

VAN BUREN COUNTY, IOWA

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

JUNE 30, 2005

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

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VAN BUREN COUNTY, IOWA

OFFICIALS

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

Anderson, Larkin & Co. P.C.



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge"

Kenneth E. Crosser, CPA
April D. Hammack, CPA
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)
Joseph C. Larkin, CPA (1960-1990)

INDEPENDENT AUDITOR'S REPORT

To the Officials of Van Buren County, Iowa:

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

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

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 Van Buren County, Iowa at June 30, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2005 on our consideration of Van Buren County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and 27 through 29 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the 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 are 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 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

ANDERSON, LARKIN & CO. P C.

Ottumwa, Iowa
November 12, 2005

Anderson, Larkin & Co. P.C.

Anderson, Larkin & Co. P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2005 FINANCIAL HIGHLIGHTS

- The County's Governmental funds' revenues increased approximately \$47,138 from fiscal 2004 to fiscal 2005. Property taxes and other county tax increased approximately \$131,643.
- The County's Governmental funds' expenditures decreased a total of approximately \$1,387,740 from fiscal year 2004. Roads and transportation expenditures made up the largest decrease by approximately \$733,127.
- The County's net assets increased 8%, or approximately \$924,628, 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 Van Buren County as a whole and present an overall view of the County's finances.

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

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

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

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include:
 1. The General Fund,
 2. The Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads,

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Van Buren County's combined net assets increased from \$12,009,759 to \$12,934,387. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Current and other assets	\$ 5,601,490	\$ 4,841,703
Capital assets	<u>9,881,569</u>	<u>9,728,461</u>
Total assets	<u>15,483,059</u>	<u>14,570,164</u>
Long-term liabilities	395,719	415,765
Other liabilities	<u>2,152,953</u>	<u>2,144,640</u>
Total liabilities	<u>2,548,672</u>	<u>2,560,405</u>
Net assets:		
Invested in capital assets, net of related debt	9,881,569	9,728,461
Restricted	2,570,253	1,703,859
Unrestricted	<u>482,565</u>	<u>577,439</u>
Total net assets	\$ <u>12,934,387</u>	\$ <u>12,009,759</u>

Net assets of Van Buren County's governmental activities increased by \$924,628 (\$12,009,759 compared to \$12,934,387). 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 decreased from approximately \$577,439 at June 30, 2004 to approximately \$482,565 at June 30, 2005, a decrease of 16%.

Changes in Net Assets of Governmental Activities

	<u>Year ended June 30, 2005</u>	<u>Year ended June 30, 2004</u>
Revenues:		
Program revenues:		
Charges for service	\$ 247,776	\$ 255,549
Operating grants, contributions and restricted interest	3,731,010	3,757,626
Capital grants, contributions and restricted interest	298,320	3,210,518
General revenues:		
Property and other County tax	954,151	1,125,901
Penalty and interest on property tax	30,226	32,361
State tax credits	104,264	94,672
Local option sales tax	257,233	1,927
Grants and contributions not restricted to specific purposes	2,379	8,792
Unrestricted investment earnings	72,020	91,211
Other general revenues	<u>150,630</u>	<u>138,994</u>
Total revenues	<u>5,848,009</u>	<u>8,717,551</u>

Program expenses:		
Public safety and legal services	903,694	845,480
Physical health and social services	359,167	377,973
Mental health	554,406	504,992
County environment and education	305,218	380,430
Roads and transportation	1,988,031	2,825,852
Governmental services to residents	290,890	247,908
Administration	501,958	553,096
Non-program	<u>20,017</u>	<u>36,605</u>
Total expenses	<u>4,923,381</u>	<u>5,772,336</u>
Increase in net assets	924,628	2,945,215
Net assets beginning of year	<u>12,009,759</u>	<u>9,064,544</u>
Net assets end of year	\$ <u>12,934,387</u>	\$ <u>12,009,759</u>

The County decreased property tax asking for the 2005FY by less than 1%. This decrease of \$2,260 followed the previous year's increase of \$193,704 in property tax asking. The property tax asking for FY 2006 was set at \$1,873,409, a decrease of \$2,344 from the FY 2005.

INDIVIDUAL MAJOR FUND ANALYSIS

As Van Buren County completed the year, its governmental funds reported a combined fund balance of \$3,429,481 million, an increase of \$745,299 compared to last year's total of \$2,684,182. The increase in fund balance is primarily attributable to Secondary Road projects. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$2,111,120 and \$2,128,578, respectively. The ending fund balance showed a decline of \$16,054 from the prior year to \$967,050.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$542,826, an increase of 9% from the prior year. The Mental Health Fund balance at year end decreased by approximately \$54,914 from the prior year.
- Secondary Roads Fund expenditures decreased by approximately \$1,346,419 over the prior year, due principally to the County's rock inventory and the recording of expenses related to farm to market accounts. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of approximately \$709,285, or 65%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren County amended its budget two times. The first amendment was made on October 18, 2004 and resulted in an increase in budgeted disbursements related to pass thru grants for the Bentonsport foot bridge, medical examiner fees, pass thru grants for the Keosauqua Loop trail, election equipment, Recorder's Electronic Fund expenses, emergency services grants, and juvenile justice expenses.

The second amendment was made on May 9, 2005. This amendment involved increasing expenditures for GIS payment, Medical examiner expenses, rock crushing, and computer updates at the sheriff's office.

