



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
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NEWS RELEASE

FOR RELEASE February 10, 2004

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Auditor of State David A. Vaudt today released an audit report on Guthrie County, Iowa.

The County had local tax revenue of \$12,357,568 for the year ended June 30, 2003, which included \$793,285 in tax credits from the state. The County forwarded \$10,199,588 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,157,980 of the local tax revenue to finance County operations, a 2 percent decrease from the prior year. Other revenues included \$3,968,724 from other governments and \$163,043 in interest on investments.

Expenditures for County operations totaled \$9,256,356, an 8.1 percent decrease from the prior year. Expenditures included \$3,035,064 for roads and transportation, \$1,155,757 for mental health and \$1,042,239 for capital projects.

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

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GUTHRIE COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2003

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Guthrie County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Larry Laughery	Board of Supervisors	Jan 2003
Jim Petersen	Board of Supervisors	Jan 2003
Jerome Caraher	Board of Supervisors	Jan 2005
Lonnie Bench	Board of Supervisors	Jan 2005
Dean Whitehead (Appointed)	Board of Supervisors	Nov 2002
Janet Dickson	County Auditor	Jan 2005
Harriott Sloss	County Treasurer	Jan 2003
Jacki Sloss	County Recorder	Jan 2003
Stuart Stringham	County Sheriff	Jan 2005
Mary Benton	County Attorney	Jan 2003
Barry Stetzel	County Assessor	Jan 2004
(After January 2003)		
Jerome Caraher	Board of Supervisors	Jan 2005
Lonnie Bench	Board of Supervisors	Jan 2005
Larry Laughery	Board of Supervisors	Jan 2007
Jim Petersen	Board of Supervisors	Jan 2007
Kevin Wirt	Board of Supervisors	Jan 2007
Janet Dickson	County Auditor	Jan 2005
Marcia Kindred	County Treasurer	Jan 2007
Jacki Sloss	County Recorder	Jan 2007
Stuart Stringham	County Sheriff	Jan 2005
Mary Benton	County Attorney	Jan 2007
Barry Stetzel	County Assessor	Jan 2004

Guthrie County



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Independent Auditor's Report

To the Officials of Guthrie County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Guthrie County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Guthrie County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Guthrie County at June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Guthrie County for the year ended June 30, 2003.

As discussed in Note 17 to the financial statements, Guthrie County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2003 on our consideration of Guthrie County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 11 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 26, 2003

Financial Statements

Guthrie County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
	Assets and Other Debits		
Cash and pooled investments:			
County Treasurer	\$ 2,052,709	3,526,808	98,645
Other County officials	-	50	-
Held by component unit treasurer	-	384,941	-
Receivables:			
Property tax:			
Delinquent	14,062	18,276	-
Succeeding year	1,334,000	1,617,000	-
Interest and penalty on property tax	52,706	-	-
Operating reserve due from Country View Estates, Inc. (note 3)	227,910	-	-
Accounts	9,270	23,207	-
Accrued interest	2,929	-	-
Special assessments:			
Current	-	-	-
Succeeding year	-	-	-
Succeeding year drainage assessments	-	-	-
Due from other funds (note 4)	11,907	443	-
Due from other governments	136,109	188,600	-
Prepaid insurance	38,382	26,913	-
Inventories	-	450,454	-
Advances to other funds (note 8)	371,802	-	-
Property and equipment (note 5)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 4,251,786	6,236,692	98,645

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
191,557	512,556	-	-	6,382,275
-	18,263	-	-	18,313
-	21,189	-	-	406,130
-	125,320	-	-	157,658
-	10,756,000	-	-	13,707,000
-	-	-	-	52,706
-	-	-	-	227,910
-	-	-	-	32,477
-	-	-	-	2,929
-	7,438	-	-	7,438
-	143,562	-	-	143,562
-	26,587	-	-	26,587
-	-	-	-	12,350
-	-	-	-	324,709
-	-	-	-	65,295
-	-	-	-	450,454
-	-	-	-	371,802
-	-	9,277,397	-	9,277,397
-	-	-	3,189,682	3,189,682
191,557	11,610,915	9,277,397	3,189,682	34,856,674

Guthrie County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 24,425	147,494	-
Salaries and benefits payable	46,619	59,953	-
Due to other funds (note 4)	-	1,388	-
Due to other governments (note 7)	7,525	81,971	-
Deferred revenue:			
Succeeding year property tax	1,334,000	1,617,000	-
Other	313,413	23,035	-
Advances from other funds (note 8)	-	371,802	-
Compensated absences	15,566	21,687	-
Estimated liability for landfill closure and postclosure care costs (note 15)	-	-	-
Tax increment urban renewal revenue bonds (note 6)	-	-	-
Total liabilities	1,741,548	2,324,330	-
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Prepaid insurance	38,382	26,913	-
Inventories	-	450,454	-
Advances to other funds	371,802	-	-
Conservation purposes	-	384,941	-
Supplemental levy purposes	244,631	-	-
Unreserved	1,855,423	3,050,054	98,645
Total fund equity and other credits	2,510,238	3,912,362	98,645
Total liabilities, fund equity and other credits	\$ 4,251,786	6,236,692	98,645

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
92,900	446	-	-	265,265
-	3,690	-	-	110,262
-	10,962	-	-	12,350
-	11,509,823	-	-	11,599,319
-	-	-	-	2,951,000
-	-	-	-	336,448
-	-	-	-	371,802
-	16,926	-	148,572	202,751
-	-	-	406,110	406,110
-	-	-	2,635,000	2,635,000
92,900	11,541,847	-	3,189,682	18,890,307
-	-	9,277,397	-	9,277,397
98,657	-	-	-	98,657
-	-	-	-	65,295
-	-	-	-	450,454
-	-	-	-	371,802
-	21,189	-	-	406,130
-	-	-	-	244,631
-	47,879	-	-	5,052,001
98,657	69,068	9,277,397	-	15,966,367
191,557	11,610,915	9,277,397	3,189,682	34,856,674

Exhibit B

Guthrie County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2003

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expensible	
				Trust	
Revenues:					
Property and other county tax	\$ 851,058	1,172,100	-	-	2,023,158
Interest and penalty on property tax	36,371	-	-	-	36,371
Intergovernmental	906,862	3,196,684	-	-	4,103,546
Licenses and permits	27,462	415	-	-	27,877
Charges for service	363,717	215,887	-	-	579,604
Use of money and property	146,892	14,616	9,122	636	171,266
Fines and forfeitures	7,491	-	-	-	7,491
Miscellaneous	112,292	112,952	-	-	225,244
Total revenues	<u>2,452,145</u>	<u>4,712,654</u>	<u>9,122</u>	<u>636</u>	<u>7,174,557</u>
Expenditures:					
Operating:					
Public safety and legal services	846,053	12,146	-	-	858,199
Physical health and social services	1,037,535	-	-	-	1,037,535
Mental health	-	1,155,757	-	-	1,155,757
County environment and education	279,877	558,945	-	-	838,822
Roads and transportation	-	3,035,064	-	-	3,035,064
Governmental services to residents	304,585	4,341	-	-	308,926
Administration	873,594	-	-	-	873,594
Debt service	-	17,937	88,283	-	106,220
Capital projects	-	142,239	900,000	-	1,042,239
Total expenditures	<u>3,341,644</u>	<u>4,926,429</u>	<u>988,283</u>	<u>-</u>	<u>9,256,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(889,499)</u>	<u>(213,775)</u>	<u>(979,161)</u>	<u>636</u>	<u>(2,081,799)</u>

Guthrie County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2003

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Other financing sources (uses):					
Sale of general fixed assets	22,108	2,701	-	-	24,809
Operating transfers in	-	840,242	-	15,921	856,163
Operating transfers out	(60,275)	(795,888)	-	-	(856,163)
Revenue bond proceeds	-	-	900,000	-	900,000
Total other financing sources (uses)	(38,167)	47,055	900,000	15,921	924,809
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(927,666)	(166,720)	(79,161)	16,557	(1,156,990)
Fund balances beginning of year	3,433,791	4,127,326	177,806	52,511	7,791,434
Increase (decrease) in reserve for:					
Prepaid insurance	4,113	2,111	-	-	6,224
Inventories	-	(50,355)	-	-	(50,355)
Fund balances end of year	<u>\$2,510,238</u>	<u>3,912,362</u>	<u>98,645</u>	<u>69,068</u>	<u>6,590,313</u>

See notes to financial statements.

