilities	2,972,930	1,127,283	1,473,046

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 1,637,985	\$ 128,549	\$ 5,413,321
--	--	9,665
--	--	5,083,000
--	--	54,358
277,712	100	320,087
--	23	17,135
--	991	30,385
221,900	--	385,021
1,045,928	--	1,045,928
<u>32,331</u>	<u>5,016</u>	<u>168,735</u>
<u>\$ 3,215,856</u>	<u>\$ 134,679</u>	<u>\$ 12,527,635</u>
\$ 541,074	\$ 52	\$ 641,041
56,654	--	95,303
736	--	260,927
--	--	5,083,000
--	--	64,016
<u>20,942</u>	<u>--</u>	<u>48,430</u>
<u>619,406</u>	<u>52</u>	<u>6,192,717</u>

Crawford County
 Balance Sheet
 Governmental Funds - continued

June 30, 2005

	General	Special Revenue	
		Mental Health	Rural Services
Fund balances:			
Reserved for:			
Inventories	\$ --	\$ --	\$ --
Prepaid insurance	128,231	--	3,157
Drainage warrants/drainage improvement certificates	--	--	--
Unreserved, reported in:			
General fund	2,606,334	--	--
Special revenue funds	--	474,529	391,590
Total fund balances	2,734,565	474,529	394,747
 Total liabilities and fund balances	 \$ 5,707,495	 \$ 1,601,812	 \$ 1,867,793

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 1,045,928	\$ --	\$ 1,045,928
32,331	5,016	168,735
--	14,690	14,690
--	--	2,606,334
<u>1,518,191</u>	<u>114,921</u>	<u>2,499,231</u>
<u>2,596,450</u>	<u>134,627</u>	<u>6,334,918</u>
<u>\$ 3,215,856</u>	<u>\$ 134,679</u>	<u>\$ 12,527,635</u>

Crawford County

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

June 30, 2005

Total governmental fund balances (page 8)	\$ 6,334,918
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$36,739,582 and the accumulated depreciation is \$15,423,878.	21,315,704
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	64,016
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	524,853
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(188,413)</u>
Net assets of governmental activities (page 5)	<u>\$ 28,051,078</u>

See notes to financial statements.

Crawford County

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

Year ended June 30, 2005

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Revenues:			
Property and other County tax	\$ 2,545,834	\$ 883,828	\$ 1,423,313
Interest and penalty on property tax	43,123	--	--
Intergovernmental	1,443,266	728,128	85,360
Licenses and permits	9,963	--	--
Charges for service	617,470	--	--
Use of money and property	144,987	--	--
Miscellaneous	62,429	9,755	2,903
Total revenues	<u>4,867,072</u>	<u>1,621,711</u>	<u>1,511,576</u>
Expenditures:			
Operating:			
Public safety and legal services	1,155,544	--	40,874
Physical health and social services	1,810,576	--	--
Mental health	--	1,861,221	--
County environment and education services	441,679	--	229,577
Roads and transportation	--	--	186,530
Governmental services to residents	474,090	--	--
Administrative services	901,391	--	4
Capital projects	2,427	--	--
Total expenditures	<u>4,785,707</u>	<u>1,861,221</u>	<u>456,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,365</u>	<u>(239,510)</u>	<u>1,054,591</u>

(continued next page)

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 386,014	\$ --	\$ 5,238,989
--	--	43,123
3,416,368	10,805	5,683,927
2,689	--	12,652
1,685	17,682	636,837
--	862	145,849
<u>67,538</u>	<u>360</u>	<u>142,985</u>
<u>3,874,294</u>	<u>29,709</u>	<u>11,904,362</u>
--	206	1,196,624
--	--	1,810,576
--	--	1,861,221
--	28,793	700,049
4,325,536	--	4,512,066
--	29,425	503,515
--	--	901,395
<u>839,374</u>	<u>--</u>	<u>841,801</u>
<u>5,164,910</u>	<u>58,424</u>	<u>12,327,247</u>
<u>(1,290,616)</u>	<u>(28,715)</u>	<u>(422,885)</u>

Crawford County

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

Year ended June 30, 2005

	<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ 1,050	\$ --	\$ --
Operating transfers in	--	--	--
Operating transfers out	<u>(85,500)</u>	<u>--</u>	<u>(999,000)</u>
Total other financing sources (uses)	<u>(84,450)</u>	<u>--</u>	<u>(999,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,085)	(239,510)	55,591
Fund balances beginning of year	2,744,388	714,039	339,270
Increase (decrease) in reserve for:			
Inventories	--	--	--
Prepaid insurance	<u>(6,738)</u>	<u>--</u>	<u>(114)</u>
Fund balances end of year	<u>\$ 2,734,565</u>	<u>\$ 474,529</u>	<u>\$ 394,747</u>

See notes to financial statements.