Even with these amendments, the County underspent the original total budgeted amount of \$5,640,098 by \$22,558 for the year ended June 30, 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, Van Buren County had approximately \$9,881,569 million invested in a broad range of capital assets (net of depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$153,108, or 1.6% over last year.

Capital Assets of Governmental Activities at Year End

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Land	\$ 1,179,587	\$ 1,014,547
Buildings and improvements	1,656,818	1,738,861
Equipment and vehicles	2,098,698	2,066,802
Infrastructure	<u>4,888,037</u>	<u>1,467,662</u>
Total	9,823,140	6,287,872
This year's major additions included:		
Construction in progress	<u>58,429</u>	<u>3,440,589</u>
Total	\$ <u>9,881,569</u>	\$ <u>9,728,461</u>

The County had depreciation expense of \$523,855 in FY05 and total accumulated depreciation of \$3,242,638 at June 30, 2005, compared to total accumulated depreciation of \$2,791,819 at June 30, 2004.

The County's fiscal year 2005 capital budget included \$394,283 for capital projects, principally for road and bridge improvements. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2005, Van Buren County had no general obligation bonds or other debt other than compensated absences, and an estimated liability for landfill post closure care costs as shown below.

Outstanding Debt of Governmental Activities at Year-End

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Landfill postclosure costs	\$ 285,000	\$ 300,000
Compensated absences	<u>110,719</u>	<u>115,765</u>
Total	\$ <u>395,719</u>	\$ <u>415,765</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Van Buren County's constitutional debt limit for the FY 2005 is approximately \$14,430,147 million. Compensated absences include accrued vacation pay and sick leave. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Van Buren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County's estimated population for 2004 shows a decrease of (1.3%), from the official 2000 census, after increase 1.7% from the official 1990 to 2000 census. Private non farm employment stood at 1,637 in 2001, a (8.4%) decrease from 2000. Unemployment in the County now stands at 4.6% versus 5.5% a year ago. This compares with the State's unemployment rate of 4.5% and the national rate of 5.0%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.0% for the 12 month period ending November, 2005 compared with the national rate of 3.5%. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2004-2005.

These indicators were taken into account when adopting the budget for FY 2006. Amounts available for appropriation in the operating budget are \$6,015,117, a decrease of 1% from the final amended FY 2005 budget. The amount of revenue to support the above expenditures is projected to increase less than 1% from the final amended FY 2005 budget to \$5,424,298. Property taxes supporting the FY 2006 budget decreased \$2,344 from the FY 2005 budget and makes up 31% of the revenue for the FY 2006 budgeted expenditures.

Increased wage and cost-of-living adjustments, health insurance costs, and voting equipment represent the largest increases in the various budgets. Those increases were offset by decreases in expenditures for pass-thru grants, GIS, courthouse fire and safety updates, and recorder office staff reduction expenditures. The County has added no major new programs or initiatives to the 2006 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of the FY 2006 by approximately \$590,819, leaving an overall reserve of approximately 24% of budgeted FY 2006 expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Van Buren County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Van Buren County Auditor's Office, 406 Dodge St., Keosauqua, Iowa.

Anderson, Larkin & Co., P.C.

VAN BUREN COUNTY, IOWA

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
<u>ASSETS:</u>	
Cash and pooled investments	\$ 2,315,885
Receivables:	
Property tax:	
Delinquent	40,911
Succeeding year	1,873,475
Accounts	32,184
Accrued interest	3,002
Due from other governments	203,522
Inventories	1,093,658
Prepaid expenses	38,853
Capital assets (net of accumulated depreciation)	9,881,569
	<u>15,483,059</u>
TOTAL ASSETS	
<u>LIABILITIES:</u>	
Accounts payable	115,092
Salaries and benefits payable	44,104
Due to other governments	80,406
Deferred revenue:	
Succeeding year property tax	1,873,475
Other	39,876
Long-term liabilities:	
Portion due and payable within one year:	
Compensated absences	110,719
Estimated liability for landfill post closure	15,000
Portion due and payable after one year:	
Estimated liability for landfill post closure	270,000
	<u>2,548,672</u>
TOTAL LIABILITIES	
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	9,881,569
Restricted for:	
Supplemental levy	107,822
Mental health	190,049
Rural services	182,850
Secondary roads	1,797,255
Other purposes	292,277
Unrestricted	482,565
	<u>12,934,387</u>
TOTAL NET ASSETS	\$ <u>12,934,387</u>

VAN BUREN COUNTY, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 903,694	\$ 27,850	\$ 91,301	\$ -	\$ (784,543)
Physical health and social services	359,167	3,271	3,791	-	(352,105)
Mental health	554,406	-	469,010	-	(85,396)
County environment and education	305,218	-	18,243	-	(286,975)
Roads and transportation	1,988,031	660	2,831,770	298,320	1,142,719
Governmental services to residents	290,890	-	316,820	-	25,930
Administration	501,958	215,995	75	-	(285,888)
Non-program	20,017	-	-	-	(20,017)
Total	\$ 4,923,381	\$ 247,776	\$ 3,731,010	\$ 298,320	(646,275)
General revenues:					
Property and other County tax levied for:					
General purposes					954,151
Penalty and interest on property tax					30,226
State tax credits					104,264
Local option sales tax					257,233
Grants and contributions not restricted to specific purpose					2,379
Unrestricted investment earnings					72,020
Miscellaneous					146,888
Gain on sale of fixed assets					3,742
Total general revenues					1,570,903
Change in net assets					924,628
Net assets - Beginning of year					12,009,759
Net assets - End of year					\$ 12,934,387