Exhibit C

Guthrie County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted	Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
Receipts:						
Property and other county tax	\$2,028,820	-	2,028,820	2,016,110	12,710	101%
Interest and penalty on property tax	44,692	-	44,692	-	44,692	
Intergovernmental	4,136,331	-	4,136,331	3,958,288	178,043	104%
Licenses and permits	27,832	-	27,832	16,200	11,632	172%
Charges for service	376,953	-	376,953	249,621	127,332	151%
Use of money and property	183,054	12,822	170,232	541,548	(371,316)	31%
Miscellaneous	460,189	12,046	448,143	306,356	141,787	146%
Total receipts	<u>7,257,871</u>	<u>24,868</u>	<u>7,233,003</u>	<u>7,088,123</u>	<u>144,880</u>	<u>102%</u>
Disbursements:						
Public safety and legal services	857,118	-	857,118	1,005,909	148,791	85%
Physical health and social services	1,036,300	-	1,036,300	1,181,976	145,676	88%
Mental health	1,123,087	-	1,123,087	1,247,700	124,613	90%
County environment and education	843,704	9,706	833,998	1,112,716	278,718	75%
Roads and transportation	3,113,659	-	3,113,659	3,554,872	441,213	88%
Governmental services to residents	311,483	-	311,483	336,908	25,425	92%
Administration	871,622	-	871,622	963,378	91,756	90%
Non-program	-	-	-	1,000	1,000	0%
Debt service	131,283	-	131,283	1,320,000	1,188,717	10%
Capital projects	1,098,643	-	1,098,643	1,659,000	560,357	66%
Total disbursements	<u>9,386,899</u>	<u>9,706</u>	<u>9,377,193</u>	<u>12,383,459</u>	<u>3,006,266</u>	<u>76%</u>
Excess (deficiency) of receipts over (under) disbursements	(2,129,028)	15,162	(2,144,190)	(5,295,336)		
Other financing sources, net	<u>947,746</u>	-	<u>947,746</u>	<u>1,252,039</u>		
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,181,282)	15,162	(1,196,444)	(4,043,297)		
Balance beginning of year	<u>7,313,503</u>	<u>399,882</u>	<u>6,913,621</u>	<u>6,147,174</u>		
Balance end of year	<u>\$6,132,221</u>	<u>415,044</u>	<u>5,717,177</u>	<u>2,103,877</u>		

See notes to financial statements.

Guthrie County
 Statement of Revenues, Expenses and Changes in Retained Earnings
 Proprietary Fund Type
 Year ended June 30, 2003

		Internal Service - Employee Group Health and Prescription
Operating revenues:		
Reimbursements from operating funds	\$ 744,521	
Reimbursements from employees and other governmental units	106,490	
Insurance reimbursements	35,183	\$ 886,194
Operating expenses:		
Medical and health services	616,600	
Health plan administration and stop loss insurance	147,797	764,397
Operating income		121,797
Non-operating revenues:		
Interest on investments		2,606
Net income		124,403
Retained earnings beginning of year		(25,746)
Retained earnings end of year		\$ 98,657

See notes to financial statements.

Exhibit E

Guthrie County
Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2003

	<u>Internal Service - Employee Group Health and Prescription</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 744,556
Cash received from employees and others	141,673
Cash payments for health claims	(602,893)
Cash payments for administrative services and stop loss insurance	<u>(147,797)</u>
Net cash provided by operating activities	135,539
Cash flows from investing activities:	
Interest on investments	<u>2,606</u>
Net increase in cash and cash equivalents	138,145
Cash and cash equivalents beginning of year	<u>53,412</u>
Cash and cash equivalents end of year	<u><u>\$ 191,557</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 121,797
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	35
Increase in accounts payable	<u>13,707</u>
Net cash provided by operating activities	<u><u>\$ 135,539</u></u>

See notes to financial statements.

Guthrie County

Guthrie County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

Guthrie 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.

A. Reporting Entity

For financial reporting purposes, Guthrie County has included all funds, organizations, account groups, 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 Guthrie 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.

Ten 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 Guthrie County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Guthrie County Auditor's office.

The Prairie Woodland Conservation Foundation (formerly the Guthrie County Conservation Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations would be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund, except for a bequest it received which is reported as an Expendable Trust Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations would be used for development and enhancement of museum projects and activities which are not included in the County's budget.

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: Guthrie County Assessor's Conference Board and Guthrie 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 Agency Funds of the County.

The County also participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Area XII Alcoholism and Drug Treatment Unit, Community Opportunities, Inc., South Central Youth and Family Services Commission, Area XII Council of Governments, Western Iowa Tourism, South Central Iowa Regional E-911 Service Board, and the Guthrie County Regional Airport Authority.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund – 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 Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

Proprietary Fund

Internal Service Fund – The 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

Trust Funds – The Trust Funds are used to account for assets held by the County in a trustee capacity. These include Expendable Trust Funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The 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. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this Account Group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as

retained earnings. Proprietary Fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, 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.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and 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. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

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.

E. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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

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

Succeeding Year Drainage Assessments Receivable – Drainage assessments represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Succeeding year drainage assessments receivable represents remaining drainage assessments which are payable but are not yet due.

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, 2003, balances of interfund amounts receivable or payable have been recorded.

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

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

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or “infrastructure” general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repair are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County’s policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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.

Advances to/from Other Funds – Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not 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 consists of amounts due from Country View Estates, Inc., the succeeding year property tax receivable, as well as delinquent property tax receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Funds. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Group Health and Prescription Fund is designated for anticipated future catastrophic losses for the County.

F. Budgets and Budgetary Accounting

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, Internal Service 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, Capital Projects Fund and Expendable Trust Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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 Assessor's Conference Board and for the E911 System by the Joint E911 Service Board.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by function, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types								
	General			Special Revenue			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$2,485,029	(32,884)	2,452,145	4,763,084	(50,430)	4,712,654	9,122	-	9,122
Expenditures	3,343,214	(1,570)	3,341,644	5,055,402	(128,973)	4,926,429	988,283	-	988,283
Net	(858,185)	(31,314)	(889,499)	(292,318)	78,543	(213,775)	(979,161)	-	(979,161)
Other financing sources (uses)	(15,230)	(22,937)	(38,167)	47,055	-	47,055	900,000	-	900,000
Beginning fund balances	2,926,124	507,667	3,433,791	4,157,062	(29,736)	4,127,326	177,806	-	177,806
Increase (decrease) in reserve for:									
Prepaid insurance	-	4,113	4,113	-	2,111	2,111	-	-	-
Inventories	-	-	-	-	(50,355)	(50,355)	-	-	-
Ending fund balances	\$2,052,709	457,529	2,510,238	3,911,799	563	3,912,362	98,645	-	98,645

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 636	-	636	7,257,871	(83,314)	7,174,557
Expenditures	-	-	-	9,386,899	(130,543)	9,256,356
Net	636	-	636	(2,129,028)	47,229	(2,081,799)
Other financing sources (uses)	15,921	-	15,921	947,746	(22,937)	924,809
Beginning fund balances	52,511	-	52,511	7,313,503	477,931	7,791,434
Increase (decrease) in reserve for:						
Prepaid insurance	-	-	-	-	6,224	6,224
Inventories	-	-	-	-	(50,355)	(50,355)
Ending fund balances	\$ 69,068	-	69,068	6,132,221	458,092	6,590,313

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 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.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) County Care Facility

On July 1, 1999, the County entered into a lease agreement with Country View Estates, Inc. for the management and operation of the Guthrie County Care Facility and farm. The renewable lease, through June 30, 2004, is cancelable upon notice by either party. Annually, the County will provide certain financial support for the operation of the care facility.