<u>Special Revenue Secondary Roads</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
\$ 147,955	\$ --	\$ 149,005
1,081,500	3,000	1,084,500
--	--	(1,084,500)
1,229,455	3,000	149,005
 (61,161)	 (25,715)	 (273,880)
3,031,015	160,331	6,989,043
 (372,307)	 --	 (372,307)
(1,097)	11	(7,938)
\$ 2,596,450	\$ 134,627	\$ 6,334,918

Crawford County

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

Year ended June 30, 2005

Net change in fund balance - Total governmental funds (page 11)		\$(273,880)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Expenditures for capital assets	\$ 2,065,264	
Depreciation expense	<u>(1,382,268)</u>	682,996
<p>In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.</p>		
Book value of disposed assets		(150,103)
<p>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.</p>		
Change in deferred property tax revenues		8,178
<p>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:</p>		
Compensated absences		(9,236)
<p>Prepaid expenses and inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.</p>		
		(380,245)
<p>The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.</p>		
		<u>117,998</u>
Change in net assets of governmental activities (page 6)		<u><u>\$(4,292)</u></u>

See notes to financial statements.

Crawford County
 Statement of Net Assets
 Proprietary Fund
 June 30, 2005

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 652,900
Liabilities	
Accounts payable	<u>128,047</u>
Net Assets	
Unrestricted	<u>\$ 524,853</u>

See notes to financial statements.

Crawford County
Statement of Revenues, Expenses, and Changes
in Fund Net Assets
Proprietary Fund
Year ended June 30, 2005

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds	\$ 816,402	
Reimbursements from employees and others		<u>88,090</u>
Total operating revenues		904,492
Operating expenses:		
Medical claims	\$ 601,902	
Administrative fees and insurance premiums	<u>198,413</u>	<u>800,315</u>
Operating income		104,177
Non-operating revenues:		
Interest on investments		<u>13,821</u>
Net income		117,998
Net assets beginning of year		<u>406,855</u>
Net assets end of year		<u>\$ 524,853</u>

See notes to financial statements.

Crawford County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2005

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 816,402
Cash received from employees and others	88,090
Cash payments to suppliers for services	<u>(788,707)</u>
Net cash provided by operating activities	115,785
Cash flows from investing activities:	
Interest on investments	<u>13,821</u>
Net increase in cash and cash equivalents	129,606
Cash and cash equivalents at beginning of year	<u>523,294</u>
Cash and cash equivalents at end of year	<u>\$ 652,900</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 104,177
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>11,608</u>
Net cash provided by operating activities	<u>\$ 115,785</u>

See notes to financial statements.

Crawford County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Cash and pooled investments:		
County Treasurer	\$	1,170,116
Other County officials		41,338
Receivables:		
Property tax:		
Delinquent		33,595
Succeeding year		11,106,000
Accounts		25,300
Accrued interest		265
Special assessments		137,000
Due from other fund		352
Due from other governments		<u>12,648</u>
Total assets		<u>12,526,614</u>

Liabilities

Accounts payable	8,603
Salaries and benefits payable	5,630
Due to other funds	30,737
Due to other governments	12,470,677
Trusts payable	3,586
Compensated absences	<u>7,381</u>
Total liabilities	<u>12,526,614</u>

Net assets	\$	<u> --</u>
------------	----	---------------

See notes to financial statements.

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Crawford County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Crawford County Auditor's office.

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Crawford County Assessor's Conference Board, Crawford County Joint E911 Service Board and Crawford County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

B. Basis of Presentation

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

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements in certain departments exceeded the amounts appropriated.

Crawford County
Notes to Financial Statements
June 30, 2005

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

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

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

<u>Type</u>	<u>Fair Value</u>
U.S. government securities	\$ 4,017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$56,229 pursuant to Rule 2A-7 under the Investment Company Act of 1940.

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

Credit risk. The County's U.S. government securities investment at June 30, 2005 is secured by the U.S. government. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer. Less than 5 percent of the County's investments are in U.S. government securities.

Crawford County
Notes to Financial Statements
June 30, 2005

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency: County Recorder	\$ 26,249
	County Sheriff	3,145
Special Revenue: County Recorder's Records Management	Agency: County Recorder	991
Agency: Recorder's Electronic Transfer Fee	Agency: County Recorder	<u>352</u>
Total		<u>\$ 30,737</u>

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

NOTE 4 - INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 85,500
	Special Revenue: Rural Services	996,000
Special Revenue: Flood and Erosion	Special Revenue: Rural Services	<u>3,000</u>
		<u>\$ 1,084,500</u>

