MARSHALL COUNTY

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

June 30, 2005

Table of Contents

		Page
Officials		1
Independent Auditors' Report		2-3
Management's Discussion and Analysis		4-10
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	12-13
Governmental Fund Financial Statements:		
Balance Sheet	C	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17-18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	23
Notes to Financial Statements		24-38
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		39-40
Budget to GAAP Reconciliation		41
Notes to Required Supplementary Information – Budgetary Reporting		42
Other Supplementary Information:	Schedule	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	43-44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	45-47

Table of Contents (continued)

	Schedule	Page
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	48-51
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	52-55
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	56
Schedule of Expenditures of Federal Awards	6	57-59
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		60-61
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		62-63
Schedule of Findings and Questioned Costs		64-69
Audit Staff		70

Marshall County

Officials

(Before January, 2005)

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

(After January, 2005)

Gordie Johnson	Board of Supervisors	January 2009
John Soorholtz	Board of Supervisors	January 2007
Ron Goecke	Board of Supervisors	January 2007
Leland Searle	County Auditor	January 2009
Deane Adams	County Treasurer	January 2007
Kathy Baker	County Recorder	January 2007
Theoharris Kamatchus	County Sheriff	January 2009
Jennifer Miller	County Attorney	January 2007
Bill Williams	County Assessor	January 2006

BOWMAN & MILLER, P.C.

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Independent Auditors' Report

To the Officials of Marshall County:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Marshall 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 accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2005, on our consideration of Marshall County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 39 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Marshall County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the year ended June 30, 2002, (which is not presented herein) were audited by other auditors who expressed an unqualified opinion 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.

Bowman and Miller, P.C.

November 18, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2005 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 26.2%, or approximately $4.7 million, from fiscal 2004 to fiscal 2005. The large increase was the result of a Department of Transportation grant for the Highland Acres Road Project. Property tax and local option sales tax increased approximately $394,000. Charges for services increased approximately $973,000 due mainly to an increase in the amount received for care of prisoners from other agencies. Capital grants, contributions and restricted interest increased approximately $2,880,000 due to amounts received from the Department of Transportation for road projects through their farm to market funds.

- Program expenses increased 2.4%, or approximately $427,000. Mental Health expenses increased by 7.3% or approximately $209,000.

- The County's net assets increased 11.8%, or approximately $4 million, from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Marshall County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Marshall County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Marshall County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Marshall County's combined net assets increased 11.8% or an increase of $3,959,000. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2005	2004
Current and other assets	$ 19,083	18,150
Capital assets	33,410	29,153
Total assets	52,493	47,303
Long-term debt outstanding	5,071	4,510
Other liabilities	9,954	9,284
Total liabilities	15,025	13,794
Net assets:		
Invested in capital assets, net of related debt	28,784	24,998
Restricted	5,476	5,701
Unrestricted	3,208	2,810
Total net assets	$ 37,468	33,509

Net assets of Marshall County's governmental activities increased by approximately $4 million or 11.8% ($37.5 million compared to $33.5 million). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased approximately $398,000. This is an increase of 14%.

Restricted net assets decreased from approximately $5.7 million on June 30, 2004 to approximately $5.5 million on June 30, 2005, a decrease of 3.9%.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	$ 3,099,643	2,126,486
Operating grants, contributions, and restricted interest	6,062,937	6,007,354
Capital grants, contributions and restricted interest	3,377,175	497,215
General revenues:		
Property tax	7,950,246	7,639,613
Penalty and interest on property tax	79,628	76,988
State tax credits	449,484	424,217
Local option sales tax	1,033,688	978,099
Grants and contributions not restricted to specific purpose	15,681	25,703
Unrestricted investment earnings	242,879	198,646
Other general revenues	131,236	(194,665)
Total revenues	22,442,597	17,779,656
Program expenses:		
Public safety and legal services	5,939,398	5,947,312
Physical health and social services	800,077	848,733
Mental health	3,070,925	2,861,827
County environment and education	718,513	671,800
Roads and transportation	3,969,122	4,534,736
Governmental services to residents	799,791	711,387
Administration	2,232,223	2,210,194
Non-program	789,602	120,403
Interest on long-term debt	164,059	150,057
Total expenses	18,483,710	18,056,449
Increase (decrease) in net assets	3,958,887	(276,793)
Net assets beginning of year	33,509,411	33,786,204
Net assets end of year	$ 37,468,298	33,509,411

Marshall County's net assets of governmental activities increased by $3,958,887 during the year. Revenues for governmental activities increased by approximately $4.7 million over the prior year, with capital grants increasing approximately $2.9 million. This increase was due to contributions from the Iowa Department of Transportation for the Highland Acres Road project and farm to market funds for other Secondary Road projects.

The cost of all governmental activities this year was $18.5 million compared to $18.1 million last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was only $5.9 million because some of the cost was paid by those directly benefited from the programs ($3.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($9.4 million). The County paid for the remaining "public benefit" portion of governmental activities with approximately $9.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Marshall County completed the year, its governmental funds reported a combined fund balance of $8.6 million, which is virtually unchanged from 2004 fund balances. Although there was very little change in the combined fund balance, there were changes in the individual fund balances as documented below:

- General Fund ending fund balance showed a decline of $403,137 from the prior year to $3,337,935.

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately $3.1 million, an increase of 10% from the prior year. The Mental Health Fund balance at year ended decreased by approximately $233,000 over the prior year. The low ending fund balance will require Marshall County to raise their MH/DD levy rates in the future to bring the fund balance to a more suitable level.

- Secondary Roads Fund expenditures increased by approximately $496,000 over the prior year. Despite this increase in expenditures there was an increase in the Secondary Roads Fund ending balance of approximately $61,000, or 2%.