Under the terms of the agreement, Country View Estates, Inc. (operator) may keep reserve funds up to \$300,000 for operating expenses. Funds in excess of \$300,000 are to be used to adjust the current per diem rate charged to the County. In the event the contract is terminated, all assets, including the reserve funds, are to revert to the County. At June 30, 2003, a receivable titled operating reserve due from Country View Estates, Inc. for \$227,910, the amount of unrestricted cash reported in the financial statements of Country View Estates, Inc. at June 30, 2003, has been recorded in the County's financial statements, with a corresponding amount recorded as deferred revenue.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 1,388
	Trust and Agency: County Recorder County Auditor	10,469 50
Special Revenue: County Recorder's Records Management	Trust and Agency: County Recorder	<u>443</u>
Total		<u>\$12,350</u>

(5) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 457,802	-	-	457,802
Buildings	2,286,176	84,666	68,887	2,301,955
Equipment	6,272,027	667,896	422,283	6,517,640
Total	<u>\$ 9,016,005</u>	<u>752,562</u>	<u>491,170</u>	<u>9,277,397</u>

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	Tax Increment Urban Renewal Revenue Bonds	Compen- sated Absences	Estimated Liability for Landfill Closure and Postclosure Care Costs	Total
Balance beginning of year *	\$ 1,735,000	158,397	406,110	2,299,507
Additions	900,000	-	-	900,000
Reductions	-	9,825	-	9,825
Balance end of year	\$ 2,635,000	148,572	406,110	3,189,682

* - The beginning balance of the Tax Increment Urban Renewal Revenue Bonds has been restated to include the revenue bonds issued during the prior year.

Tax Increment Urban Renewal Revenue Bonds

The County sold \$1,735,000 of tax increment urban renewal revenue bonds dated November 27, 2001 to provide an economic development incentive to the Tall Corn Ethanol Cooperative and for capital improvements in the Tall Corn Ethanol Urban Renewal Area. The County sold an additional \$900,000 of tax increment urban renewal revenue bonds dated June 12, 2003 to provide capital improvements in the Tall Corn Ethanol Urban Renewal Area. The bonds are payable from the income and proceeds of the Special Revenue, Urban Renewal Tax Increment Fund, Tall Corn Ethanol, which has not yet been established, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. Interest on the bond shall be adjusted to a rate per annum equal to the yield at "constant maturity" of the five-year U.S. Treasury Notes, plus 90 basis points on December 1, 2006, December 1, 2011, December 1, 2016, and December 1, 2021. However, the interest rate may not be more than 2% higher or lower than the preceding rate, and the adjusted rate may not exceed 8% per annum or be less than 4% per annum. On December 1, 2004, and on each June 1 and December 1 as long as any of the principal of the bond remains outstanding, to the extent there are proceeds remaining in the Special Revenue, Urban Renewal Tax Revenue Fund following each required payment of interest, such proceeds shall be applied to the payment of principal of the bond. Since the interest rate and annual collections are variable, an amortization schedule is not included.

(7) 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. The 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	\$ 7,525
Special Revenue:		
Secondary Roads	Services	1,071
Mental Health	Services	69,290
Rural Services	Services	11,610
		<u>81,971</u>
Trust and Agency:		
County Assessor	Collections	272,647
County Recorder		7,301
Schools		5,925,509
Community Colleges		542,486
Corporations		3,139,079
Townships		235,689
Auto License and Use Tax		222,897
Drainage Districts		28,976
Special Assessments		152,587
County Hospital		824,490
Agricultural Extension		134,058
All other		24,104
		<u>11,509,823</u>
Total		<u>\$11,599,319</u>

(8) Advances to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Bayard Farmers Coop Urban Renewal	<u>\$371,802</u>

During the year ended June 30, 2002, the County authorized a \$417,301 advance from the General Fund to the Special Revenue, Bayard Farmers Coop Urban Renewal Fund to reimburse the Special Revenue, Secondary Roads Fund for expenses incurred on behalf of the urban renewal area. The advance will be repaid from the tax increment financing receipts collected in the Special Revenue, Bayard Farmers Coop Urban Renewal Fund and will include interest of 6% per annum. Repayments of \$43,000, including principal and interest, were made during the year.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, 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 are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were

\$153,476, \$153,956, and \$147,950, respectively, equal to the required contributions for each year.

(10) Contingent Liabilities

General Obligation Sewer Improvement Notes

On June 1, 1989, the County issued \$300,000 of general obligation sewer improvement notes for the South Panorama Sanitary District. In November 1998, the County issued \$200,000 of general obligation sewer improvement notes to refund the remaining \$190,000 of the original issue.

The County is contingently liable on general obligation sewer improvement note indebtedness of \$80,000 outstanding at June 30, 2003. Since the interest and note principal are currently paid out of South Panorama Sanitary District revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the sanitary district in future years are not adequate, a tax may be levied on all taxable property in the County. The transactions for this sewer improvement note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2003 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2004	4.25%	\$ 25,000	3,443	28,443
2005	4.30	25,000	2,380	27,380
2006	4.35	30,000	1,305	31,305
Total		\$ 80,000	7,128	87,128

South Central Iowa Regional E-911 Service Board General Obligation E-911 Notes

On April 15, 1999, the County entered into an agreement with the South Central Iowa Regional E-911 Service Board to assist in financing the repayment of debt and specific improvements and upgrades of the E-911 service system. The agreement provided for Guthrie County to sell general obligation E-911 notes on behalf of the Service Board for the purpose outlined above. The notes are to be repaid exclusively from E-911 service surcharge revenue.

The County is contingently liable on \$715,000 of the general obligation E-911 note indebtedness outstanding at June 30, 2003. Since the interest and note principal is currently paid out of South Central Iowa Regional E-911 Service Board revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the Service Board are not adequate, a tax may be levied on all taxable property in the County.

The Service Board is required to make semi-annual payments on June 1 and December 1 in each of the years 1999 to 2012, inclusive, with the initial installment of principal and

interest due on December 1, 1999. The transactions for this E-911 note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2003 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2004	4.25%	\$ 65,000	32,187	97,187
2005	4.30	70,000	29,425	99,425
2006	4.35	75,000	26,415	101,415
2007	4.40	75,000	23,152	98,152
2008	4.45	80,000	19,853	99,853
2009	4.55	80,000	16,293	96,293
2010	4.60	85,000	12,653	97,653
2011	4.70	90,000	8,743	98,743
2012	4.75	95,000	4,512	99,512
Total		\$ 715,000	173,233	888,233

(11) Community Economic Betterment Account (CEBA) Loan

Guthrie County entered into a loan agreement dated July 22, 1999 with the Iowa Department of Economic Development for \$75,000. The proceeds were received during the year ended June 30, 2000 and loaned to a local business to assist with economic development. The loan consists of a \$37,500 forgivable loan and a \$37,500 conventional loan with an interest rate at 3% per annum. Repayment of the conventional loan is to be made in 84 equal monthly payments of \$496 with the first payment due on February 1, 2000. The installments due July 1, 2002 through June 30, 2003 have been paid, leaving a balance on the conventional loan at June 30, 2003 of \$20,269. At the project completion date, \$1,500 will be forgiven for each new job created and the balance will be amortized over the remaining two years in equal monthly payments with 6% per annum interest. The County's liability for repayment of these loans is limited to the amounts the County receives as repayments from the local business. Because the loans are to be paid from other than County resources, the loans do not constitute a liability to the County and are not reported in the General Long-Term Debt Account group.