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

Crawford County
Notes to Financial Statements
June 30, 2005

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 599,769	\$ 43,053	\$ 67,500	\$ 575,322
Construction in progress	<u>755,861</u>	<u>599,077</u>	<u>1,066,422</u>	<u>288,516</u>
Total capital assets not being depreciated	<u>1,355,630</u>	<u>642,130</u>	<u>1,133,922</u>	<u>863,838</u>
Capital assets being depreciated:				
Buildings	1,553,661	67,500	--	1,621,161
Equipment and vehicles	6,853,399	730,886	505,173	7,079,112
Infrastructure, road network	<u>25,416,801</u>	<u>1,758,670</u>	<u>--</u>	<u>27,175,471</u>
Total capital assets being depreciated	<u>33,823,861</u>	<u>2,557,056</u>	<u>505,173</u>	<u>35,875,744</u>
Less accumulated depreciation for:				
Buildings	695,769	50,259	--	746,028
Equipment and vehicles	4,119,053	541,439	355,070	4,305,422
Infrastructure, road network	<u>9,581,858</u>	<u>790,570</u>	<u>--</u>	<u>10,372,428</u>
Total accumulated depreciation	<u>14,396,680</u>	<u>1,382,268</u>	<u>355,070</u>	<u>15,423,878</u>
Total capital assets being depreciated, net	<u>19,427,181</u>	<u>1,174,788</u>	<u>150,103</u>	<u>20,451,866</u>
Governmental activities capital assets, net	<u>\$ 20,782,811</u>	<u>\$ 1,816,918</u>	<u>\$ 1,284,025</u>	<u>\$ 21,315,704</u>

Crawford County
Notes to Financial Statements
June 30, 2005

NOTE 5 - CAPITAL ASSETS - continued

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

Governmental activities:		
Public safety and legal services	\$	35,161
Physical health and social services		2,498
County environment and education		72,169
Roads and transportation		1,250,503
Administrative services		<u>21,937</u>
Total depreciation expense - governmental activities		<u>\$1,382,268</u>

NOTE 6 - DUE TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 66,069
Special Revenue:		
Mental Health	Services	193,749
Rural Services	Services	373
Secondary Roads	Services	<u>736</u>
		<u>194,858</u>
Total for governmental funds		<u>\$ 260,927</u>
Agency:		
County Assessor	Collections	\$ 389,388
Schools		6,730,905
Community Colleges		348,567
Corporations		3,204,003
Auto License and Use Tax		304,967
County Hospital		551,789
E-911		330,999
All Other		<u>610,059</u>
Total for agency funds		<u>\$ 12,470,677</u>

Crawford County
Notes to Financial Statements
June 30, 2005

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:

	Compensated Absences
Balance beginning of year	\$ 230,557
Increases	6,286
Balance end of year	\$ 236,843
Due within one year	\$ 236,843

NOTE 8 - PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees and conservation peace officers. Contribution percentages for law enforcement officers and the County for the years ended June 30, 2005, 2004, and 2003 were 8.535% and 8.535%, 4.99% and 7.48%, and 5.37% and 7.48%, respectively. Contribution percentages for conservation peace officers and the County for the years ended June 30, 2005, 2004, and 2003 were 6.16% and 9.23%, 5.93% and 8.90%, and 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$250,982, \$241,022, and \$241,243 respectively, equal to the required contributions for each year.

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 9 - RISK MANAGEMENT

Crawford County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 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 such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were approximately \$122,316.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. 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.

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 9 - RISK MANAGEMENT - continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 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 years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2005 was \$816,402.

Accounts payable from the Employee Group Health Fund at June 30, 2005 total \$128,047, 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 \$524,853 at June 30, 2005 and is reported as net assets of the Internal Service, Employee Group Health Fund. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ <u>116,439</u>
Incurred claims (including claims incurred but not reported at June 30, 2005):	
Current year events	<u>601,902</u>
Total incurred claims	<u>601,902</u>
Payments:	
Current year events	473,855
Prior year events	<u>116,439</u>
Total payments	<u>590,294</u>
Unpaid claims end of year	<u>\$ 128,047</u>

Crawford County

Notes to Financial Statements

June 30, 2005

NOTE 11 - CONSTRUCTION COMMITMENTS

The County has entered into contracts totaling approximately \$1,190,000 for bridge construction and roadway paving. As of June 30, 2005, costs of \$288,516 on the projects have been incurred. The balance remaining on the projects at June 30, 2005 (\$901,484) will be paid as work on the projects progresses using farm-to-market and existing funds.