VAN BUREN COUNTY, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Special Revenue			Nonmajor Governmental Funds	Total
		MH-DD Services	Rural Services	Secondary Roads		
ASSETS						
Cash and pooled investments	\$ 934,695	\$ 265,113	\$ 166,482	\$ 658,528	\$ 291,067	\$ 2,315,885
Receivables:						
Property tax:						
Delinquent	38,988	1,162	761	-	-	40,911
Succeeding year	1,351,112	231,988	290,375	-	-	1,873,475
Accounts	27,252	-	155	4,259	518	32,184
Accrued interest	1,211	-	-	-	1,791	3,002
Due from other governments	18,333	-	16,837	168,352	-	203,522
Inventories	-	-	-	1,093,658	-	1,093,658
Prepaid expenses	36,796	-	-	2,057	-	38,853
TOTAL ASSETS	\$ 2,408,387	\$ 498,263	\$ 474,610	\$ 1,926,854	\$ 293,376	\$ 5,601,490
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 17,183	\$ 1,789	\$ 195	\$ 95,325	\$ 600	\$ 115,092
Salaries and benefits payable	16,625	760	524	25,696	499	44,104
Compensated absences	10,970	-	-	8,086	-	19,056
Due to other governments	7,344	72,570	-	492	-	80,406
Deferred revenue:						
Succeeding year property tax	1,351,112	231,988	290,375	-	-	1,873,475
Other	38,103	1,107	666	-	-	39,876
TOTAL LIABILITIES	1,441,337	308,214	291,760	129,599	1,099	2,172,009
FUND BALANCES:						
Reserved for:						
Supplemental levy	107,822	-	-	-	-	107,822
Unreserved, reported in:						
General fund	859,228	-	-	-	-	859,228
Special revenue funds	-	190,049	182,850	1,797,255	292,277	2,462,431
Total fund balances	967,050	190,049	182,850	1,797,255	292,277	3,429,481
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,408,387	\$ 498,263	\$ 474,610	\$ 1,926,854	\$ 293,376	\$ 5,601,490

VAN BUREN COUNTY, IOWA

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

Total governmental fund balances	\$ 3,429,481
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 \$13,124,207 and the accumulated depreciation is \$3,242,638	9,881,569
Long-term liabilities, including estimated liability for landfill post closure costs and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(376,663)</u>
Net assets of governmental activities	\$ <u>12,934,387</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

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

	General	MH-DD Services	Special Revenue		Nonmajor Governmental Funds	Total
			Rural Services	Secondary Roads		
REVENUES:						
Property and other County tax	\$ 1,211,384	\$ 183,531	\$ 650,399	\$ -	\$ -	\$ 2,045,314
Interest and penalty on property tax	30,226	-	-	-	-	30,226
Intergovernmental	470,754	285,479	42,526	2,181,372	10,898	2,991,029
Licenses and permits	31,510	-	-	660	-	32,170
Charges for service	185,225	-	11,991	-	18,390	215,606
Use of money and property	117,928	-	-	-	4,130	122,058
Miscellaneous	64,093	18,902	6,887	11,097	8,565	109,544
Total revenues	<u>2,111,120</u>	<u>487,912</u>	<u>711,803</u>	<u>2,193,129</u>	<u>41,983</u>	<u>5,545,947</u>
EXPENDITURES:						
Current:						
Public safety and legal services	853,684	-	-	-	-	853,684
Physical health and social services	348,215	-	-	-	-	348,215
Mental health	-	542,826	-	-	-	542,826
County environment and education	196,215	-	94,845	-	7,833	298,893
Roads and transportation	-	-	-	1,974,309	-	1,974,309
Governmental services to residents	245,190	-	1,070	-	36,885	283,145
Administration	482,812	-	8,035	-	-	490,847
Non-program	2,376	-	-	-	-	2,376
Capital projects	86	-	-	-	11,009	11,095
Total expenditures	<u>2,128,578</u>	<u>542,826</u>	<u>103,950</u>	<u>1,974,309</u>	<u>55,727</u>	<u>4,805,390</u>
Excess (deficiency) of revenues over (under) expenditures	(17,458)	(54,914)	607,853	218,820	(13,744)	740,557
Other financial sources (uses):						
Sale of capital assets	4,742	-	-	-	-	4,742
Operating transfers in	3,086	-	-	490,465	5,000	498,551
Operating transfers out	(6,424)	-	(484,041)	-	(8,086)	(498,551)
Total other financing sources (uses)	<u>1,404</u>	<u>-</u>	<u>(484,041)</u>	<u>490,465</u>	<u>(3,086)</u>	<u>4,742</u>
Net change in fund balances	(16,054)	(54,914)	123,812	709,285	(16,830)	745,299
Fund balances - Beginning of year	<u>983,104</u>	<u>244,963</u>	<u>59,038</u>	<u>1,087,970</u>	<u>309,107</u>	<u>2,684,182</u>
Fund balances - End of year	\$ <u>967,050</u>	\$ <u>190,049</u>	\$ <u>182,850</u>	\$ <u>1,797,255</u>	\$ <u>292,277</u>	\$ <u>3,429,481</u>