- During the year ended June 30, 2005, the County issued $860,000 of general obligation bonds. The County borrowed $560,000 for improvements to the courthouse including a new roof, equipment to improve energy efficiency, and new computer equipment. Another $150,000 was borrowed to purchase new vehicles for the Marshall County Conservation department and the Marshall County Sheriff's office. The County also borrowed $100,000 and issued it as an economic development grant to the Marshalltown Economic Development Incentives Committee and the remaining $50,000 borrowed was for costs incurred in refinancing the general obligation bonds for the County jail.

BUDGETARY HIGHLIGHTS

Over the course of the year, Marshall County amended its budget twice. The first amendment was made in November, 2004 and resulted in a decrease in budgeted disbursements of $25,000 related to mosquito control. The second amendment was done in March, 2005 and resulted in an increase in budgeted disbursements of $392,762 related to re-estimating costs for several programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Marshall County had approximately $58.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately 10.6 percent over last year.

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

	June 30,	
	2005	2004
Land and construction in progress	$ 1,812	1,822
Buildings and improvements	19,410	17,710
Equipment and vehicles	6,613	6,523
Infrastructure	30,275	26,495
Total	$ 58,110	52,550

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

Secondary road equipment	$ 450
Sheriff's patrol cars	84
Bridge and road projects	3,779
Total	$ 4,313

The County had depreciation expense of $1,701,367 in fiscal year 2005 and total accumulated depreciation of $31,597,353 at June 30, 2005.

More detailed information about the County's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At June 30, 2005, Marshall County had approximately $5,071,000 in general obligation bonds and other debt outstanding compared to approximately $4,510,000 at June 30, 2004, as shown below.

Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	2005	2004
General obligation bonds	$ 4,530,000	3,990,000
Capital lease purchase agreements	43,170	42,928
Compensated absences	394,624	355,285
Deferred real estate contract	103,443	122,180
Total	$ 5,071,237	4,510,393

Debt increased primarily as a result of issuing general obligation bonds for $810,000 and $50,000 of loan fees for the Jail Bond Refunding issue.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Marshall County's outstanding general obligation debt is significantly below its constitutional debt limit of $59 million. Other obligations include accrued vacation pay. Additional information about the County's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marshall County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.7 percent versus 5.6 percent a year ago. This compares with the State's unemployment rate of 4.5 percent and the national rate of 4.9 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2004-2005.

These indicators were taken into account when adopting the budget for fiscal year 2006. Proposed spending FY 2006 was increased 3.3 percent from the re-estimated 2005 budget. Property taxes to be generated in 2006 will represent a 5.3 percent increase from property taxes in 2005. However, total revenues from all sources, which include property taxes, are expected to increase only 1.3 percent. The County as added no major programs or initiatives to the 2006 budget.

If these estimates are realized, the County's operating fund balance is expected to modestly decrease by the end of 2006.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Marshall County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall County Auditor's Office, 1 E. Main Street, Courthouse, Marshalltown, Iowa.

Marshall County
Statement of Net Assets
June 30, 2005

Exhibit A

	Governmental Activities
Assets:	
Cash and pooled investments	$ 8,611,770
Receivables:	
Property tax:	
Delinquent	2,705
Succeeding year	8,649,022
Interest and penalty on property tax	1,487
Accounts	415,027
Accrued interest	17,525
Due from other governments	810,831
Inventories	407,532
Prepaid expenses	167,427
Capital assets (net of accumulated depreciation)	33,410,294
Total assets	52,493,620
Liabilities:	
Accounts payable	692,899
Accrued interest payable	21,262
Salaries and benefits payable	171,534
Due to other governments	419,368
Deferred revenue:	
Succeeding year property tax	8,649,022
Long-term liabilities:	
Portion due or payable within one year:	
Lease purchase agreements	26,415
Deferred real estate contract	19,598
Bonds payable	475,000
Compensated absences	394,624
Portion due or payable after one year:	
Lease purchase agreements	16,755
Deferred real estate contract	83,845
Bonds payable	4,055,000
Total liabilities	15,025,322
Net Assets:	
Invested in capital assets, net of related debt	28,783,681
Restricted for:	
Supplemental levy	877,297
Secondary roads	2,667,454
Mental health	75,703
Capital projects	918,642
Other purposes	937,386
Unrestricted	3,208,135
Total net assets	$ 37,468,298

See notes to financial statements.

Marshall County
Statement of Activities
Year Ended June 30, 2005

		Program Revenues		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety and legal services	$ 5,939,398	1,537,960	723,020	20,000
Physical health and social services	800,077	26,345	305,454	-
Mental health	3,070,925	23,946	1,420,465	-
County environment and education	718,513	55,764	26,597	1,452,041
Roads and transportation	3,969,122	82,344	3,467,975	1,902,451
Governmental services to residents	799,791	545,471	1,526	-
Administration	2,232,223	26,972	117,900	2,683
Non-program	789,602	800,841	-	-
Interest on long-term debt	164,059	-	-	-
Total	$ 18,483,710	3,099,643	6,062,937	3,377,175

General Revenues:

Property and other county taxes levied for:
- General purposes
- Tax increment financing
- Debt service

Penalty and interest on property tax
State tax credits
Local option sales tax
Grants and contributions not restricted to specific purpose
Unrestricted investment earnings
Gain on sale of capital assets
Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets
(3,658,418)
(468,278)
(1,626,514)
815,889
1,483,648
(252,794)
(2,084,668)
11,239
(164,059)
(5,943,955)
7,316,975
172,349
460,922
79,628
449,484
1,033,688
15,681
242,879
13,781
117,455
9,902,842
3,958,887
33,509,411
$ 37,468,298