NOTE 12 - SUBSEQUENT EVENT

In November, 2005, residents of Crawford County approved the issuance of bonds for the renovation and construction of jail facilities. The maximum bond amount approved was \$2,060,000 and the maximum construction cost approved was \$2,110,000.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Crawford County

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

Year ended June 30, 2005

	<u>Actual</u>	Less Funds not Required to be Budgeted	<u>Net</u>
Receipts:			
Property and other County tax	\$ 5,273,946	\$ --	\$ 5,273,946
Interest and penalty on property tax	43,410	--	43,410
Intergovernmental	5,388,323	--	5,388,323
Licenses and permits	13,905	--	13,905
Charges for service	646,477	--	646,477
Use of money and property	140,010	--	140,010
Miscellaneous	144,210	--	144,210
Total receipts	<u>11,650,281</u>	<u>--</u>	<u>11,650,281</u>
Disbursements:			
Public safety and legal services	1,202,327	--	1,202,327
Physical health and social services	1,757,319	--	1,757,319
Mental health	1,782,063	--	1,782,063
County environment and education services to residents	708,793	--	708,793
Roads and transportation	4,199,751	--	4,199,751
Governmental services to residents	502,549	--	502,549
Administrative services	893,414	--	893,414
Capital projects	786,751	--	786,751
Total disbursements	<u>11,832,967</u>	<u>--</u>	<u>11,832,967</u>
Excess (deficiency) of receipts over (under) disbursements	(182,686)	--	(182,686)
Other financing sources, net	<u>149,005</u>	<u>--</u>	<u>149,005</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(33,681)	--	(33,681)
Balance beginning of year	<u>5,447,002</u>	<u>14,690</u>	<u>5,432,312</u>
Balance end of year	<u>\$ 5,413,321</u>	<u>\$ 14,690</u>	<u>\$ 5,398,631</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Actual Variance - Positive (Negative)</u>
<u>Original</u>	<u>Final</u>	
\$ 5,224,619	\$ 5,224,619	\$ 49,327
31,000	31,000	12,410
6,409,804	6,478,259	(1,089,936)
10,850	10,850	3,055
582,495	582,495	63,982
118,708	118,708	21,302
72,950	72,950	71,260
<u>12,450,426</u>	<u>12,518,881</u>	<u>(868,600)</u>
1,202,963	1,255,663	53,336
1,824,681	1,867,681	110,362
1,781,559	1,783,359	1,296
752,468	774,535	65,742
4,708,000	4,708,000	508,249
661,810	563,810	61,261
1,096,107	1,131,407	237,993
1,237,000	1,409,437	622,686
<u>13,264,588</u>	<u>13,493,892</u>	<u>1,660,925</u>
(814,162)	(975,011)	792,325
<u>138,000</u>	<u>138,000</u>	<u>11,005</u>
(676,162)	(837,011)	803,330
<u>4,432,567</u>	<u>5,430,411</u>	<u>1,901</u>
<u>\$ 3,756,405</u>	<u>\$ 4,593,400</u>	<u>\$ 805,231</u>

Crawford County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2005

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 11,650,281	\$ 254,081	\$ 11,904,362
Expenditures	<u>11,832,967</u>	<u>494,280</u>	<u>12,327,247</u>
Net	(182,686)	(240,199)	(422,885)
Other financing sources	149,005	--	149,005
Beginning fund balances	5,447,002	1,542,041	6,989,043
Increase (decrease) in reserve for:			
Inventories	--	(372,307)	(372,307)
Prepaid insurance	<u>--</u>	<u>(7,938)</u>	<u>(7,938)</u>
Ending fund balances	<u>\$ 5,413,321</u>	<u>\$ 921,597</u>	<u>\$ 6,334,918</u>

See accompanying independent auditor's report.

Crawford County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2005

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 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, two budget amendments increased budgeted disbursements by \$229,304. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2005, disbursements in certain departments exceeded amounts appropriated.

OTHER SUPPLEMENTARY INFORMATION

Crawford County
Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2005

	<u>County Recorder's Records Management</u>	<u>Recorder's Electronic Transaction Fee</u>	<u>Conservation Land Acquisition Trust</u>	<u>Conservation Trust</u>
Assets				
Cash and pooled investments	\$ 34,044	\$ 13,027	\$ 1,022	\$ 4,908
Receivables:				
Accounts	--	--	--	100
Accrued interest	--	11	1	4
Due from other funds	991	--	--	--
Prepaid insurance	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total assets	 <u>\$ 35,035</u>	 <u>\$ 13,038</u>	 <u>\$ 1,023</u>	 <u>\$ 5,012</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
 Fund equity:				
Reserved for:				
Prepaid insurance	--	--	--	--
Drainage warrants/drainage improvement certificates	--	--	--	--
Fund balance:				
Unreserved	<u>35,035</u>	<u>13,038</u>	<u>1,023</u>	<u>5,012</u>
Total fund equity	<u>35,035</u>	<u>13,038</u>	<u>1,023</u>	<u>5,012</u>
 Total liabilities and fund equity	 <u>\$ 35,035</u>	 <u>\$ 13,038</u>	 <u>\$ 1,023</u>	 <u>\$ 5,012</u>

See accompanying independent auditor's report.