VAN BUREN COUNTY, IOWA

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

Net change in fund balances - Total governmental funds		\$ 745,299
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and construction in progress exceeded depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	\$ 321,214	
Construction in progress	58,429	
Depreciation expense	<u>(523,855)</u>	(144,212)
Farm to market funds used to construct infrastructure		298,320
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		15,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:</p>		
Compensated absences		11,221
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources		<u>(1,000)</u>
Change in net assets of governmental activities		\$ <u>924,628</u>

VAN BUREN COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2005

ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,300,339
Other County officials		20,716
Accounts receivable		6,781
Due from other governments		1,437
Property tax receivable:		
Delinquent		35,756
Succeeding year		4,972,732
Accrued interest		1,225
Prepaid expenses		3,923
		<u>6,342,909</u>
	TOTAL ASSETS	

LIABILITIES

Accounts payable		56,428
Due to other governments		6,271,194
Trusts payable		15,287
		<u>6,342,909</u>
	TOTAL LIABILITIES	
	NET ASSETS	\$ <u> -</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A Reporting Entity

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

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

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

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. This district is legally separate from the County, and it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information about the drainage district can be obtained from the Van Buren County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Van Buren County Assessor's Conference Board, Van Buren County Joint Disaster Services Commission and Van Buren County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

B Basis of Presentation

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The MH-DD Services Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

Additionally, the County reports the following funds:

Fiduciary Funds:

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D Assets, Liabilities and Fund Equity (Continued)

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments, is based on January 1, 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 and Due to Other Funds -- During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

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

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

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

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS

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

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

Pooled investments include certificates of deposit.

NOTE 3: INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Maribah Reubel	\$ <u>3,086</u>
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	6,424 <u>484,041</u> <u>490,465</u>
Special Revenue: Solid Waste Closure	Special Revenue: Solid Waste Planning	<u>5,000</u>
	Total	\$ <u>498,551</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

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

	Balance Beginning of Year	Increases and Transfers	Decreases and Transfers	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,014,547	\$ 165,040	\$ -	\$ 1,179,587
Construction in progress	<u>3,440,589</u>	<u>58,429</u>	<u>3,440,589</u>	<u>58,429</u>
Total capital assets not being depreciated	<u>4,455,136</u>	<u>223,469</u>	<u>3,440,589</u>	<u>1,238,016</u>
Capital assets being depreciated:				
Buildings	2,922,044	-	-	2,922,044
Equipment and vehicles	3,591,439	310,952	115,993	3,786,398
Infrastructure	<u>1,551,661</u>	<u>3,791,128</u>	<u>165,040</u>	<u>5,177,749</u>
Total capital assets being depreciated	<u>8,065,144</u>	<u>4,102,080</u>	<u>281,033</u>	<u>11,886,191</u>
Less accumulated depreciation for:				
Buildings	1,183,183	82,043	-	1,265,226
Equipment and vehicles	1,524,637	236,099	73,036	1,687,700
Infrastructure	<u>63,999</u>	<u>205,713</u>	<u>-</u>	<u>289,712</u>
Total accumulated depreciation	<u>2,791,819</u>	<u>523,855</u>	<u>73,036</u>	<u>3,242,638</u>
Total capital assets being depreciated, net	<u>5,273,325</u>	<u>3,578,225</u>	<u>207,997</u>	<u>8,643,553</u>
Governmental activities capital assets, net	\$ <u>9,728,461</u>	\$ <u>3,801,694</u>	\$ <u>3,648,586</u>	\$ <u>9,881,569</u>

Depreciation expense was charged to the following functions:

Governmental Activities:		
Public safety and legal services		\$ 86,725
Physical health and social services		12,523
Mental health		11,580
County environment and education		6,372
Roads and transportation		364,190
Governmental services to residents		7,745
Administration		13,174
Non-program		<u>21,546</u>
Total depreciation expense - Governmental activities		\$ <u>523,855</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DUE TO OTHER GOVERNMENTS

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

<u>Fund</u>	<u>Services and Collections and Delinquent Property Taxes</u>	<u>Succeeding Year Property Taxes</u>	<u>Total</u>
General	\$ <u>7,344</u>	\$ <u>-</u>	\$ <u>7,344</u>
Special Revenue:			
MH-DD Services	72,570	-	72,570
Secondary Roads	<u>492</u>	<u>-</u>	<u>492</u>
	<u>73,062</u>	<u>-</u>	<u>73,062</u>
Trust and Agency:			
County Recorder	5,429	-	5,429
County Assessor	77,794	63,388	141,182
Schools	103,582	3,452,877	3,556,459
Area school	4,703	149,896	154,599
Corporations	21,451	444,935	466,386
Empowerment Board	215,239	-	215,239
TANF Empowerment Board	342,923	-	342,923
County Hospital	19,011	612,921	631,932
County Hospital Ambulance	69,297	54,418	123,715
E-911	146,270	-	146,270
Auto License and Use Tax	131,460	-	131,460
Drainage Districts	129,072	-	129,072
All other	<u>32,231</u>	<u>194,297</u>	<u>226,528</u>
	<u>1,298,462</u>	<u>4,972,732</u>	<u>6,271,194</u>
	\$ <u>1,378,868</u>	\$ <u>4,972,732</u>	\$ <u>6,351,600</u>