(12) Employee Group Health and Prescription Plan

The Guthrie County Employee Group Health and Prescription 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 Employee Group Services. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$32,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health and Prescription 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 Employee Group Services from the Employee Group Health and Prescription Fund. The County records the plan assets and related liabilities of the

Employee Group Health and Prescription Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$744,521.

Amounts payable from the Employee Group Health and Prescription Fund at June 30, 2003 total \$92,900, 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. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 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 at July 1, 2002	\$ 79,193
Incurred claims (including claims incurred but not reported at June 30, 2003)	616,600
Payment of claims	<u>(602,893)</u>
Unpaid claims at June 30, 2003	<u>\$ 92,900</u>

(13) Risk Management

Guthrie County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The

County's annual contributions to the Pool for the year ended June 30, 2003 were \$131,548.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with commercial property, commercial inland marine, commercial crime, boiler and machinery, workers compensation and the employee blanket bond. The County assumes responsibility for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(14) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts appropriated by department. During the year ended June 30, 2003, disbursements exceeded the amount appropriated in the District Court and County Home-Care Facility departments and disbursements exceeded the amount appropriated prior to amendment in the Emergency Management Services and Tax Increment Financing Departments.

(15) Closure and Postclosure Care Costs

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have

established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate a landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for Guthrie County have been estimated at \$406,110 as of June 30, 2003, and that amount of liability has been recognized. This liability represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. A provision for the above liability has been made on the County's balance sheet as of June 30, 2003. The County has reserved \$460,428 of its debt capacity to cover these costs.

(16) Deficit Balances

The Special Revenue, Mental Health Fund had a deficit balance of \$138,422 at June 30, 2003. The County is investigating options for eliminating the deficit.

(17) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of the County's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the County's financial activities.

Guthrie County

Supplemental Information

Schedule 1

Guthrie County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues:

Property and other county tax:

Property tax	\$ 816,808	
Utility tax replacement excise tax	<u>34,250</u>	\$ 851,058

Interest and penalty on property tax		36,371
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Intergovernmental:

State shared revenues:

Franchise tax	19,936	
Other	<u>2,567</u>	
	<u>22,503</u>	

State tax replacements:

State tax credits	62,287	
State allocation	<u>31,639</u>	
	<u>93,926</u>	

State and federal pass-thru revenues:

Home care aide grant	44,809	
Human services administrative reimbursement	18,619	
Other	<u>230,795</u>	
	<u>294,223</u>	

Contribution and reimbursements from
other governmental units:

Other	<u>34,839</u>	
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Direct federal grants and entitlements:

Medicare and medicaid	<u>461,260</u>	
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Payments in lieu of taxes	<u>111</u>	906,862
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Licenses and permits		27,462
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Charges for service:

Office fees and collections	156,800	
Auto registration, use tax, drivers license and mailing	82,050	
Other	<u>124,867</u>	363,717

Guthrie County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues (continued):		
Use of money and property:		
Interest on investments	139,506	
Other	<u>7,386</u>	146,892
Fines, forfeitures and defaults		7,491
Miscellaneous		<u>112,292</u>
Total revenues		<u>2,452,145</u>
Expenditures:		
Operating:		
Public safety and legal services		846,053
Physical health and social services		1,037,535
County environment and education		279,877
Governmental services to residents		304,585
Administration		<u>873,594</u>
Total expenditures		<u>3,341,644</u>
Deficiency of revenues under expenditures		<u>(889,499)</u>
Other financing sources (uses):		
Sale of general fixed assets		22,108
Operating transfers out:		
Special Revenue:		
Secondary Roads		(44,354)
Expendable Trust:		
Conservation Reserve		(5,919)
Fairgrounds Amphitheater Trust		<u>(10,002)</u>
Total other financing sources (uses)		<u>(38,167)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(927,666)
Fund balance beginning of year		3,433,791
Increase in reserve for prepaid insurance		<u>4,113</u>
Fund balance end of year		<u>\$ 2,510,238</u>

See accompanying independent auditor's report.

Schedule 2

Guthrie County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:			
Law enforcement:			
Uniformed patrol services	\$	338,251	
Investigations		2,073	
Law enforcement communication		179,162	
Adult correction services		30,800	
Administration		109,020	
		<u>659,306</u>	
Legal services:			
Criminal prosecution		113,914	
Medical examinations		12,631	
		<u>126,545</u>	
Emergency services:			
Emergency management		7,951	
E911 service board		2,294	
		<u>10,245</u>	
Assistance to district court system:			
Physical operations		633	
Research and other assistance		9,863	
Bailiff services		2,197	
		<u>12,693</u>	
Court proceedings:			
Juries and witnesses		1,333	
Service of civil papers		3,449	
		<u>4,782</u>	
Juvenile justice administration:			
Juviniile victim restitution		30,847	
Court-appointed attorneys and court costs for juveniles		1,635	
		<u>32,482</u>	\$ 846,053
Physical health and social services:			
Physical health services:			
Sanitation		208,274	
Health administration		436,729	
		<u>645,003</u>	
Services to the poor:			
Administration		24,917	
General welfare services		44,632	
		<u>69,549</u>	

Guthrie County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Physical health and social services (continued):

Services to military veterans:

Administration	1,662	
General services to veterans	9,314	
	<u>10,976</u>	

Children's and family services:

Youth guidance	19,731	
Family protective services	1,006	
	<u>20,737</u>	

Services to other adults:

Services to the elderly	267,202	
Other social services	8,805	
	<u>276,007</u>	

Chemical dependency:

Treatment services	6,574	
Preventive services	8,689	
	<u>15,263</u>	1,037,535

County environment and education:

Conservation and recreation services:

Administration	63,682	
Maintenance and operations	111,366	
Recreation and environmental education services	67,433	
	<u>242,481</u>	

Animal control:

Animal bounties and domestic animal losses	59	
	<u>59</u>	

County development:

Land use and building controls	631	
Economic development	11,839	
	<u>12,470</u>	

Educational services:

Fairgrounds	9,999	
Fair and 4-H clubs	14,868	
	<u>24,867</u>	279,877

Schedule 2

Guthrie County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Governmental services to residents:		
Representation services:		
Elections administration	55,786	
Local elections	2,350	
Township officials	1,780	
	<u>59,916</u>	
State administrative services:		
Motor vehicle registrations and licensing	131,391	
Recording of public documents	113,278	
	<u>244,669</u>	304,585
Administration:		
Policy and administration:		
General county management	171,012	
Administrative management services	97,954	
Treasury management services	108,921	
Other policy and administration	28,104	
	<u>405,991</u>	
Central services:		
General services	358,126	
	<u>358,126</u>	
Risk management services:		
Tort liability	35,913	
Safety of workplace	59,780	
Fidelity of public officials	8,772	
Unemployment compensation	5,012	
	<u>109,477</u>	873,594
Total		<u>\$ 3,341,644</u>

See accompanying independent auditor's report.

Guthrie County

Guthrie County
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Assets						
Cash and pooled investments:						
County Treasurer	\$ 672,895	2,672,270	180	34,545	54,321	15,236
Other County officials Held by component unit treasurer	-	50	-	-	-	-
Receivables:						
Property tax:						
Delinquent	16,267	-	-	-	-	-
Succeeding year	1,049,000	-	-	-	-	-
Accounts	23,051	156	-	-	-	-
Due from other funds	-	-	-	-	-	443
Due from other governments	5,300	176,939	-	-	255	-
Prepaid insurance	3,100	23,813	-	-	-	-
Inventories	-	450,454	-	-	-	-
Total assets	\$1,769,613	3,323,682	180	34,545	54,576	15,679
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ 8,528	57,306	-	-	-	-
Salaries and benefits payable	3,539	54,634	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	11,610	1,071	-	-	-	-
Deferred revenue:						
Succeeding year property tax	1,049,000	-	-	-	-	-
Other	21,068	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Compensated absences	877	20,697	-	-	-	-
Total liabilities	1,094,622	133,708	-	-	-	-
Fund equity:						
Fund balances:						
Reserved for:						
Prepaid insurance	3,100	23,813	-	-	-	-
Inventories	-	450,454	-	-	-	-
Conservation purposes	-	-	-	-	-	-
Resource enhancement and protection	-	-	-	-	54,576	-
Unreserved	671,891	2,715,707	180	34,545	-	15,679
Total fund equity	674,991	3,189,974	180	34,545	54,576	15,679
Total liabilities and fund equity	\$1,769,613	3,323,682	180	34,545	54,576	15,679

See accompanying independent auditor's report.