<u>Resource Enhancement and Protection</u>	<u>Law Enforcement Forfeiture</u>	<u>Flood and Erosion</u>	<u>Drainage Districts</u>	<u>Supplemental Environment Projects</u>	<u>Juvenile Court Division</u>	<u>Total</u>
\$ 7,705	\$ 398	\$ 52,045	\$ 14,690	\$ 49	\$ 661	\$ 128,549
--	--	--	--	--	--	100
6	--	--	--	--	1	23
--	--	--	--	--	--	991
<u>5,016</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,016</u>
<u>\$ 12,727</u>	<u>\$ 398</u>	<u>\$ 52,045</u>	<u>\$ 14,690</u>	<u>\$ 49</u>	<u>\$ 662</u>	<u>\$ 134,679</u>
\$ 52	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52
5,016	--	--	--	--	--	5,016
--	--	--	14,690	--	--	14,690
<u>7,659</u>	<u>398</u>	<u>52,045</u>	<u>--</u>	<u>49</u>	<u>662</u>	<u>114,921</u>
<u>12,675</u>	<u>398</u>	<u>52,045</u>	<u>14,690</u>	<u>49</u>	<u>662</u>	<u>134,627</u>
<u>\$ 12,727</u>	<u>\$ 398</u>	<u>\$ 52,045</u>	<u>\$ 14,690</u>	<u>\$ 49</u>	<u>\$ 662</u>	<u>\$ 134,679</u>

Crawford County

Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2005

	<u>County Recorder's Records Management</u>	<u>Recorder's Electronic Transaction Fee</u>	<u>Conservation Land Acquisition Trust</u>	<u>Conservation Trust</u>
Revenues:				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Charges for service	3,486	14,196	--	--
Use of money and property	--	445	99	110
Miscellaneous	--	--	--	360
Total revenues	<u>3,486</u>	<u>14,641</u>	<u>99</u>	<u>470</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
County environment and education services	--	--	5,668	--
Governmental services to residents	5,000	24,425	--	--
Total expenditures	<u>5,000</u>	<u>24,425</u>	<u>5,668</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	(1,514)	(9,784)	(5,569)	470
Other financing sources (uses):				
Operating transfer in	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,514)	(9,784)	(5,569)	470
Fund balances beginning of year	36,549	22,822	6,592	4,542
Increase (decrease) in reserve for: Prepaid insurance	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances end of year	<u>\$ 35,035</u>	<u>\$ 13,038</u>	<u>\$ 1,023</u>	<u>\$ 5,012</u>

See accompanying independent auditor's report.

Resource Enhancement and Protection	Law Enforcement Forfeiture	Flood and Erosion	Drainage Districts	Supplemental Environment Projects	Juvenile Court Division	Total
\$ 10,805	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,805
--	--	--	--	--	--	17,682
182	9	--	--	1	16	862
--	--	--	--	--	--	360
<u>10,987</u>	<u>9</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>16</u>	<u>29,709</u>
--	--	--	--	--	206	206
8,125	--	15,000	--	--	--	28,793
--	--	--	--	--	--	29,425
<u>8,125</u>	<u>--</u>	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>206</u>	<u>58,424</u>
2,862	9	(15,000)	--	1	(190)	(28,715)
--	--	3,000	--	--	--	3,000
2,862	9	(12,000)	--	1	(190)	(25,715)
9,802	389	64,045	14,690	48	852	160,331
11	--	--	--	--	--	11
<u>\$ 12,675</u>	<u>\$ 398</u>	<u>\$ 52,045</u>	<u>\$ 14,690</u>	<u>\$ 49</u>	<u>\$ 662</u>	<u>\$ 134,627</u>