NOTE 6: CHANGES IN LONG-TERM DEBT

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

	<u>Estimated Liability for Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance - Beginning of year	\$ 300,000	\$ 115,765	\$ 415,765
Reductions	<u>15,000</u>	<u>5,046</u>	<u>20,046</u>
Balance - End of year	\$ <u>285,000</u>	\$ <u>110,719</u>	\$ <u>395,719</u>
Due within one year	\$ <u>15,000</u>	\$ <u>110,719</u>	\$ <u>125,719</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: CHANGES IN LONG-TERM DEBT (Continued)

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$285,000 reported as estimated liability for landfill postclosure care costs at June 30, 2005 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2005. The County closed the landfill in 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 7: 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 8.05%, 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 \$119,840, \$118,722, and \$116,353, respectively, equal to the required contributions for each year.

NOTE 8: RISK MANAGEMENT

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

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

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

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: RISK MANAGEMENT (Continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2005 were \$188,528.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2005, which covers exposures of specific losses in excess of \$350,000 per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence with excess of \$1,000,000, including the retention of the pool, for general liability. The policy obtained for the year ended June 30, 2005, covered exposures of \$350,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The risk pool fund records a liability for unpaid claims based on estimates for the costs of individual cases of losses and claims reported to year end, plus a provision for losses incurred but not yet reported. The estimates are based on the experience of similar organizations as determined by Arthur J. Gallagher and Co., the pool's service agent. At June 30, 2005, the risk pool fund reported a surplus of pool assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member County in addition to the premium contributions. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

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

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

NOTE 9: CONSTRUCTION COMMITMENT

The County has entered into a contract totaling \$30,263 for roadway resurfacing. As of June 30, 2005, no cost had been incurred against the contract. The balance of \$30,263 remaining at June 30, 2005 will be paid as work on the project progresses.

NOTE 10: COUNTY CARE FACILITY

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

NOTE 11: RECLASSIFICATIONS

Certain amounts at June 30, 2004 have been reclassified to conform with the June 30, 2005 presentation.

REQUIRED SUPPLEMENTARY INFORMATION

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

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

	Governmental Fund Types	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
		Actual	Original	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 2,039,376	\$ 1,935,195	\$ 1,935,195	\$ 104,181
Interest and penalty on property tax	29,801	31,510	31,510	(1,709)
Intergovernmental	3,133,584	2,843,736	2,989,519	144,065
Licenses and permits	11,403	13,000	13,000	(1,597)
Charges for service	210,671	188,376	213,376	(2,705)
Use of money and property	114,175	118,910	118,910	(4,735)
Miscellaneous	84,088	51,560	83,560	528
Total receipts	<u>5,623,098</u>	<u>5,182,287</u>	<u>5,385,070</u>	<u>238,028</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	845,477	828,161	863,661	18,184
Physical health and social services	343,192	339,321	379,321	36,129
Mental health	527,472	540,221	540,221	12,749
County environment and education	307,881	277,032	347,032	39,151
Roads and transportation	2,715,026	2,515,630	2,715,630	604
Governmental services to residents	282,123	277,021	330,021	47,898
Administration	489,415	464,929	509,929	20,514
Non-program	2,376	3,500	3,500	1,124
Capital projects	104,578	394,283	394,283	289,705
Total disbursements	<u>5,617,540</u>	<u>5,640,098</u>	<u>6,083,598</u>	<u>466,058</u>
Excess (deficiency) of receipts over (under) disbursements	5,558	(457,811)	(698,528)	704,086
Other financing sources, net	<u>15,061</u>	<u>17,600</u>	<u>17,600</u>	<u>(2,539)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	20,619	(440,211)	(680,928)	701,547
<u>BALANCE</u> - Beginning of year	<u>2,294,987</u>	<u>2,034,666</u>	<u>2,294,986</u>	<u>1</u>
<u>BALANCE</u> - End of year	\$ <u>2,315,606</u>	\$ <u>1,594,455</u>	\$ <u>1,614,058</u>	\$ <u>701,548</u>

VAN BUREN COUNTY, IOWA

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

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 5,623,098	\$ (77,151)	\$ 5,545,947
Expenditures	<u>5,617,540</u>	<u>(812,150)</u>	<u>4,805,390</u>
Net	5,558	734,999	740,557
Other financing sources, net	15,061	(10,319)	4,742
Beginning fund balances	<u>2,294,987</u>	<u>389,195</u>	<u>2,684,182</u>
Ending fund balances	\$ <u>2,315,606</u>	\$ <u>1,113,875</u>	\$ <u>3,429,481</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

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. The 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregate function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$443,500. The budget amendments are reflected in the final budgeted amounts.