Marshall County
Balance Sheet
Governmental Funds
June 30, 2005

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	$ 3,272,875	528,064	635,895	2,079,408
Receivables:				
Property tax:				
Delinquent	1,711	445	405	-
Succeeding year	5,616,022	1,410,000	955,000	-
Interest and penalty on property tax	1,487	-	-	-
Accounts	2,378	-	217	7,268
Accrued interest	17,465	-	-	-
Due from other governments	319,999	9,954	154,300	326,578
Inventories	-	-	-	407,532
Prepaid expenses	158,707	-	-	8,720
Total assets	$ 9,390,644	1,948,463	1,745,817	2,829,506
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 291,989	57,356	112	23,651
Salaries and benefits payable	113,661	7,188	592	50,093
Due to other governments	29,444	389,794	-	130
Deferred revenue:				
Succeeding year property tax	5,616,022	1,410,000	955,000	-
Other	1,593	221	103	-
Total liabilities	6,052,709	1,864,559	955,807	73,874
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,061,332	-	-	-
Debt service	-	-	-	
Unreserved, reported in:				
General fund	2,276,603	-	-	-
Special revenue fund	-	83,904	790,010	2,755,632
Capital projects fund	-	-	-	-
Total fund balances	3,337,935	83,904	790,010	2,755,632
Total liabilities and fund balances	$ 9,390,644	1,948,463	1,745,817	2,829,506

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
11,835	971,327	693,124	8,192,528
144	-	-	2,705
668,000	-	-	8,649,022
-	-	-	1,487
-	-	2,038	11,901
-	-	60	17,525
-	-	-	810,831
-	-	-	407,532
-	-	-	167,427
679,979	971,327	695,222	18,260,958
-	52,685	2,094	427,887
-	-	-	171,534
-	-	-	419,368
668,000	-	-	8,649,022
71	-	-	1,988
668,071	52,685	2,094	9,669,799
-	-	-	1,061,332
11,908	-	-	11,908
-	-	-	2,276,603
-	-	693,128	4,322,674
-	918,642	-	918,642
11,908	918,642	693,128	8,591,159
679,979	971,327	695,222	18,260,958

Marshall County
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
June 30, 2005

Total governmental fund balances (page 15)	$ 8,591,159
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 $58,110,804 and the accumulated depreciation is $24,700,510.	33,410,294
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,988
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health and dental insurance benefit plans to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	557,356
Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable and accrued interest payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(5,092,499)
Net assets of governmental activities (page 11)	$ 37,468,298

See notes to financial statements.

Marshall County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$ 5,100,607	1,324,645	1,926,066	-
Interest and penalty on property tax	79,971	-	-	-
Intergovernmental	2,804,300	1,520,265	56,495	3,654,808
Licenses and permits	525	-	44,801	1,645
Charges for service	721,818	-	-	27,457
Use of money and property	298,345	-	-	-
Miscellaneous	171,911	38	884	53,242
Total revenues	9,177,477	2,844,948	2,028,246	3,737,152
Expenditures:				
Operating:				
Public safety and legal services	5,778,308	-	-	-
Physical health and social services	777,431	-	27,005	-
Mental health	-	3,077,753	-	-
County environment and education	347,766	-	150,832	-
Roads and transportation	-	-	275,704	5,034,976
Governmental services to residents	775,896	-	-	-
Administration	2,130,313	-	-	-
Debt service	-	-	-	-
Capital projects	44	-	-	-
Total expenditures	9,809,758	3,077,753	453,541	5,034,976
Excess (deficiency) of revenues over (under) expenditures	(632,281)	(232,805)	1,574,705	(1,297,824)
Other financing sources (uses):				
Sale of capital assets	2,865	-	-	27,200
Operating transfers in	-	-	-	1,332,000
Operating transfers out	(41,732)	-	(1,332,000)	-
Capital lease purchase agreements	21,555	-	-	-
General obligation notes issued	246,456	-	-	-
Total other financing sources (uses):	229,144	-	(1,332,000)	1,359,200
Net change in fund balances	(403,137)	(232,805)	242,705	61,376
Fund balances beginning of year	3,741,072	316,709	547,305	2,694,256
Fund balances end of year	$ 3,337,935	83,904	790,010	2,755,632

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
460,918	-	172,349	8,984,585
-	-	-	79,971
25,073	-	16,091	8,077,032
-	-	-	46,971
-	-	9,118	758,393
-	11,719	12,335	322,399
-	6,609	103,171	335,855
485,991	18,328	313,064	18,605,206
-	-	40,589	5,818,897
-	-	-	804,436
-	-	-	3,077,753
-	-	172,108	670,706
-	-	-	5,310,680
-	-	37,968	813,864
-	-	3,374	2,133,687
481,297	-	-	481,297
-	300,120	39,676	339,840
481,297	300,120	293,715	19,451,160
4,694	(281,792)	19,349	(845,954)
-	-	-	30,065
-	41,732	30,241	1,403,973
-	-	(30,241)	(1,403,973)
-	-	-	21,555
-	551,135	-	797,591
-	592,867	-	849,211
4,694	311,075	19,349	3,257
7,214	607,567	673,779	8,587,902
11,908	918,642	693,128	8,591,159

Marshall County
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2005

Net change in fund balances - Total governmental funds (page 18)		$ 3,257
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activites report depreciation expense to allocate expenditures over the estimated useful lives of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	$ 2,903,152	
Capital assets contributed by the Iowa Department of Transportation	3,071,426	
Depreciation expense	(1,701,367)	4,273,211
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.		(16,284)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.		
Property tax	(994)	
Other	(47,663)	(48,657)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows:		
Issued	(881,555)	
Repaid	360,050	(521,505)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	(39,339)	
Interest on long-term debt	(1,600)	(40,939)
The Internal Service Fund is used by management to charge the costs of employee health and dental benefits to individual funds. The net revenue of the Internal Service Fund is reported with the governmental activities.		309,804
Change in net assets of governmental activities (page 13)		$ 3,958,887

See notes to financial statements.

Marshall County
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Internal Service-Employee Group Health
Assets	
Cash and pooled investments	$ 419,242
Accounts receivable	403,126
	822,368
Liabilities	
Accounts payable	265,012
Net Assets	
Unrestricted	$ 557,356

See notes to financial statements.