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities

June 30, 2005

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	
Assets			
Cash and pooled investments:			
County Treasurer	\$ --	\$ --	\$ 1,757
Other County officials	34,607	6,731	--
Receivables:			
Property tax:			
Delinquent	--	--	251
Succeeding year	--	--	104,000
Accounts	121	--	--
Accrued interest	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u>34,728</u>	<u>6,731</u>	<u>106,008</u>
Total assets	<u>\$ 34,728</u>	<u>\$ 6,731</u>	<u>\$ 106,008</u>
Liabilities			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	27,592	3,145	--
Due to other governments	7,136	--	106,008
Trusts payable	--	3,586	--
Compensated absences	--	--	--
	<u>34,728</u>	<u>6,731</u>	<u>106,008</u>
Total liabilities	<u>\$ 34,728</u>	<u>\$ 6,731</u>	<u>\$ 106,008</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 181,333	\$ 53,978	\$ 2,396	\$ 111,857	\$ 4,878	\$ 44,195
--	--	--	--	--	--
377	--	--	16,048	689	14,771
221,000	--	--	6,603,000	343,000	3,145,000
--	--	--	--	--	37
--	--	--	--	--	--
--	--	--	--	--	--
--	--	7,665	--	--	--
<u>\$ 402,710</u>	<u>\$ 53,978</u>	<u>\$ 10,061</u>	<u>\$6,730,905</u>	<u>\$ 348,567</u>	<u>\$ 3,204,003</u>
\$ 311	\$ 534	\$ 7,665	\$ --	\$ --	\$ --
5,630	--	--	--	--	--
--	--	--	--	--	--
389,388	53,444	2,396	6,730,905	348,567	3,204,003
--	--	--	--	--	--
7,381	--	--	--	--	--
<u>\$ 402,710</u>	<u>\$ 53,978</u>	<u>\$ 10,061</u>	<u>\$6,730,905</u>	<u>\$ 348,567</u>	<u>\$ 3,204,003</u>

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2005

	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 2,779	\$ 304,967	\$ 96
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	105	--	5
Succeeding year	147,000	--	2,000
Accounts	--	--	--
Accrued interest	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 149,884</u>	<u>\$ 304,967</u>	<u>\$ 2,101</u>
Liabilities			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	149,884	304,967	2,101
Trusts payable	--	--	--
Compensated absences	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 149,884</u>	<u>\$ 304,967</u>	<u>\$ 2,101</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Monies and Credits</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>Flex Benefits</u>
\$ 9	\$ --	\$ 1,878	\$ 9,440	\$ 2,704	\$ 1,077
--	--	--	--	--	--
--	--	--	1,349	--	--
--	--	--	541,000	--	--
--	62	--	--	--	--
--	--	--	--	--	--
--	--	137,000	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>9</u>	<u>62</u>	<u>138,878</u>	<u>551,789</u>	<u>2,704</u>	<u>1,077</u>
\$ 9	\$ 62	\$ 138,878	\$ 551,789	\$ 2,704	\$ 1,077
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
9	62	138,878	551,789	2,704	1,077
--	--	--	--	--	--
--	--	--	--	--	--
<u>9</u>	<u>62</u>	<u>138,878</u>	<u>551,789</u>	<u>2,704</u>	<u>1,077</u>
\$ 9	\$ 62	\$ 138,878	\$ 551,789	\$ 2,704	\$ 1,077

Crawford County

Agency Funds

Combining Schedule of Fiduciary Assets and Liabilities - Continued

June 30, 2005

	<u>E911</u>	<u>Ground Water Protection</u>	<u>Advance Tax</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 304,413	\$ 141,089	\$ 365
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	25,080	--	--
Accrued interest	265	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	<u>1,334</u>	<u>3,649</u>	<u>--</u>
Total assets	<u>\$ 331,092</u>	<u>\$ 144,738</u>	<u>\$ 365</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 93	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	330,999	144,738	365
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>\$ 331,092</u>	<u>\$ 144,738</u>	<u>\$ 365</u>

See accompanying independent auditor's report.

<u>Unclaimed Property</u>	<u>Unapportioned Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Total</u>
\$ 262	\$ 334	\$ 309	\$ 1,170,116
--	--	--	41,338
--	--	--	33,595
--	--	--	11,106,000
--	--	--	25,300
--	--	--	265
--	--	--	137,000
--	--	352	352
--	--	--	12,648
<u>\$ 262</u>	<u>\$ 334</u>	<u>\$ 661</u>	<u>12,526,614</u>
\$ --	\$ --	\$ --	\$ 8,603
--	--	--	5,630
--	--	--	30,737
262	334	661	12,470,677
--	--	--	3,586
--	--	--	7,381
<u>\$ 262</u>	<u>\$ 334</u>	<u>\$ 661</u>	<u>\$ 12,526,614</u>

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Year ended June 30, 2005

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	
Assets and Liabilities			
Balance beginning of year	\$ 34,239	\$ 13,930	\$ 101,911
Additions:			
Property and other County tax	--	--	104,270
E911 surcharge	--	--	--
State tax credits	--	--	6,851
Office fees and collections	200,066	302,429	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	<u>200,066</u>	<u>302,429</u>	<u>111,121</u>
Deductions:			
Agency Remittances:			
To other funds	92,766	86,999	--
To other governments	106,811	--	107,024
Trusts paid out	--	222,629	--
Total deductions	<u>199,577</u>	<u>309,628</u>	<u>107,024</u>
Balance end of year	<u>\$ 34,728</u>	<u>\$ 6,731</u>	<u>\$ 106,008</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 401,193	\$ 50,744	\$ 29,352	\$6,602,700	\$ 292,767	\$ 3,234,205
221,414	--	--	6,608,689	339,059	3,106,653
--	--	--	--	--	--
15,757	--	--	441,035	19,595	212,820
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
488	27,961	740,782	--	--	37
<u>237,659</u>	<u>27,961</u>	<u>740,782</u>	<u>7,049,724</u>	<u>358,654</u>	<u>3,319,510</u>
--	--	--	--	--	--
236,142	24,727	760,073	6,921,519	302,854	3,349,712
--	--	--	--	--	--
<u>236,142</u>	<u>24,727</u>	<u>760,073</u>	<u>6,921,519</u>	<u>302,854</u>	<u>3,349,712</u>
<u>\$ 402,710</u>	<u>\$ 53,978</u>	<u>\$ 10,061</u>	<u>\$6,730,905</u>	<u>\$ 348,567</u>	<u>\$ 3,204,003</u>