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
1,356	11,613	9,661	2,849	-	-	8,914	164	42,804	3,526,808
-	-	-	-	-	-	-	-	-	50
-	-	-	-	373,908	11,033	-	-	-	384,941
-	-	2,009	-	-	-	-	-	-	18,276
-	-	568,000	-	-	-	-	-	-	1,617,000
-	-	-	-	-	-	-	-	-	23,207
-	-	-	-	-	-	-	-	-	443
-	-	6,106	-	-	-	-	-	-	188,600
-	-	-	-	-	-	-	-	-	26,913
-	-	-	-	-	-	-	-	-	450,454
1,356	11,613	585,776	2,849	373,908	11,033	8,914	164	42,804	6,236,692
-	-	81,660	-	-	-	-	-	-	147,494
-	-	1,780	-	-	-	-	-	-	59,953
-	-	1,388	-	-	-	-	-	-	1,388
-	-	69,290	-	-	-	-	-	-	81,971
-	-	568,000	-	-	-	-	-	-	1,617,000
-	-	1,967	-	-	-	-	-	-	23,035
-	-	-	-	-	-	-	-	371,802	371,802
-	-	113	-	-	-	-	-	-	21,687
-	-	724,198	-	-	-	-	-	371,802	2,324,330
-	-	-	-	-	-	-	-	-	26,913
-	-	-	-	-	-	-	-	-	450,454
-	-	-	-	373,908	11,033	-	-	-	384,941
-	-	-	-	-	-	-	-	-	54,576
1,356	11,613	(138,422)	2,849	-	-	8,914	164	(328,998)	2,995,478
1,356	11,613	(138,422)	2,849	373,908	11,033	8,914	164	(328,998)	3,912,362
1,356	11,613	585,776	2,849	373,908	11,033	8,914	164	42,804	6,236,692

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Revenues:						
Property and other county tax:						
Property tax	\$ 921,184	-	-	-	-	-
Utility tax replacement excise tax	36,167	-	-	-	-	-
	957,351	-	-	-	-	-
Intergovernmental:						
State shared revenues:						
Road use tax	478	2,299,246	-	-	-	-
State tax replacements:						
State tax credits	63,637	-	-	-	-	-
State allocation	46,953	-	-	-	-	-
Mental health property tax relief	-	-	-	-	-	-
Other	-	-	-	-	-	-
	110,590	-	-	-	-	-
State and federal pass-thru revenues:						
Social services block grant	-	-	-	-	-	-
Resource enhancement and protection grant	-	-	-	-	452	-
	-	-	-	-	452	-
Contributions from other governmental units						
	75,113	487	-	-	-	-
Payments in lieu of taxes						
	1,501	215,358	-	-	-	-
	187,682	2,515,091	-	-	452	-
Licenses and permits						
	-	415	-	-	-	-
Charges for service:						
Sanitary landfill fees and recyclables	210,787	-	-	-	-	-
Document management fee	-	-	-	-	-	4,339
Other	-	261	-	-	-	-
	210,787	261	-	-	-	4,339
Use of money and property:						
Land rental	-	720	-	-	-	-
Interest on investments	-	-	-	-	736	516
Other	-	117	-	-	-	-
	-	837	-	-	736	516

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
-	-	113,806	-	-	-	-	10,730	85,320	1,131,040
-	-	4,893	-	-	-	-	-	-	41,060
-	-	118,699	-	-	-	-	10,730	85,320	1,172,100
-	-	-	-	-	-	-	-	-	2,299,724
-	-	8,898	-	-	-	-	-	-	72,535
-	-	-	-	-	-	-	-	-	46,953
-	-	410,959	-	-	-	-	-	-	410,959
-	-	12,033	-	-	-	-	-	-	12,033
-	-	431,890	-	-	-	-	-	-	542,480
-	-	36,099	-	-	-	-	-	-	36,099
-	-	-	-	-	-	-	-	-	452
-	-	36,099	-	-	-	-	-	-	36,551
50	-	25,404	-	-	-	-	-	-	101,054
-	-	16	-	-	-	-	-	-	216,875
50	-	493,409	-	-	-	-	-	-	3,196,684
-	-	-	-	-	-	-	-	-	415
-	-	-	-	-	-	-	-	-	210,787
-	-	-	-	-	-	-	-	-	4,339
-	-	500	-	-	-	-	-	-	761
-	-	500	-	-	-	-	-	-	215,887
-	-	-	-	-	-	-	-	-	720
-	77	-	-	12,060	125	-	56	209	13,779
-	-	-	-	-	-	-	-	-	117
-	77	-	-	12,060	125	-	56	209	14,616

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhancement and Protection	County Recorder's Records Management
Revenues (continued):						
Miscellaneous:						
Donations	-	-	-	-	-	-
Sale of materials	-	55,446	-	-	-	-
Other	2,806	21,486	-	-	-	-
	<u>2,806</u>	<u>76,932</u>	-	-	-	-
Total revenues	<u>1,358,626</u>	<u>2,593,536</u>	-	-	<u>1,188</u>	<u>4,855</u>
Expenditures:						
Operating:						
Public safety and legal services:						
Law enforcement:						
Investigations	-	-	-	-	-	-
Mental health:						
Persons with mental health problems - mental illness:						
General administration	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Persons with chronic mental illness:						
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed and certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Persons with mental retardation:						
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed and certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
-	-	-	-	9,783	2,263	-	-	-	12,046
-	-	-	-	-	-	-	-	-	55,446
-	13,021	6,354	1,793	-	-	-	-	-	45,460
-	13,021	6,354	1,793	9,783	2,263	-	-	-	112,952
50	13,098	618,962	1,793	21,843	2,388	-	10,786	85,529	4,712,654
-	12,146	-	-	-	-	-	-	-	12,146
-	-	40,609	-	-	-	-	-	-	40,609
-	-	39,990	-	-	-	-	-	-	39,990
-	-	23,100	-	-	-	-	-	-	23,100
-	-	103,699	-	-	-	-	-	-	103,699
-	-	3,600	-	-	-	-	-	-	3,600
-	-	16,234	-	-	-	-	-	-	16,234
-	-	65,356	-	-	-	-	-	-	65,356
-	-	32,235	-	-	-	-	-	-	32,235
-	-	215,432	-	-	-	-	-	-	215,432
-	-	33,072	-	-	-	-	-	-	33,072
-	-	365,929	-	-	-	-	-	-	365,929
-	-	11,608	-	-	-	-	-	-	11,608
-	-	3,186	-	-	-	-	-	-	3,186
-	-	4,788	-	-	-	-	-	-	4,788
-	-	169,540	-	-	-	-	-	-	169,540
-	-	417,280	-	-	-	-	-	-	417,280
-	-	70,146	-	-	-	-	-	-	70,146
-	-	676,548	-	-	-	-	-	-	676,548