Marshall County
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2005

	Internal Service-Employee Group Health
Operating revenues:	
Reimbursements from operating funds	$ 1,065,455
Reimbursements from employees	123,439
Reimbursements from others	22,568
Insurance reimbursements	705,907
Total operating revenues	1,917,369
Operating expenses:	
Medical claims	1,354,533
Insurance premiums	233,723
Adminstrative fees	30,549
Total operating disbursements	1,618,805
Operating income	298,564
Non-operating revenues:	
Interest income	11,240
Net income	309,804
Net assets beginning of year	247,552
Net assets end of year	$ 557,356

See notes to financial statements.

Marshall County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2005

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 1,065,455
Cash received from employees and others	448,788
Cash payments to health claims and administrative provider	(1,567,793)
Net cash provided (used) by operating activities	(53,550)
Cash flows from investing activities:	
Interest	11,240
Net increase (decrease) in cash and cash equivalents	(42,310)
Cash and cash equivalents at beginning of year	461,552
Cash and cash equivalents at end of year	$ 419,242
Reconciliations of operating income to net cash provided by operating activities:	
Operating income	$ 298,564
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) in accounts receivable	(403,126)
Increase in accounts payable	51,012
Net cash provided (used) by operating activities	$ (53,550)

See notes to financial statements.

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

Assets

Cash and pooled investments:	
County Treasurer	$ 3,320,290
Other County officials	54,749
Receivables:	
Property tax:	
Delinquent	8,602
Succeeding year	29,783,385
Accounts	57,416
Accrued interest	8,180
Assessments	116,258
Total assets	33,348,880

Liabilities

Accounts payable	85,573
Salaries and benefits payable	2,688
Due to other governments	33,137,160
Trusts payable	98,805
Compensated absences	24,654
Total liabilities	33,348,880
Net assets	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

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

B. Basis of Presentation

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year.

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	30 – 50
Building improvements	20 – 50
Infrastructure	15 – 65
Equipment	5 – 25
Vehicles	7 – 10

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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.

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 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.

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.

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

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	Special Revenue: Rural Services	$ 1,332,000
Capital Projects	General	41,732
Special Revenue: Urban Renewal Revenue	Special Revenue: Moderate Income Housing	30,241
Total		$ 1,403,973

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

(4) Changes in Long-Term Liabilities

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

	General Obligation Bonds	Deferred Real Estate Contract	Capital Lease Purchase Agreements	Compensated Absences	Total
Balance beginning of year,	$ 3,990,000	122,180	42,928	355,285	4,510,393
Increase	860,000	-	21,555	39,943	921,498
Decrease	320,000	18,737	21,313	604	360,654
Balance end of year	4,530,000	103,443	43,170	394,624	5,071,237
Due within one year	$ 475,000	19,598	26,415	394,624	915,637

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

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease equipment for the sheriff's office with an historical cost of $64,483 and amortization of $12,266. The following is a schedule of the future minimum lease payments, including interest of 5.0% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2005:

Year Ending June 30,	Sheriff's Equipment
2006	$ 27,493
2007	4,400
2008	14,357
Total minimum lease payments	46,250
Less amount representing interest	3,080
Present value of net minimum lease payments	$ 43,170

Payments under capital lease purchase agreements totaled $42,006 for the year ended June 30, 2005.

Industrial Development Revenue Bonds

The County has issued a total of $6,790,000 in industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which $6,625,000 is outstanding at June 30, 2005. The bonds and related interest are payable solely from the rents payable by the tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

Deferred Real Estate Contract

During the year ended June 30, 2002, the County entered into a deferred payment contract totaling $180,000 to purchase real estate for the Secondary Roads department. The County agreed to pay the seller $20,000 on the date of possession and ninety-six monthly installments, including interest, beginning May 1, 2002. The interest rate is variable during the term of the contract. The initial rate is 4½% per annum for the first twelve months. Effective April 1, 2003, the interest rate will be determined by the current rate on two year U.S. Treasury Notes, plus 1%. The interest rate will never be less than 4½% nor more than 7% annum. Payments under the deferred real estate contract for the year ended June 30, 2005 totaled $23,852. The balance of the contract at June 30, 2005 was $103,443.

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

Bonds Payable

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	1.30 to 3.90	475,000	285,788	760,788
2007	2.05 to 4.00	500,000	252,618	752,618
2008	2.40 to 4.10	515,000	237,416	752,416
2009	2.60 to 3.15	540,000	107,298	647,298
2010	4.25	395,000	91,140	486,140
2011	4.30	230,000	78,303	308,303
2012	4.40	240,000	70,598	310,598
2013	4.50	245,000	62,318	307,318
2014	4.50	260,000	53,620	313,620
2015	4.65	265,000	44,130	309,130
2016	4.70	275,000	34,193	309,193
2017	4.75	290,000	23,605	313,605
2018	4.80	300,000	12,150	312,150
		$ 4,530,000	1,353,177	5,883,177

During the year ended June 30, 2005, the County issued $860,000 in general obligation notes and retired $320,000 of bonds.

(5) Marshall County Employee Group Health Fund

The Internal Service, Marshall County Employee Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Select Benefit Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Marshall County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Select Benefits Administrators from the Marshall County Employee Group Health Fund. The County's contribution for the year ended June 30, 2005 was $1,065,455.

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

Amounts payable from the Marshall County Employee Group Health Insurance Fund at June 30, 2005 total $265,012 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 $557,356 at June 30, 2005 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims as of July 1,2004	$	214,000
Incurred claims (including claims incurred but not reported as of June 30, 2005)		1,354,533
Payments on claims during the fiscal year		(1,303,521)
Unpaid claims at June 30, 2005	$	265,012

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2005 are 5.10% and 7.66%, respectively. For the year ended June 30, 2004, the contribution rates for law enforcement employees and the County were 4.99% and 7.48%, respectively, and for the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 7.48%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were $386,598, $368,475 and $362,267, respectively, equal to the required contributions for each year.