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2005

Assets and Liabilities	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Balance beginning of year	\$ 146,957	\$ 270,148	\$ 2,043
Additions:			
Property and other County tax	148,117	--	1,921
E911 surcharge	--	--	--
State tax credits	9,393	--	131
Office fees and collections	--	107,881	--
Auto licenses, use tax and postage	--	3,547,750	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	<u>157,510</u>	<u>3,655,631</u>	<u>2,052</u>
Deductions:			
Agency Remittances:			
To other funds	--	107,881	--
To other governments	154,583	3,512,931	1,994
Trusts paid out	--	--	--
Total deductions	<u>154,583</u>	<u>3,620,812</u>	<u>1,994</u>
Balance end of year	<u>\$ 149,884</u>	<u>\$ 304,967</u>	<u>\$ 2,101</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Monies and Credits</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>Flex Benefits</u>
\$ 63	\$ --	\$ 165,580	\$ 585,441	\$ 718	\$ 1,665
--	--	--	504,827	--	--
--	--	--	--	--	--
--	--	--	36,816	--	--
--	--	--	--	--	--
124	--	--	--	--	--
--	--	11,872	--	--	--
--	--	--	--	6,500	19,063
--	62	--	--	--	264
<u>124</u>	<u>62</u>	<u>11,872</u>	<u>541,643</u>	<u>6,500</u>	<u>19,327</u>
--	--	--	--	--	--
178	--	38,574	575,295	4,514	19,915
--	--	--	--	--	--
<u>178</u>	<u>--</u>	<u>38,574</u>	<u>575,295</u>	<u>4,514</u>	<u>19,915</u>
<u>\$ 9</u>	<u>\$ 62</u>	<u>\$ 138,878</u>	<u>\$ 551,789</u>	<u>\$ 2,704</u>	<u>\$ 1,077</u>

Crawford County

Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued

Year ended June 30, 2005

Assets and Liabilities	<u>E911</u>	<u>Ground Water Protection</u>	<u>Advance Tax</u>
Balance beginning of year	\$ 300,179	\$ 126,336	\$ 17,396
Additions:			
Property and other County tax	--	--	--
E911 surcharge	114,190	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	7,000	18,402	11,909
Total additions	<u>121,190</u>	<u>18,402</u>	<u>11,909</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	90,277	--	28,940
Trusts paid out	--	--	--
Total deductions	<u>90,277</u>	<u>--</u>	<u>28,940</u>
Balance end of year	<u>\$ 331,092</u>	<u>\$ 144,738</u>	<u>\$ 365</u>

See accompanying independent auditor's report.

<u>Unclaimed Property</u>	<u>Unapportioned Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Total</u>
\$ 262	\$ --	\$ 1,909	\$ 12,379,738
--	--	3,006	11,037,956
--	--	--	114,190
--	--	--	742,398
--	--	--	610,376
--	--	--	3,547,874
--	--	--	11,872
--	--	--	25,563
--	120,519	351	927,775
<u>--</u>	<u>120,519</u>	<u>3,357</u>	<u>17,018,004</u>
--	--	--	287,646
--	--	4,605	16,240,668
--	120,185	--	342,814
<u>--</u>	<u>120,185</u>	<u>4,605</u>	<u>16,871,128</u>
<u>\$ 262</u>	<u>\$ 334</u>	<u>\$ 661</u>	<u>\$ 12,526,614</u>