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):						
Operating:						
Mental health:						
Persons with other developmental disabilities:						
Licensed and certified living arrangements	-	-	-	-	-	-
	-	-	-	-	-	-
County environment and education:						
Environmental quality:						
Weed eradication	108,202	-	-	-	-	-
Solid waste disposal	351,038	-	-	-	-	-
	459,240	-	-	-	-	-
Conservation and recreation services:						
Administration	-	-	-	-	-	-
Educational services:						
Libraries	90,000	-	-	-	-	-
	549,240	-	-	-	-	-
Roads and transportation:						
Secondary roads administration and engineering:						
Administration	-	172,436	-	-	-	-
Engineering	-	310,607	-	-	-	-
	-	483,043	-	-	-	-
Roadway maintenance:						
Bridges and culvert	-	35,740	-	-	-	-
Roads	-	1,488,085	-	-	-	-
Snow and ice control	-	13,057	-	-	-	-
Traffic controls	-	39,858	-	-	-	-
Road clearing	40,000	24,151	-	-	-	-
	40,000	1,600,891	-	-	-	-
General roadway:						
Equipment	-	350,314	-	-	-	-
Equipment operation	-	435,132	-	-	-	-
Tools, materials, and supplies	-	60,384	-	-	-	-
Real estate and buildings	-	21,359	-	-	-	-
	-	867,189	-	-	-	-

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
-	-	9,581	-	-	-	-	-	-	9,581
-	-	1,155,757	-	-	-	-	-	-	1,155,757
-	-	-	-	-	-	-	-	-	108,202
-	-	-	-	-	-	-	-	-	351,038
-	-	-	-	-	-	-	-	-	459,240
-	-	-	-	6,171	3,534	-	-	-	9,705
-	-	-	-	-	-	-	-	-	90,000
-	-	-	-	6,171	3,534	-	-	-	558,945
-	-	-	-	-	-	-	-	-	172,436
-	-	-	-	-	-	-	-	-	310,607
-	-	-	-	-	-	-	-	-	483,043
-	-	-	-	-	-	-	-	-	35,740
-	-	-	-	-	-	-	-	-	1,488,085
-	-	-	-	-	-	-	-	-	13,057
-	-	-	-	-	-	-	-	-	39,858
-	-	-	-	-	-	-	-	-	64,151
-	-	-	-	-	-	-	-	-	1,640,891
-	-	-	-	-	-	-	-	-	350,314
-	-	-	-	-	-	-	-	-	435,132
-	-	-	-	-	-	-	-	-	60,384
-	-	-	-	-	-	-	-	-	21,359
-	-	-	-	-	-	-	-	-	867,189

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):						
Operating:						
Roads and transportation:						
Mass transit:						
Air transportation	43,941	-	-	-	-	-
	<u>83,941</u>	<u>2,951,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental services to residents:						
State administrative services:						
Recording of public documents	-	-	-	-	-	4,341
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,341</u>
Debt service:						
Interest	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital projects:						
Roadway construction	-	131,589	-	-	-	-
Other capital projects	-	-	-	-	-	-
	<u>-</u>	<u>131,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>633,181</u>	<u>3,082,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>725,445</u>	<u>(489,176)</u>	<u>-</u>	<u>-</u>	<u>1,188</u>	<u>514</u>
Other financing sources (uses):						
Sale of general fixed assets	-	2,701	-	-	-	-
Operating transfers in (out):						
General	-	44,354	-	-	-	-
Special Revenue:						
Rural Services	-	795,888	-	-	-	-
Secondary Roads	(795,888)	-	-	-	-	-
Total other financing sources (uses)	<u>(795,888)</u>	<u>842,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(70,443)</u>	<u>353,767</u>	<u>-</u>	<u>-</u>	<u>1,188</u>	<u>514</u>
Fund balances beginning of year	744,879	2,885,006	180	34,545	53,388	15,165
Increase (decrease) in reserve for:						
Prepaid insurance	555	1,556	-	-	-	-
Inventories	-	(50,355)	-	-	-	-
	<u>555</u>	<u>(50,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances end of year	<u>\$ 674,991</u>	<u>3,189,974</u>	<u>180</u>	<u>34,545</u>	<u>54,576</u>	<u>15,679</u>

See accompanying independent auditor's report.

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
-	-	-	-	-	-	-	-	-	43,941
-	-	-	-	-	-	-	-	-	3,035,064
-	-	-	-	-	-	-	-	-	4,341
-	-	-	-	-	-	-	-	17,937	17,937
-	-	-	-	-	-	-	-	-	131,589
-	-	-	-	-	-	-	10,650	-	10,650
-	-	-	-	-	-	-	10,650	-	142,239
-	12,146	1,155,757	-	6,171	3,534	-	10,650	17,937	4,926,429
50	952	(536,795)	1,793	15,672	(1,146)	-	136	67,592	(213,775)
-	-	-	-	-	-	-	-	-	2,701
-	-	-	-	-	-	-	-	-	44,354
-	-	-	-	-	-	-	-	-	795,888
-	-	-	-	-	-	-	-	-	(795,888)
-	-	-	-	-	-	-	-	-	47,055
50	952	(536,795)	1,793	15,672	(1,146)	-	136	67,592	(166,720)
1,306	10,661	398,373	1,056	358,236	12,179	8,914	28	(396,590)	4,127,326
-	-	-	-	-	-	-	-	-	2,111
-	-	-	-	-	-	-	-	-	(50,355)
1,356	11,613	(138,422)	2,849	373,908	11,033	8,914	164	(328,998)	3,912,362

Schedule 5

Guthrie County

Capital Projects Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2003

Revenues:	
Use of money and property:	
Interest on investments	<u>\$ 9,122</u>
Expenditures:	
Debt service:	
Interest	88,283
Capital projects:	
Roadway construction	<u>900,000</u>
Total expenditures	<u>988,283</u>
Deficiency of revenues under expenditures	(979,161)
Other financing sources:	
Revenue bond proceeds	<u>900,000</u>
Deficiency of revenues and other financing sources under expenditures	(79,161)
Fund balance beginning of year	<u>177,806</u>
Fund balance end of year	<u><u>\$ 98,645</u></u>

See accompanying independent auditor's report.

Guthrie County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2003

	Expendable		
	Trust	Agency	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 47,879	464,677	512,556
Other County officials	-	18,263	18,263
Held by component unit treasurer	21,189	-	21,189
Receivables:			
Property tax:			
Delinquent	-	125,320	125,320
Succeeding year	-	10,756,000	10,756,000
Special assessments			
Current	-	7,438	7,438
Succeeding year	-	143,562	143,562
Succeeding year drainage assessments	-	26,587	26,587
Total assets	\$ 69,068	11,541,847	11,610,915
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	446	446
Salaries and benefits payable	-	3,690	3,690
Due to other funds	-	10,962	10,962
Due to other governments	-	11,509,823	11,509,823
Compensated absences	-	16,926	16,926
Total liabilities	-	11,541,847	11,541,847
Fund equity:			
Fund balances:			
Reserved for conservation purposes	21,189	-	21,189
Unreserved	47,879	-	47,879
	69,068	-	69,068
Total liabilities and fund equity	\$ 69,068	11,541,847	11,610,915

See accompanying independent auditor's report.

Schedule 7

Guthrie County
Expendable Trust Funds
Combining Balance Sheet
June 30, 2003

	Conservation Land Acquisition Trust	Guthrie County Historical Village Foundation Trust	Fairgrounds Amphitheater Trust	Total
Assets				
Cash and pooled investments:				
County Treasurer	\$ 8,398	-	39,481	47,879
Held by component unit treasurer	-	21,189	-	21,189
Total assets	\$ 8,398	21,189	39,481	69,068
Fund Equity				
Fund equity:				
Fund balances:				
Reserved for conservation purposes	-	21,189	-	21,189
Unreserved	8,398	-	39,481	47,879
	\$ 8,398	21,189	39,481	69,068

See accompanying independent auditor's report.