(7) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,770,763	47,178	5,000	1,812,941
Construction in progress	51,343	-	51,343	-
Total capital assets not being depreciated	1,822,106	47,178	56,343	1,812,941
Capital assets being depreciated:				
Buildings	17,709,891	1,699,706	-	19,409,597
Equipment and vehicles	6,522,518	521,204	430,263	6,613,459
Infrastructure, road network	26,495,734	3,779,073	-	30,274,807
Total capital assets being depreciated	50,728,143	5,999,983	430,263	56,297,863
Less accumulated depreciation for:				
Buildings	7,444,303	372,519	-	7,816,822
Equipment and vehicles	3,788,904	422,695	397,739	3,813,860
Infrastructure, road network	12,163,675	906,153	-	13,069,828
Total accumulated depreciation	23,396,882	1,701,367	397,739	24,700,510
Total capital assets being depreciated, net	27,331,261	4,298,616	32,524	31,597,353
Governmental activities capital assets, net	$ 29,153,367	4,345,794	88,867	33,410,294

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 270,117
Physical health and social services	6,337
County environment and education	101,675
Roads and transportation	1,200,561
Governmental services to residents	23,858
Administration	98,819
Total depreciation expenses - governmental activities	$ 1,701,367

(8) Operating Leases

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

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

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

Year Ending June 30		Annual Rent Due in Cash	Annual Prepaid Expenditures Amortized	Total Annual Lease Costs
2006	$	76,007	15,966	91,973
2007		72,928	15,966	88,894
2008		11,328	15,966	27,294
2009		10,640	14,766	25,406
2010		8,400	14,766	23,166
2011		13,500	9,666	23,166
Total	$	192,803	87,096	279,899

The total annual lease costs for the year ended June 30, 2005 were $81,892. The prepaid expenditure balance associated with the Center lease was $87,096 at June 30, 2005.

(9) Risk Management

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

(10) Due to Other Governments

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

Fund	Description		Amount
General	Services	$	29,444
Special Revenue:			
Secondary Road	Services		130
Mental Health	Services		389,794
			389,924
Total for governmental funds		$	419,368
Agency:			
County Assessor	Collections	$	690,206
Schools			19,261,360
Community Colleges			1,073,380
Corporations			9,097,205
Auto License and Use Tax			696,836
Solid Waste Irrevocable Trust			1,679,027
All other			639,146
Total for agency funds		$	33,137,160

Marshall County
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Cash Basis) - All Governmental Funds
Required Supplementary Information
Year Ended June 30, 2005

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	$ 8,968,824	-
Interest and penalty on property tax	78,804	-
Intergovernmental	7,887,309	-
Licenses and permits	43,563	-
Charges for services	903,377	-
Use of money and property	335,945	-
Miscellaneous	253,692	-
Total receipts	18,471,514	-
Disbursements:		
Public safety and legal services	5,737,007	-
Physical health and social services	731,743	-
Mental health	3,032,757	-
County environment and education	668,401	-
Roads and transportation	4,567,903	-
Governmental services to residents	809,745	-
Administration	2,088,764	-
Debt service	481,297	-
Capital projects	1,086,440	-
Total disbursements	19,204,057	-
Deficiency of receipts under disbursements	(732,543)	-
Other financing sources, net	844,836	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	112,293	-
Balance beginning of year	8,080,235	5,845
Balance end of year	$ 8,192,528	5,845

See accompanying independent auditors' report.

	Budgeted Amounts		Final to Net
Net	Original	Final	Variance
8,968,824	8,782,095	8,896,082	72,742
78,804	13,500	13,000	65,804
7,887,309	7,594,157	8,057,288	(169,979)
43,563	39,842	39,871	3,692
903,377	847,400	873,127	30,250
335,945	305,190	306,436	29,509
253,692	182,350	269,731	(16,039)
18,471,514	17,764,534	18,455,535	15,979
5,737,007	5,866,379	5,941,731	204,724
731,743	940,288	960,358	228,615
3,032,757	3,129,705	3,129,708	96,951
668,401	693,725	717,785	49,384
4,567,903	4,787,800	5,033,900	465,997
809,745	1,035,018	915,189	105,444
2,088,764	2,421,220	2,382,451	293,687
481,297	482,661	481,298	1
1,086,440	1,497,404	1,709,542	623,102
19,204,057	20,854,200	21,271,962	2,067,905
(732,543)	(3,089,666)	(2,816,427)	2,083,884
844,836	11,000	815,780	29,056
112,293	(3,078,666)	(2,000,647)	2,112,940
8,074,390	6,080,605	8,074,390	8,074,390
8,186,683	3,001,939	6,073,743	10,187,330

Marshall County
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2005

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 18,471,514	133,692	18,605,206
Expenditures	19,204,057	247,103	19,451,160
Net	(732,543)	(113,411)	(845,954)
Other financing sources, net	844,836	4,375	849,211
Beginning fund balances	8,080,235	507,667	8,587,902
Ending fund balances	$ 8,192,528	398,631	8,591,159

Marshall 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, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $417,762. 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.