Crawford County

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

For the Last Four Years

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Property and other				
County tax	\$ 5,238,989	\$ 5,724,994	\$ 5,292,615	\$ 4,966,154
Interest and penalty on				
property tax	43,123	44,277	45,129	40,379
Intergovernmental	5,683,927	5,362,296	6,801,515	7,042,044
Licenses and permits	12,652	18,132	9,435	12,073
Charges for service	636,837	811,236	784,755	491,896
Use of money and				
property	145,849	109,660	151,950	214,570
Fines, forfeitures and				
defaults	--	--	509	--
Miscellaneous	142,985	129,161	141,775	117,825
Total	\$ 11,904,362	\$ 12,199,756	\$ 13,227,683	\$ 12,884,941
Expenditures:				
Operating:				
Public safety and				
legal services	\$ 1,196,624	\$ 1,238,426	\$ 1,208,540	\$ 1,203,095
Physical health and				
social services	1,810,576	2,094,590	2,392,605	2,399,499
Mental health	1,861,221	1,477,461	1,652,928	1,776,660
County environment				
and education services	700,049	807,359	878,356	1,006,112
Roads and transportation	4,512,066	4,241,540	4,056,496	4,445,726
Governmental services				
to residents	503,515	421,462	388,965	400,483
Administrative services	901,395	981,590	1,667,688	1,718,276
Non-program	--	--	521	1,273
Capital projects	841,801	702,852	336,720	582,159
Total	\$ 12,327,247	\$ 11,965,280	\$ 12,582,819	\$ 13,533,283

See accompanying independent auditor's report.

Crawford County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice: State Criminal Alien Assistance Program	16.606	2006-AP-BX-0589	\$ <u>7,033</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Public Health: West Central Development Corporation: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5884A048	<u>9,281</u>
Hungry Canyons Alliance: Watershed Protection and Flood Prevention	10.904	03-15-F/03-16-F	<u>172,000</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense: Pre-Disaster Mitigation Program	97.047	PDM-2003-24-00	<u>4,986</u>
Hazard Mitigation Grant Program	97.039	HMGP-F007-24-00	<u>225</u>
State and Local Homeland Security Training Program	97.005		<u>750</u>
U.S. Department of Transportation:			
Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-24(64)-8J-24	<u>95,688</u>

(continued next page)

Crawford County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Public Assistance Grant	83.552		\$ <u>410</u>
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Elderbridge Area Agency on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>18,000</u>
National Family Caregiver Support Program	93.052		<u>2,000</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements	Various		<u>37,726</u>
Social Services Block Grant	93.667		<u>90,570</u>
Temporary Assistance for Needy Families	93.558	DCAT-03-025	<u>17,597</u>
Iowa Department of Public Health:			
EMS Disaster Preparedness	93.003	5884EM95	<u>2,676</u>
Family Planning - Services	93.217	5884MC01/ 5885MC01	<u>49,732</u>
Maternal and Child Health Services Block Grant to the States	93.994	5884MC01/ 5885MC01	<u>61,027</u>
Childhood Lead Poisoning Prevention Program	93.197	5884L13	<u>2,197</u>

(continued next page)

Crawford County
 Schedule of Expenditures of Federal Awards - Continued
 Year ended June 30, 2005

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Public Health Preparedness and Response for Bioterrorism	93.283	5885BT03-LPHA2404	\$ <u>29,906</u>
Immunization Grants	93.268	5884I445/ 5885I445	<u>7,748</u>
Cass County Memorial Hospital: Cooperative Agreements for State- Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.283	5885NB06	<u>5,712</u>
Total indirect			<u>608,231</u>
Total			<u>\$ 615,264</u>

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

See accompanying independent auditor's report.

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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

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

Independent Auditor's Report on 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 Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crawford County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated December 9, 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 Crawford County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Crawford County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a 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, we believe none of the reportable conditions described above are material weaknesses.

To the Officials of Crawford County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crawford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 or other matters 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 audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

Gronewold, Bell, Klynn & Co. P.C.
Atlantic, Iowa
December 9, 2005

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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

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

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Officials of Crawford County

Compliance

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 Crawford County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Crawford County's compliance with those requirements.

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

Internal Control Over Compliance

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

To the Officials of Crawford County

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

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

Gronewold, Bell, Kuhn + Co. P.C.

Atlantic, Iowa
December 9, 2005

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, which were not considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 10.904 - Watershed Protection and Flood Prevention.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Crawford County did qualify as a low-risk auditee.

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

05-II-A Deposits - Department of Public Health: During the audit, we noted that deposits of collections were being made weekly by the County Department of Public Health. We do not consider these deposits to be timely.

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

Response: The recommendation has been considered and evaluated. Although it is agreed on a theoretical basis, it is not possible to complete a daily deposit due to current staff level. A revenue deposit will continue to be made every Friday with special exceptions for holidays or staff illness/vacation. Additional deposits are made other times within the month.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Crawford County

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

Part IV: Other Findings Related to Required Statutory Reporting:

05-IV-A Official Depositories: A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

05-IV-B Certified Budget: Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

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

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

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Marvin Graeve, Employee, Secondary Roads	Sprayed weeds	\$ 2,787

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

05-IV-F Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

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

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

05-IV-I Resource Enhancement and Protection Certification: The County dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2005

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

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

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

* * *