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

OTHER SUPPLEMENTARY INFORMATION

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>	<u>Solid Waste Closure</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 10,329	\$ 15,723	\$ 10,788	\$ 71,248	\$ 5,000
Receivables:					
Accounts	140	-	312	-	-
Accrued interest	<u>-</u>	<u>15</u>	<u>10</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>10,469</u>	\$ <u>15,738</u>	\$ <u>11,110</u>	\$ <u>71,248</u>	\$ <u>5,000</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	<u>-</u>	<u>499</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>499</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND EQUITY:</u>					
Unreserved, reported in:					
Special revenue funds	<u>10,469</u>	<u>15,239</u>	<u>11,110</u>	<u>71,248</u>	<u>5,000</u>
Total fund equity	<u>10,469</u>	<u>15,239</u>	<u>11,110</u>	<u>71,248</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>10,469</u>	\$ <u>15,738</u>	\$ <u>11,110</u>	\$ <u>71,248</u>	\$ <u>5,000</u>

Schedule 1

<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ 154,024	\$ 10,671	\$ 13,284	\$ 291,067
-	-	66	518
<u>1,755</u>	<u>-</u>	<u>11</u>	<u>1,791</u>
\$ <u>155,779</u>	\$ <u>10,671</u>	\$ <u>13,361</u>	\$ <u>293,376</u>
\$ -	\$ -	\$ 600	\$ 600
<u>-</u>	<u>-</u>	<u>-</u>	<u>499</u>
<u>-</u>	<u>-</u>	<u>600</u>	<u>1,099</u>
<u>155,779</u>	<u>10,671</u>	<u>12,761</u>	<u>292,277</u>
<u>155,779</u>	<u>10,671</u>	<u>12,761</u>	<u>292,277</u>
\$ <u>155,779</u>	\$ <u>10,671</u>	\$ <u>13,361</u>	\$ <u>293,376</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2005

	<u>Solid Waste Planning</u>	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>	<u>Solid Waste Closure</u>
<u>REVENUES:</u>					
Intergovernmental	\$ 1,485	\$ 8,649	\$ -	\$ 764	\$ -
Charges for service	-	-	18,390	-	-
Use of money and property	-	96	75	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,485</u>	<u>8,745</u>	<u>18,465</u>	<u>764</u>	<u>-</u>
<u>EXPENDITURES:</u>					
Operating:					
County environment and education	-	6,681	-	1,152	-
Governmental services to residents	-	-	36,885	-	-
Capital projects	-	-	2,099	-	-
Total expenditures	<u>-</u>	<u>6,681</u>	<u>38,984</u>	<u>1,152</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,485	2,064	(20,519)	(388)	-
Other financing sources (uses):					
Operating transfer in	-	-	-	-	5,000
Operating transfer out	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,515)	2,064	(20,519)	(388)	5,000
Fund balances - Beginning of year	<u>13,984</u>	<u>13,175</u>	<u>31,629</u>	<u>71,636</u>	<u>-</u>
Fund balances - End of year	\$ <u>10,469</u>	\$ <u>15,239</u>	\$ <u>11,110</u>	\$ <u>71,248</u>	\$ <u>5,000</u>

Schedule 2

<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 10,898
-	-	-	18,390
3,690	165	104	4,130
100	-	8,465	8,565
<u>3,790</u>	<u>165</u>	<u>8,569</u>	<u>41,983</u>
-	-	-	7,833
-	-	-	36,885
-	-	8,910	11,009
-	-	8,910	55,727
3,790	165	(341)	(13,744)
-	-	-	5,000
<u>(3,086)</u>	<u>-</u>	<u>-</u>	<u>(8,086)</u>
704	165	(341)	(16,830)
<u>155,075</u>	<u>10,506</u>	<u>13,102</u>	<u>309,107</u>
\$ <u>155,779</u>	\$ <u>10,671</u>	\$ <u>12,761</u>	\$ <u>292,277</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2005

	County Offices		
	County Recorder	County Sheriff	County Conservation
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ -
Other County officials	5,429	5,956	9,331
Receivables:			
Accounts receivable	-	-	-
Due from other governments	-	-	-
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
Prepaid expenses	-	-	-
	-	-	-
TOTAL ASSETS	\$ <u>5,429</u>	\$ <u>5,956</u>	\$ <u>9,331</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	5,429	-	-
Trusts payable	-	5,956	9,331
	-	5,956	9,331
TOTAL LIABILITIES	\$ <u>5,429</u>	\$ <u>5,956</u>	\$ <u>9,331</u>

Anderson, Larkin & Co. P.C.

<u>E-911</u>	<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>Empowerment Board</u>	<u>TANF Empowerment Board</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>
\$ 138,330	\$ 20	\$ 129,046	\$ 255,319	\$ 358,004	\$ 15,317	\$ 7,673
-	-	-	-	-	-	-
6,579	-	-	-	-	-	-
1,221	216	-	-	-	-	-
-	-	-	-	-	3,694	5
-	-	-	-	-	612,921	806
189	-	26	437	573	-	-
-	-	-	-	-	-	-
<u>\$ 146,319</u>	<u>\$ 236</u>	<u>\$ 129,072</u>	<u>\$ 255,756</u>	<u>\$ 358,577</u>	<u>\$ 631,932</u>	<u>\$ 8,484</u>
\$ 49	\$ -	\$ -	\$ 40,517	\$ 15,654	\$ -	\$ -
146,270	236	129,072	215,239	342,923	631,932	8,484
-	-	-	-	-	-	-
<u>\$ 146,319</u>	<u>\$ 236</u>	<u>\$ 129,072</u>	<u>\$ 255,756</u>	<u>\$ 358,577</u>	<u>\$ 631,932</u>	<u>\$ 8,484</u>

Anderson, Larkin & Co., P.C.