Guthrie County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Conservation Land Acquisition Trust	Guthrie County Historical Village Foundation Trust	Fairgrounds Amphitheater Trust	Total
Revenues:				
Use of money and property:				
Interest on investments	\$ -	636	-	636
Expenditures:				
None	-	-	-	-
Excess of revenues over expenditures	-	636	-	636
Other financing sources:				
Operating transfers in:				
General	5,919	-	10,002	15,921
Excess of revenues and other financing sources over expenditures	5,919	636	10,002	16,557
Fund balances beginning of year	2,479	20,553	29,479	52,511
Fund balances end of year	\$ 8,398	21,189	39,481	69,068

See accompanying independent auditor's report.

Guthrie County
 Agency Funds
 Combining Balance Sheet
 June 30, 2003

	<u>County Offices</u>		Agricultural	
	County	County	Extension	County
	Auditor	Recorder	Education	Assessor
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	-	3,085	16,146
Other County officials	50	18,213	-	-
Receivables:				
Property tax:				
Delinquent	-	-	1,973	2,563
Succeeding year	-	-	129,000	275,000
Special assessments:				
Current	-	-	-	-
Succeeding year	-	-	-	-
Succeeding year drainage assessments	-	-	-	-
Total assets	\$ 50	18,213	134,058	293,709
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	-	446
Salaries and benefits payable	-	-	-	3,690
Due to other funds	50	10,912	-	-
Due to other governments	-	7,301	134,058	272,647
Compensated absences	-	-	-	16,926
Total liabilities	\$ 50	18,213	134,058	293,709

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Drainage Districts
139,206	5,786	28,173	15,811	222,897	42	2,389
-	-	-	-	-	-	-
85,303	3,700	17,906	3,878	-	27	-
5,701,000	533,000	3,093,000	216,000	-	2,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	26,587
<u>5,925,509</u>	<u>542,486</u>	<u>3,139,079</u>	<u>235,689</u>	<u>222,897</u>	<u>2,069</u>	<u>28,976</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,925,509	542,486	3,139,079	235,689	222,897	2,069	28,976
-	-	-	-	-	-	-
<u>5,925,509</u>	<u>542,486</u>	<u>3,139,079</u>	<u>235,689</u>	<u>222,897</u>	<u>2,069</u>	<u>28,976</u>

Guthrie County
 Agency Funds
 Combining Balance Sheet
 June 30, 2003

	Anatomical Gift Donations	South Panorama Sanitary District Notes and Interest	Diamondhead Sanitary District	Special Assessments
Assets				
Cash and pooled investments:				
County Treasurer	63	9,841	-	1,587
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	2,000	-
Special assessments:				
Current	-	-	-	7,438
Succeeding year	-	-	-	143,562
Succeeding year drainage assessments	-	-	-	-
Total assets	63	9,841	2,000	152,587
Liabilities				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	63	9,841	2,000	152,587
Compensated absences	-	-	-	-
Total liabilities	63	9,841	2,000	152,587

See accompanying independent auditor's report.

County	South Panorama Sanitary Hospital District	Tax Sale Redemption	Stuart Ag Urban Renewal	Total
15,547	1	4,087	16	464,677
-	-	-	-	18,263
9,943	27	-	-	125,320
799,000	6,000	-	-	10,756,000
-	-	-	-	7,438
-	-	-	-	143,562
-	-	-	-	26,587
<u>824,490</u>	<u>6,028</u>	<u>4,087</u>	<u>16</u>	<u>11,541,847</u>
-	-	-	-	446
-	-	-	-	3,690
-	-	-	-	10,962
824,490	6,028	4,087	16	11,509,823
-	-	-	-	16,926
<u>824,490</u>	<u>6,028</u>	<u>4,087</u>	<u>16</u>	<u>11,541,847</u>

Guthrie County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	County Offices			Agricultural	County Assessor
	County Auditor	County Recorder	County Sheriff	Extension Education	
Assets and Liabilities					
Balances beginning of year	\$ 50	13,917	-	133,292	231,516
Additions:					
Property and other county tax	-	-	-	120,260	262,992
State tax credits	-	-	-	8,739	13,368
Office fees and collections	-	233,710	34,527	-	1,338
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	69,196	-	-
Miscellaneous	-	-	-	397	6,608
Total additions	-	233,710	103,723	129,396	284,306
Deductions:					
Agency remittances:					
To other funds	-	115,168	33,968	-	-
To other governments	-	114,246	559	128,630	222,113
Trusts paid out	-	-	69,196	-	-
Total deductions	-	229,414	103,723	128,630	222,113
Balances end of year	\$ 50	18,213	-	134,058	293,709

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Drainage Districts
6,735,731	251,838	2,998,991	264,196	205,798	2,081	12,000
4,715,210	515,283	1,704,602	1,458,710	-	1,646	-
396,224	16,389	141,666	37,886	-	120	-
-	-	-	-	-	-	-
-	-	-	-	2,573,168	-	-
-	-	-	-	-	-	29,890
-	-	-	-	-	-	-
18,045	746	2,478	660	-	5	-
5,129,479	532,418	1,848,746	1,497,256	2,573,168	1,771	29,890
-	-	-	-	93,645	-	-
5,939,701	241,770	1,708,658	1,525,763	2,462,424	1,783	12,914
-	-	-	-	-	-	-
5,939,701	241,770	1,708,658	1,525,763	2,556,069	1,783	12,914
5,925,509	542,486	3,139,079	235,689	222,897	2,069	28,976

Guthrie County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	South Panorama			
	Anatomical Gift Donations	Sanitary District Notes and Interest	Diamondhead Sanitary District	Special Assessments
Assets and Liabilities				
Balances beginning of year	43	7,076	-	41,129
Additions:				
Property and other county tax	-	-	2,000	-
State tax credits	-	-	-	-
Office fees and collections	199	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	141,131
Trusts	-	-	-	-
Miscellaneous	-	32,257	-	-
Total additions	199	32,257	2,000	141,131
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	179	29,492	-	29,673
Trusts paid out	-	-	-	-
Total deductions	179	29,492	-	29,673
Balances end of year	63	9,841	2,000	152,587

See accompanying independent auditor's report.

County Hospital	South Panorama Sanitary District	Tax Sale Redemption	Holding	E911 Bonds and Interest	Stuart Ag Urban Renewal	Refunds	Total
675,157	2,309	12,133	-	-	17,844	-	11,605,101
752,540	7,705	-	177	-	-	-	9,541,125
44,039	32	-	-	-	-	-	658,463
-	24,366	185,362	-	-	-	-	479,502
-	-	-	-	-	-	-	2,573,168
-	23,903	-	-	-	-	-	194,924
-	-	-	-	-	-	-	69,196
2,004	-	-	-	100,217	56	1,754	165,227
798,583	56,006	185,362	177	100,217	56	1,754	13,681,605
-	-	-	-	-	-	-	242,781
649,250	52,287	193,408	177	100,217	17,884	-	13,431,128
-	-	-	-	-	-	1,754	70,950
649,250	52,287	193,408	177	100,217	17,884	1,754	13,744,859
824,490	6,028	4,087	-	-	16	-	11,541,847