Marshall County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

		Resource Enhancement and Protection	Sheriff's Investigative	Sheriff's DARE	Jail Commissary
Assets					
Cash and pooled investments	$	17,102	860	2,156	117,108
Receivables:					
Accrued interest		-	-	-	-
Accounts		-	-	-	-
Total assets	$	17,102	860	2,156	117,108
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	$	-	-	1,925	169
Fund equity:					
Unreserved		17,102	860	231	116,939
Total liabilities and fund equity	$	17,102	860	2,156	117,108

Conservation Land Acquisition Trust	Klauenberg Trust	County Recorder's Records Management	Attorney's Forfeiture	Drainage Certificates	Moderate Income Housing	County Recorder's Electronic Transaction Fee	Total
46,009	408,322	60,939	10,625	5,565	24,125	313	693,124
-	2,038	-	-	-	-	-	2,038
60	-	-	-	-	-	-	60
46,069	410,360	60,939	10,625	5,565	24,125	313	695,222
-	-	-	-	-	-	-	2,094
46,069	410,360	60,939	10,625	5,565	24,125	313	693,128
46,069	410,360	60,939	10,625	5,565	24,125	313	695,222

Marshall County
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2005

	Resource Enhancement and Protection	Sheriff's Investigative	Sheriff's DARE
Revenues:			
Property and other county tax	$ -	-	-
Intergovernmental	16,091	-	-
Charges for service	-	-	-
Use of money and property	236	13	2
Miscellaneous	-	-	4,433
Total revenues	16,327	13	4,435
Expenditures:			
Operating:			
Public safety and legal services	-	4,370	4,837
County environment and education	-	-	-
Government services to residents	-	-	-
Administration	-	-	-
Capital projects	15,000	-	-
Total expenditures	15,000	4,370	4,837
Excess (deficiency) of revenues over (under) expenditures	1,327	(4,357)	(402)
Other financing sources (uses):			
Operating transfers in (out):			
Moderate income housing	-	-	-
Urban renewal revenue	-	-	-
Total other financing sources (uses):	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,327	(4,357)	(402)
Fund balances beginning of year	15,775	5,217	633
Fund balances end of year	$ 17,102	860	231

See accompanying independent auditors' report.

Jail Commissary	Conservation Land Acquisition Trust	Klauenberg Trust	County Recorder's Records Management	Attorney's Forfeiture	Drainage Certificates	Urban Renewal Revenue
-	-	-	-	-	-	172,349
-	-	-	-	-	-	-
-	-	-	9,118	-	-	-
258	446	9,824	1,164	30	-	-
57,956	40,782	-	-	-	-	-
58,214	41,228	9,824	10,282	30	-	172,349
31,382	-	-	-	-	-	-
-	-	-	-	-	-	142,108
-	-	-	968	-	-	-
-	-	3,374	-	-	-	-
-	24,676	-	-	-	-	-
31,382	24,676	3,374	968	-	-	142,108
26,832	16,552	6,450	9,314	30	-	30,241
-	-	-	-	-	-	(30,241)
-	-	-	-	-	-	-
-	-	-	-	-	-	(30,241)
26,832	16,552	6,450	9,314	30	-	-
90,107	29,517	403,910	51,625	10,595	5,565	-
116,939	46,069	410,360	60,939	10,625	5,565	-

Marshall County
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005

	Moderate Income Housing	County Recorder's Electronic Transaction Fee	Total
Revenues:			
Property and other county tax	-	-	172,349
Intergovernmental	-	-	16,091
Charges for service	-	-	9,118
Use of money and property	-	362	12,335
Miscellaneous	-	-	103,171
Total revenues	-	362	313,064
Expenditures:			
Operating:			
Public safety	-	-	40,589
County environment	30,000	-	172,108
Government services to residents	-	37,000	37,968
Administration	-	-	3,374
Capital projects	-	-	39,676
Total expenditures	30,000	37,000	293,715
Excess (deficiency) of revenues over (under) expenditures	(30,000)	(36,638)	19,349
Other financing sources (uses):			
Operating transfers in (out):			
Moderate income housing	-	-	(30,241)
Urban renewal revenue	30,241	-	30,241
Total other financing sources (uses):	30,241	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	241	(36,638)	19,349
Fund balances beginning of year	23,884	36,951	673,779
Fund balances end of year	24,125	313	693,128

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

	County Offices		Agricultural		
	County Recorder	County Sheriff	Extension Education	County Assessor	Schools
Assets					
Cash and pooled investments:					
County Treasurer	$ -	-	1,336	318,394	265,638
Other county officials	28,481	26,268	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	29	135	5,997
Succeeding year	-	-	90,904	393,223	18,989,725
Accounts	288	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments	-	-	-	-	-
Total assets	$ 28,769	26,268	92,269	711,752	19,261,360
Liabilities					
Accounts payable	$ -	-	-	-	-
Salaries and benefits payable	-	-	-	1,589	-
Due to other governments	28,769	-	92,269	690,206	19,261,360
Trusts payable	-	26,268	-	-	-
Compensated absences	-	-	-	19,957	-
Total liabilities	$ 28,769	26,268	92,269	711,752	19,261,360

Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
16,129	147,191	4,893	66	10,500	696,836
-	-	-	-	-	-
346	1,954	140	1	-	-
1,056,905	8,948,060	300,018	4,550	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	116,258	-
1,073,380	9,097,205	305,051	4,617	126,758	696,836
-	-	-	-	-	-
-	-	-	-	-	-
1,073,380	9,097,205	305,051	4,617	126,758	696,836
-	-	-	-	-	-
-	-	-	-	-	-
1,073,380	9,097,205	305,051	4,617	126,758	696,836

Marshall County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	Marshall County Wellness	E911
Assets					
Cash and pooled investments					
County Treasurer	59,477	15,513	1,670,847	15,875	5,350
Other County officials	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	100	-	-	-	57,028
Accrued interest	-	-	8,180	-	-
Assessments	-	-	-	-	-
Total assets	59,577	15,513	1,679,027	15,875	62,378
Liabilities					
Accounts payable	106	-	-	-	56,154
Salaries and benefits payable	1,099	-	-	-	-
Due to other governments	53,675	15,513	1,679,027	-	6,224
Trusts payable	-	-	-	15,875	-
Compensated absences	4,697	-	-	-	-
Total liabilities	59,577	15,513	1,679,027	15,875	62,378

Other	Total
92,245	3,320,290
-	54,749
-	8,602
-	29,783,385
-	57,416
-	8,180
-	116,258
92,245	33,348,880

29,313	85,573
-	2,688
6,270	33,137,160
56,662	98,805
-	24,654
92,245	33,348,880

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2005

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
Assets and Liabilities				
Balances beginning of year	$ -	23,193	23,228	91,625
Additions:				
Property and other county tax	-	-	-	85,422
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	4,868
Interest	-	-	-	-
Office fees and collections	3,127	547,565	130,981	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	297,090	-
Miscellaneous	-	-	-	-
Total additions	3,127	547,565	428,071	90,290
Deductions:				
Agency Remittances:				
To other funds	3,127	282,342	127,891	-
To other governments	-	259,647	4,950	89,646
Trusts paid out	-	-	292,190	-
Total deductions	3,127	541,989	425,031	89,646
Balances end of year	$ -	28,769	26,268	92,269

See accompanying independent auditors' report.