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2005

<u>ASSETS</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>
Cash and pooled investments:					
County Treasurer	\$ 2,221	\$ 11,316	\$ 84,044	\$ 3,789	\$ 73,506
Other County officials	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	202
Due from other governments	-	-	-	-	-
Property tax:					
Delinquent	165	10,135	19,538	914	371
Succeeding year	91,917	444,935	3,452,877	149,896	63,388
Accrued interest	-	-	-	-	-
Prepaid expenses	-	-	-	-	3,923
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>94,303</u>	\$ <u>466,386</u>	\$ <u>3,556,459</u>	\$ <u>154,599</u>	\$ <u>141,390</u>
 <u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 208
Due to other governments	94,303	466,386	3,556,459	154,599	141,182
Trusts payable	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	\$ <u>94,303</u>	\$ <u>466,386</u>	\$ <u>3,556,459</u>	\$ <u>154,599</u>	\$ <u>141,390</u>

Schedule 3 - (Continued)

<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>	<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>City Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ 984	\$ -	\$ 68,970	\$ 131,460	\$ 4,044	\$ 16,294	\$ 2	\$ 1,300,339
-	-	-	-	-	-	-	20,716
-	-	-	-	-	-	-	6,781
-	-	-	-	-	-	-	1,437
237	370	327	-	-	-	-	35,756
41,644	59,930	54,418	-	-	-	-	4,972,732
-	-	-	-	-	-	-	1,225
-	-	-	-	-	-	-	3,923
<u>\$ 42,865</u>	<u>\$ 60,300</u>	<u>\$ 123,715</u>	<u>\$ 131,460</u>	<u>\$ 4,044</u>	<u>\$ 16,294</u>	<u>\$ 2</u>	<u>\$ 6,342,909</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,428
42,865	60,300	123,715	131,460	4,044	16,294	2	6,271,194
-	-	-	-	-	-	-	15,287
<u>\$ 42,865</u>	<u>\$ 60,300</u>	<u>\$ 123,715</u>	<u>\$ 131,460</u>	<u>\$ 4,044</u>	<u>\$ 16,294</u>	<u>\$ 2</u>	<u>\$ 6,342,909</u>

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2005

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>			
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>	<u>E-911</u>
Balances beginning of year	\$ <u>6,284</u>	\$ <u>7,332</u>	\$ <u>7,764</u>	\$ <u>131,427</u>
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
E911 surcharge	-	-	-	48,472
E911 payments	-	-	-	3,679
School ready children	-	-	-	-
Child care and development	-	-	-	-
Office fees and collections	45,630	2,981	82,303	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	1,415
Trusts	-	90,310	-	-
Miscellaneous	-	-	-	85
Total additions	<u>45,630</u>	<u>93,291</u>	<u>82,303</u>	<u>53,651</u>
Deductions:				
Agency remittances:				
To other funds	46,485	4,060	21,911	-
To other governments	-	1,488	-	38,759
Trusts paid out	-	89,119	58,825	-
Total deductions	<u>46,485</u>	<u>94,667</u>	<u>80,736</u>	<u>38,759</u>
Balances end of year	\$ <u>5,429</u>	\$ <u>5,956</u>	\$ <u>9,331</u>	\$ <u>146,319</u>

Anderson, Larkin & Co. P.C.

Emergency Management Services	Drainage Districts	Empowerment Board	TANF Empowerment Board	Joint Disaster Services	County Hospital	Property Tax Agency
\$ -	\$ 124,293	\$ 336,132	\$ 416,187	\$ 2,384	\$ 631,723	\$ 3,012
-	-	-	-	-	583,409	8,326
-	-	-	-	-	50,224	66
3,014	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	248,525	-	-	-	-
-	-	-	163,534	-	-	-
-	-	-	-	-	-	-
-	2,620	-	-	-	-	-
-	2,376	3,324	4,046	-	-	-
-	-	-	-	-	-	-
2,384	-	-	-	-	-	-
5,398	4,996	251,849	167,580	-	633,633	8,392
-	-	-	-	-	-	-
5,162	217	332,225	225,190	2,384	633,424	2,920
-	-	-	-	-	-	-
5,162	217	332,225	225,190	2,384	633,424	2,920
\$ 236	\$ 129,072	\$ 255,756	\$ 358,577	\$ -	\$ 631,932	\$ 8,484

VAN BUREN COUNTY, IOWA

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

<u>ASSETS AND LIABILITIES</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>
Balances beginning of year	\$ <u>92,028</u>	\$ <u>459,564</u>	\$ <u>3,497,008</u>	\$ <u>156,964</u>	\$ <u>125,391</u>
Additions:					
Property and other County tax	85,804	406,717	3,229,118	144,344	58,552
State tax credits	6,829	46,475	276,790	12,427	5,040
E911 surcharge	-	-	-	-	-
E911 payments	-	-	-	-	-
School ready children	-	-	-	-	-
Child care and development	-	-	-	-	-
Office fees and collections	-	-	-	-	2,627
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Interest income	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	64,047
Total additions	<u>92,633</u>	<u>453,192</u>	<u>3,505,908</u>	<u>156,771</u>	<u>130,266</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	90,358	446,370	3,446,457	159,136	114,267
Trusts paid out	-	-	-	-	-
Total deductions	<u>90,358</u>	<u>446,370</u>	<u>3,446,457</u>	<u>159,136</u>	<u>114,267</u>
Balances end of year	\$ <u>94,303</u>	\$ <u>466,386</u>	\$ <u>3,556,459</u>	\$ <u>154,599</u>	\$ <u>141,390</u>

Anderson Larkin & Co. P.C.