Schedule 11

Guthrie County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2003	2002	2001	2000
Taxes:				
Property and other county tax	\$ 1,947,848	1,977,427	2,225,607	3,072,997
Utility tax replacement excise tax	75,310	79,417	90,941	-
	<u>2,023,158</u>	<u>2,056,844</u>	<u>2,316,548</u>	<u>3,072,997</u>
Intergovernmental:				
State shared revenues:				
Road use tax	2,299,724	2,306,781	2,211,974	2,244,513
Other	22,503	27,406	44,598	67,182
State grants and reimbursements including indirect federal funding:				
Community development block grant	-	568,000	2,628,000	15,000
Social services block grant	36,099	52,589	54,014	54,331
Public health nursing and homemaker health grants	44,809	76,658	82,575	71,856
MH-DD community services fund allocation	-	-	69,171	69,171
Federal emergency management assistance	-	-	-	5,165
Resource enhancement and protection grant	452	8,875	9,479	9,038
Iowa Department of Transportation cooperative agreement project reimbursement	-	-	-	169,405
Underground storage tank remediation	-	179,351	-	-
Other	249,414	249,198	246,037	154,114
State tax replacements:				
State tax credits	134,822	145,831	180,406	282,776
State allocation	78,592	84,759	89,990	90,300
Mental health property tax relief	410,959	411,295	468,562	410,959
Other	12,033	2,605	17,641	7,002
Direct federal grants and entitlements:				
Medicare and medicaid	461,260	449,836	356,604	215,652
Contributions and reimbursements from other governmental units				
	135,893	456,889	179,719	277,777
Payments in lieu of taxes	216,986	211	1,447	72,173
	<u>4,103,546</u>	<u>5,020,284</u>	<u>6,640,217</u>	<u>4,216,414</u>
Total	<u>\$ 6,126,704</u>	<u>7,077,128</u>	<u>8,956,765</u>	<u>7,289,411</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Guthrie County:

We have audited the general purpose financial statements of Guthrie County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 26, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have been resolved except for items 1, 2, 5 and 12.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guthrie County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 Guthrie 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 the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 A is a material weakness. Prior year reportable conditions have been resolved except for items A, B, C and D.

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

DAVID A. VAUDT , CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 26, 2003

Guthrie County
 Schedule of Findings
 Year ended June 30, 2003

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties – During our review of the internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements. 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) Receipts - listing of mail receipts, collecting, depositing, posting and daily reconciling	Treasurer, Sheriff, Recorder, and Transfer Station/Landfill
(2) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash	Treasurer, Sheriff, and Recorder
(3) Disbursements—processing of vouchers, check or warrant writing, signing, posting and reconciling.	Recorder

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

County Treasurer – We all share different responsibilities and we are now working together on bank reconciliations between the three of us.

County Sheriff – This works for my office and I don’t see anything wrong with it.

Recorder – Will segregate duties to the best of our ability considering the small staff available.

Guthrie County

Schedule of Findings

Year ended June 30, 2003

Transfer Station/Landfill – We attempt to have some control over cash and checks received by having the Treasurer’s Office provide the Director with a copy of all receipts that can be monitored. This is not a total check but discourages discrepancies that could be noticed. There is only one person on duty in the office and so complete segregation of duties is not possible.

Conclusion – Responses acknowledged. For those offices with limited staff, other County personnel could be used to provide additional control through review of financial transactions. Also, the reviews performed by an independent person should be evidenced by initials or signature of the reviewer and the date of review.

- (B) County Treasurer – The person responsible for the detailed record keeping of investments is also the custodian of the investments.

Recommendation – The person responsible for the detailed record keeping of investments should not also have custody of those investments.

Response – We have changed responsibilities in our office, three sharing in the duties. If I enter the miscellaneous on the computer, then one of the others generally enters and rechecks me on the cash book.

Conclusion – Response accepted.

- (C) Public Health Nurse – Separate bank accounts were maintained for the collections and expenditures of the Public Health Nurse Hospice/Respite. The collections and expenditures were not reflected in the County’s accounting system.

Recommendation – All collections for the Public Health Nurse Hospice/Respite should be remitted to the County Treasurer and all expenditures should be reflected in the County’s accounting system.

Response – The bank account is now with the County Treasurer’s Office.

Conclusion – Response accepted.

- (D) Transfer Station/Landfill – Checks are not restrictively endorsed upon receipt. Also, the change fund is not reconciled back to its established balance when deposits are made.

Recommendation – To safeguard cash and increase funds available for investment, checks should be restrictively endorsed upon receipt, and the change fund should be reconciled back to its established balance when deposits are made.

Response – All Transfer Station/Landfill staff have been informed of the importance of restrictively endorsing checks. An endorsement stamp has been placed in the cash box for the convenience of staff and all checks are endorsed upon receipt.

As of the December 8, 2003 deposit, the change fund will be reconciled back to an established balance of \$50. The change fund will be reconciled immediately after each weekly deposit and records of reconciliation will be kept.

Conclusion – Response accepted.

Guthrie County

Schedule of Findings

Year ended June 30, 2003

- (E) Prepayment of Goods/Services – Warrants were written at the end of the fiscal year for services that were not performed or completed. This included items such as cell phone service, electricity service, internet service, and postage for the Local Board of Health. The prepayment of goods/services is not considered to be best business practices.

Recommendation – Goods/services should generally only be paid when the goods have been received or the services have been rendered.

Response – If prepayment does or will occur again, it needs to be to businesses that are long-standing or major businesses.

Conclusion – Response acknowledged. Goods/services should generally only be paid when the goods have been received or the services have been rendered.

Guthrie County

Schedule of Findings

Year ended June 30, 2003

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003, except as follows:

Office	Depository	Maximum Authorized Deposit
County Treasurer	Guthrie County State Bank	\$3,000,000
	Exchange State Bank	\$1,000,000

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

Response – A new resolution has been approved.

Conclusion – Response accepted.

- (2) Certified Budget – Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted. Disbursements in two departments exceeded the amount appropriated and two other departments exceeded the amount appropriated prior to the amendment on May 27, 2003.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the functional area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – Departments will be contacted to watch their budgets and not go over appropriations.

Conclusion – Response accepted.

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

- (4) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Guthrie County

Schedule of Findings

Year ended June 30, 2003

- (5) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kenneth Burns, employee	Mowing for County	\$ 525 (a)
Brock Robson, employee	Mowing for County	100 (a)
Jerry Cook, employee	Mowing for County	360 (a)
Karen Gerlich, employee	Mowing for County	150 (a)
Larry Long, employee	Mowing for County	360 (a)
Nick Chance, employee	Mowing for County	200 (a)
Rick Kness, employee	Mowing for County	280 (a)
John Wallace, employee	Mowing for County	210 (a)
Mike Brooks, employee	Mowing for County	325 (a)
Kurt Sperry, employee	Tool rent	655 (a)
Bob Soll, employee	Cement work	195 (a)
Chales Cleveland, employee	Matron duty	25 (a)
Lillian Gilson, employee, son is owner of Gilson Construction	Snow removal/underground storage tank cleanup/repairs	982 (a)
Betty Hansen, employee	Matron duty	6,726 (b)
Stephan Eischeid, employee, father of Austin Eischeid	Roadside mowing	1,886 (b)
Cheryl Jensen, employee, spouse is owner of Jensen Sanitation	Conservation garbage/sewer	2,385 (b)

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions designated with an (a) do not appear to represent conflicts of interest since the cumulative amount for each individual was less than \$1,500 during the fiscal year.

The transactions designated with a (b) may represent a conflict of interest since the total transactions exceeded \$1,500 during the fiscal year.

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

Response – Legal counsel will be consulted.

Conclusion – Response accepted.

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Guthrie County

Schedule of Findings

Year ended June 30, 2003

(9) 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 subsection (b)(2) and (b)(3).

(10) Solid Waste Fees Retainage – The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a)(11), (13) and (15) of the Code of Iowa.

(11) 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, 2003 for the County Extension Office did not exceed the amount budgeted.

(12) Deficit Fund Balance – The Mental Health Fund had a deficit fund balance of \$138,422 at June 30, 2003.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The State cut our funding after budgets were certified, causing fund balances to be lower.

Conclusion – Response acknowledged. The County should investigate alternatives to eliminate the deficit.

(13) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The County should obtain and retain an image of both the front and back of each cancelled check as required.

Response –

County Treasurer – I believe this has been corrected with the bank upon our request. We will receive fronts as well as the backs of our cancelled checks.

County Sheriff – We have received cancelled checks for last month and the bank already took care of this problem for us.

County Recorder – Bank has already agreed to image both sides of the checks and deposit slips as of November, 2003.

Conclusion – Response accepted.

Guthrie County

Staff

This audit was performed by:

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