County Assessor	Schools	Community Colleges	Corporations	Townships	Brucellosis and Tuberculosis Eradication	City Special Assessments	Auto License and Use Tax
693,021	18,365,662	1,105,912	8,785,526	304,904	4,752	108,800	721,883
369,183	17,892,598	1,107,005	10,812,849	281,694	4,033	-	-
-	-	-	-	-	-	-	-
21,352	968,040	58,738	461,088	18,015	239	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,982,126
-	-	-	-	-	-	56,614	-
-	-	-	-	-	-	-	-
1,345	-	-	-	-	-	-	-
391,880	18,860,638	1,165,743	11,273,937	299,709	4,272	56,614	7,982,126
-	-	-	-	-	-	-	262,561
373,149	17,964,940	1,198,275	10,962,258	299,562	4,407	38,656	7,744,612
-	-	-	-	-	-	-	-
373,149	17,964,940	1,198,275	10,962,258	299,562	4,407	38,656	8,007,173
711,752	19,261,360	1,073,380	9,097,205	305,051	4,617	126,758	696,836

Marshall County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2005

	Local Emergency Management Services	Tax Sale Redemption Non-County	Solid Waste Irrevocable Trust	Marshall County Wellness
Assets and Liabilities				
Balances beginning of year	71,598	26,857	1,471,650	19,375
Additions:				
Property and other County tax	-	-	-	-
E-911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Interest	-	-	45,230	-
Office fees and collections	-	-	-	196
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	360,366	-	-
Miscellaneous	127,728	-	162,147	9,389
Total additions	127,728	360,366	207,377	9,585
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	139,749	-	-	-
Trusts paid out	-	371,710	-	13,085
Total deductions	139,749	371,710	-	13,085
Balances end of year	59,577	15,513	1,679,027	15,875

See accompanying independent auditors' report.

E911	Other	Total
50,401	80,949	31,949,336
-	9,047	30,561,831
232,943	-	232,943
-	-	1,532,340
91	1,494	46,815
-	-	681,869
-	695	7,982,821
-	-	56,614
-	12,427	669,883
-	362,556	663,165
233,034	386,219	42,428,281
-	-	675,921
221,057	306,710	39,607,618
-	68,213	745,198
221,057	374,923	41,028,737
62,378	92,245	33,348,880

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

	Modified Accrual Basis			
	2005	2004	2003	2002
Revenues:				
Property and other county tax	$ 8,984,585	8,622,222	8,552,943	8,220,393
Interest and penalty on property tax	79,971	77,867	91,559	93,099
Intergovernmental	8,077,032	7,791,934	7,448,548	7,311,452
Licenses and permits	46,971	30,687	26,068	22,635
Charges for service	758,393	779,753	798,958	727,343
Use of money and property	322,399	271,154	317,436	453,080
Fine, forfeitures, and defaults	-	-	-	11,927
Miscellaneous	335,855	306,337	405,519	209,328
Total	$ 18,605,206	17,879,954	17,641,031	17,049,257
Expenditures:				
Operating:				
Public safety and legal services	5,818,897	5,677,146	5,497,490	5,036,429
Physical health and social services	804,436	849,797	1,076,965	1,097,201
Mental health	3,077,753	2,858,400	2,981,086	2,881,664
County environment and education	670,706	609,842	593,010	441,569
Roads and transportation	5,310,680	4,814,973	4,398,900	4,290,402
Governmental services to residents	813,864	733,620	787,284	753,237
Administration	2,133,687	2,120,834	2,201,181	2,125,267
Debt service	481,297	319,337	315,337	316,073
Capital projects	339,840	427,775	732,727	795,020
Total	$ 19,451,160	18,411,724	18,583,980	17,736,862

See accompanying independent auditors' report.

Marshall County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Adminstrative Matching Grants for Food Stamp Program	10.561		19,315
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	32-JD02-F503	22,634
Juvenile Accountability Incentive Block Grant	16.523	32-JD03-F504	12,239
			34,873
Title V	16.548	32-JD01-F503	1,844
Enforcing Underage Drinking Laws	16.727	32-JD02-F503	1,508
Enforcing Underage Drinking Laws	16.727	32-JD03-F504	6,917
			8,425
Formula Grant	16.540	32-JD02-F503	3,209
Formula Grant	16.540	32-JD03-F504	8,430
			11,639
Governor's Office of Drug Control Policy:			
Bryne Formula Grant Program	16.579	03A-0267	13,807
Bryne Formula Grant Program	16.579	04A-0274	138,769
			152,576
Iowa Department of Justice-Crime Victims Assistance Division:			
Stop Violence Against Women	16.588	VW-05-53	30,000
Victims of Crime Assistance Act	16.575	VA-05-53	24,750
Iowa Department of Public Health:			
Tobacco Surveillance	16.000	5889TS86	1,100
High Intensity Drug Traffic	16.000	I4PMWP556	45,526
			46,626