Schedule 4 - (Continued)

<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>	<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>City Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ <u>40,690</u>	\$ <u>61,943</u>	\$ <u>173,444</u>	\$ <u>135,893</u>	\$ <u>2,840</u>	\$ <u>5,489</u>	\$ <u>10</u>	\$ <u>6,417,802</u>
37,465	58,474	51,674	-	-	-	-	4,663,883
3,226	5,034	4,448	-	-	-	-	410,559
-	-	-	-	-	-	-	51,486
-	-	-	-	-	-	-	3,679
-	-	-	-	-	-	-	248,525
-	-	-	-	-	-	-	163,534
-	-	-	-	-	-	-	133,541
-	-	-	1,540,435	-	-	-	1,540,435
-	-	-	-	8,527	-	-	11,147
-	-	-	-	-	-	-	11,161
-	-	-	-	-	109,190	-	199,500
-	-	-	-	-	-	36	66,552
<u>40,691</u>	<u>63,508</u>	<u>56,122</u>	<u>1,540,435</u>	<u>8,527</u>	<u>109,190</u>	<u>36</u>	<u>7,504,002</u>
-	-	-	62,774	-	-	-	135,230
38,516	-	105,851	1,482,094	7,323	-	44	7,132,185
-	65,151	-	-	-	98,385	-	311,480
<u>38,516</u>	<u>65,151</u>	<u>105,851</u>	<u>1,544,868</u>	<u>7,323</u>	<u>98,385</u>	<u>44</u>	<u>7,578,895</u>
\$ <u>42,865</u>	\$ <u>60,300</u>	\$ <u>123,715</u>	\$ <u>131,460</u>	\$ <u>4,044</u>	\$ <u>16,294</u>	\$ <u>2</u>	\$ <u>6,342,909</u>

VAN BUREN COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST THREE YEARS

	Modified Accrual Basis		
	2005	2004	2003
REVENUES:			
Property and other County tax	\$ 2,045,314	\$ 1,913,671	\$ 1,626,591
Interest and penalty on property tax	30,226	32,361	32,485
Intergovernmental	2,991,029	3,001,220	3,222,742
Licenses and permits	32,170	32,994	13,616
Charges for service	215,606	222,555	180,490
Use of money and property	122,058	131,740	138,998
Miscellaneous	109,544	164,268	170,438
Total	\$ 5,545,947	\$ 5,498,809	\$ 5,385,360
EXPENDITURES:			
Operating:			
Public safety and legal services	\$ 853,684	\$ 777,658	\$ 776,408
Physical health and social services	348,215	367,353	337,499
Mental health	542,826	499,463	511,616
County environment and education	298,893	390,250	278,938
Roads and transportation	1,974,309	2,707,436	2,398,585
Governmental services to residents	283,145	243,480	238,593
Administration	490,847	541,339	485,241
Non-program	2,376	1,617	15,762
Capital projects	11,095	664,534	734,544
Total	\$ 4,805,390	\$ 6,193,130	\$ 5,777,186



ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

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April D. Hammack CPA
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Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)
Joseph C. Larkin, CPA (1960-1990)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated November 12, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren County, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Van Buren County, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

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

Compliance and Other Matters

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren County, Iowa and other parties to whom the 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 Van Buren County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
November 12, 2005

Anderson, Larkin + Co. PC

Anderson, Larkin & Co. P.C.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

PART I: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

- I-A-05 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that several County employees are involved with cash collections and computer data entry.

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

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

Conclusion – Response accepted.

- I-B-05 Accuracy of Computation – It was noted that the Recorder's quarterly report for the period ended June 30, 2005 does not foot by \$123 75.

Recommendation – All reports should be checked and verified for accuracy.

Response – We will do so in the future.

Conclusion – Response accepted.

- I-C-05 Authorization of Disbursements – It was noted that a disbursement was not properly approved for payment by authorized personnel.

Recommendation – All claim disbursements should be approved for payment by an authorized County employee.

Response – We will do so in the future.

Conclusion – Response accepted.

PART II: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- II-A-05 Official Depositories – Except as follows, a resolution naming official depositories has been approved by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year.

When the County switched from warrants to checks, a new account was opened by the Auditor's office. There is no depository resolution for this account.

Recommendation – The County should adopt a depository resolution for this account in order to comply with the Code of Iowa.

Response – We will do so.

Conclusion – Response accepted.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2005

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

- II-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.
- II-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted
- II-D-05 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- II-E-05 Business Transactions – No business transactions between the County and County officials or employees were noted
- II-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 reviewed periodically to insure that the coverage remains adequate for current operations
- II-G-05 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

However, in accordance with Code of Iowa, Chapter 349.18, minutes are required to be published within one week following adjournment. The County was unable to locate proof of publication for the meeting held December 20, 2004.

Recommendation – The Board of Supervisors should ensure all minutes are published to comply with Chapter 349.18 of the Code of Iowa. A copy of the proof of publication should be maintained.

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

Conclusion – Response accepted

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

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