Marshall County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Adminstrative Reimbursement:			
Temporary Assistance to Needy Families	93.558		25,687
Refugee and Entrant Assistance-State Administered Program	93.566		30
Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596		5,064
Foster Care-Title IV-E	93.658		13,468
Adoption Assistance	93.659		3,163
Medical Assistance Program	93.778		27,636
Social Services Block Grant	93.667		17,231
Social Services Block Grant	93.667		188,723
			205,954
Iowa Department of Education:			
Temporary Assistance to Needy Families-School Ready Children	93.558		121,976
U.S. Department of Homeland Security			
Iowa Department of Public Defense:			
Homeland Security Division:			
Public Assistance	97.036	127-060BA-00	86,568
Emergency Management Performance Grant	97.042		22,961
Homeland Security Grant Program	97.067		1,965
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Highway Planning and Construction	20.205	BROS CO64(73)-8J-64	186,833
State and Community Highway Safety Prevention Incentive	20.600	PAP-05-03 Task 06	10,109
Total			$ 1,041,462

Marshall County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

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

BOWMAN & MILLER, P.C.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Officials of Marshall County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marshall County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Marshall County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Marshall County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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

Compliance and Other Matters

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

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 Marshall County and other parties to whom Marshall County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Bowman and Miller, P.C.

November 18, 2005

BOWMAN & MILLER, P.C.

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Independent Auditors' 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 Marshall County:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Bowman and Miller, P.C.

November 18, 2005

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

Part I: Findings and Questioned Costs for Federal Awards:

No matters were reported.

Part II: Summary of the Independent Auditors' Results:

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

(b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.

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

(d) No material weaknesses in internal control over major programs were identified.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

CFDA Number 16.579 – Byrne Formula Grant Program

CFDA Number 93.667 – Social Services Block Grant

CFDA Number 20.205 – Highway Planning and Construction

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Marshall County did not qualify as a low-risk auditee.

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

Part III: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

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

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

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

Conclusion – Response accepted.

III-B-05 Jail Commissary/Inmate Account – The following items were noted regarding the Sheriff's Commissary/Inmate Account records:

- The Sheriff's office personnel perform a periodic physical inventory of the phone cards on hand; however, the amounts are not reconciled to the balance reported on the Keefe trial balance. At June 30, 2005 the phone card account balance was understated by approximately $19,000.

- The account called "Keefe Account" on the Keefe trial balance represents outstanding invoices due to Keefe for goods purchased, but not yet paid. This account is not properly reconciled on a monthly basis to agree with the invoices outstanding and therefore variances have currently and historically existed.

  Recommendation – The trial balance accounts, including the Keefe Account and Phone Card accounts should be reconciled monthly to the Commissary trial balance and any variances adjusted appropriately.

  Response – Comparative monitoring is being done by staff on a weekly basis so we can keep current on this issue. Reconciliations are being done on a monthly basis.

  Conclusion – Response accepted.

- A report detailing the accounts receivable due from current and previously released inmates for charges incurred related to medical, dental, indigent fees, etc. should be printed and reviewed by the appropriate personnel on a periodic basis. The total amount due is approximately $67,000 at June 30, 2005. This report contains numerous old accounts of negligible amounts that should be considered for write off as uncollectible.

  Recommendation – The appropriate Sheriff's department personnel should determine uncollectible accounts and/or negligible amounts that should be written off.

  Response – Keefe has been in constant communication with staff and hopes to have an upgrade soon that will alleviate this issue. We are establishing a policy to write off amounts that are less than $5.00 and more than three years old.

  Conclusion – Response accepted.

- The outstanding check register at June 30, 2005 includes approximately 500 checks outstanding for longer than one year from the date issued. In most cases, these outstanding checks represent very small balances (less than $1.00) issued to inmates when released from jail.

Recommendation – The Sheriff's department should take the appropriate actions after consulting the Code of Iowa regarding abandoned property to eliminate the number of old outstanding checks.

Response – A review of outstanding checks will be done on an annual basis. Amounts that are outstanding for more than two years will be totaled and a check will be issued from the commissary account to the Marshall County Treasurer.

Conclusion – Response accepted.

- The account called "Bank Adjustment" on the Keefe trial balance has been used to accumulate adjustments to the checking account for items such as interest earned, bank service charges, credit card fees, etc. At June 30, 2005 the account balance was a debit balance of $16,300.73.

  Recommendation – The Sheriff's department should initiate procedures whereas these amounts are submitted to and/or redeemed by the County Treasurer's office on a regular basis so that the amounts are properly and timely reported on Marshall County's financial statements.

  Response – Monthly reviews are being done by the staff and the appropriate action will be taken (submit to/or redeem) taken with the County Treasurer's office.

  Conclusion – Response accepted.

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

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

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

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

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

Business Connection	Description	Amount
Angie Kelley, wife of Todd Kelley, Maintenance Supervisor	Fire Extinguishers	$ 1,248
Dennis Bachman, husband of Deanna Neldeberg-Bachman, Emergency Management Director	EMS Training	2,769

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Angie Kelley do not appear to represent a conflict of interest since the total was less than $1,500 during the fiscal year. The transactions with Dennis Bachman may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

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

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

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

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

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

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

IV-I-05 Deposits and Pooled Investments – We noted no instances of non-compliance with the deposits and pooled investments provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policies.

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

Marshall County
Audit Staff

This audit was performed by:

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

Personnel:

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

NEWS RELEASE

FOR RELEASE_____

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

The County had local tax revenue of $41,528,240 for the year ended June 30, 2005, which included $1,981,824 in tax credits from the state. The County forwarded $32,094,171 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $9,434,069 of the local tax revenue to finance County operations, a 4.28 percent increase from the prior year. Other revenues included $5,850,803 from the state, including indirect federal funding, $1,033,688 in local option sales tax, and $266,903 in interest on investments.

Expenditures for County operations totaled $19,451,160, a 5.64 percent increase from the prior year. Expenditures included $5,818,897 for Public Safety and Legal Services, $5,310,680 for Roads and Transportations and $3,077,753 for Mental Health.

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

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