



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ April 1, 2003 _____ Contact: Andy Nielsen
515/281-5515

The Office of Auditor of State today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$61,021,784 for the year ended June 30, 2002, which included \$2,559,953 in tax credits from the state. The County forwarded \$49,394,962 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,626,822 of the local tax revenue to finance County operations, an 11 percent increase from the prior year. Other revenues included \$5,787,712 from the state, including indirect federal funding, \$1,816,401 from direct federal grants and entitlements and \$301,495 in interest on investments. The County also received general obligation capital loan note proceeds of \$4,120,092 that are reported as an other financing source. The significant increase in local tax revenues is due primarily to an increase in taxable valuations and tax levy rates.

Expenditures for County operations totaled \$22,864,610, a less than one percent decrease from the prior year. Expenditures included \$4,405,522 for roads and transportation, \$3,701,048 for public safety and \$3,541,905 for mental health.

This report contained recommendations to the Board of Supervisors and other County officials. For example, the County should segregate duties to the extent possible to obtain the maximum internal control and ensure that fixed assets are properly recorded and reconciled. The County responded favorably to the recommendations.

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

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DALLAS COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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Dallas County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Julius Little	Board of Supervisors	Jan 2003
Marvin Shirley	Board of Supervisors	Jan 2003
Alice Wicker	Board of Supervisors	Jan 2005
Carole Bayeur - Dawson	County Auditor	Jan 2005
Darrell Bauman	County Treasurer	Jan 2003
Carol Hol	County Recorder	Jan 2003
Arthur Johnson	County Sheriff	Jan 2005
Wayne M. Reisetter	County Attorney	Jan 2003
Ron Potter	County Assessor	Jan 2004

Dallas County



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Dallas County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Dallas 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 Dallas County at June 30, 2002, 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 Dallas County for the year ended June 30, 2002.

As discussed in Note 19 to the financial statements, Dallas 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 fiscal year ending June 30, 2003. 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 will 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 reports dated January 29, 2003 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are 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 year ended June 30, 2001 (none of which is presented herein) and expressed an unqualified opinion on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the two years ended June 30, 2000 (none of which is presented herein) and expressed qualified opinions on those financial statements for the omission of the financial data of the Dallas County Conservation Foundation pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 14, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 29, 2003

Financial Statements

Dallas County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 2,723,386	2,264,884	147,341
Other County officials	-	-	-
Conservation Foundation	-	47,407	-
Receivables:			
Property tax:			
Delinquent	48,082	22,916	3,221
Succeeding year	7,530,000	3,545,000	567,000
Interest and penalty on property tax	64,760	-	-
Accounts (net of allowance for doubtful ambulance accounts of \$137,594)	275,651	8,346	-
Accrued interest	4,536	855	-
Assessments	-	45,137	-
Economic development loans (note 3)	-	78,768	-
Due from other funds (note 4)	84,741	317,518	-
Due from other governments	253,469	657,952	-
Interfund receivable (note 4)	-	45,000	-
Inventories	-	598,043	-
Prepaid insurance	70,081	24,036	-
Property and equipment (note 5)	-	-	-
Construction in progress (note 5)	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount available in Drainage Districts Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$11,054,706	7,655,862	717,562

Capital Projects	Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
3,904,880	117,186	2,291,695	-	-	11,449,372
-	-	148,359	-	-	148,359
-	-	-	-	-	47,407
-	-	246,146	-	-	320,365
-	-	46,013,000	-	-	57,655,000
-	-	-	-	-	64,760
900	141,010	46,053	-	-	471,960
5,122	-	1,659	-	-	12,172
-	-	2,585,000	-	-	2,630,137
-	-	-	-	-	78,768
-	-	-	-	-	402,259
-	-	77,266	-	-	988,687
-	-	-	-	-	45,000
-	-	-	-	-	598,043
-	-	3,250	-	-	97,367
-	-	-	18,164,501	-	18,164,501
-	-	-	668,706	-	668,706
-	-	-	-	147,400	147,400
-	-	-	-	5,712	5,712
-	-	-	-	9,236,809	9,236,809
3,910,902	258,196	51,412,428	18,833,207	9,389,921	103,232,784

Dallas County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 228,079	311,203	-
Salaries and benefits payable	254,062	104,046	-
Due to other funds (note 4)	61,277	270,045	-
Due to other governments (note 6)	18,659	155,292	-
Interfund payable (note 4)	45,000	-	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	7,530,000	3,545,000	567,000
Other	333,859	293,960	3,162
Installment purchase agreement (note 7)	-	-	-
Capital lease purchase agreements (note 7)	-	-	-
Capital loan notes (note 7)	-	-	-
Drainage district warrants (note 7)	-	-	-
Settlement agreement (note 7)	-	-	-
Compensated absences	67,253	16,703	-
Total liabilities	8,538,189	4,696,249	570,162
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Supplemental levy purposes	515,560	-	-
Inventories	-	598,043	-
Prepaid insurance	70,081	24,036	-
Drainage district warrants	-	5,712	-
Debt service	-	-	147,400
Debt financed projects	83,804	-	-
Unreserved:			
Designated	15,000	-	-
Undesignated	1,832,072	2,331,822	-
Total fund equity and other credits	2,516,517	2,959,613	147,400
Total liabilities, fund equity and other credits	\$11,054,706	7,655,862	717,562

See notes to financial statements.

Capital Projects	Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	Fund Type Internal Service	Fund Type Trust and Agency	General Fixed Assets	General Long-Term Debt	
296,427	212,709	256,272	-	-	1,304,690
-	-	15,166	-	-	373,274
-	-	70,937	-	-	402,259
-	-	50,822,083	-	-	50,996,034
-	-	-	-	-	45,000
-	-	99,298	-	-	99,298
-	-	-	-	-	11,642,000
-	-	77,266	-	-	708,247
-	-	-	-	15,000	15,000
-	-	-	-	181,143	181,143
-	-	-	-	8,540,000	8,540,000
-	-	-	-	48,910	48,910
-	-	-	-	143,750	143,750
-	-	74,378	-	461,118	619,452
296,427	212,709	51,415,400	-	9,389,921	75,119,057
-	-	-	18,833,207	-	18,833,207
-	45,487	-	-	-	45,487
-	-	-	-	-	515,560
-	-	-	-	-	598,043
-	-	-	-	-	94,117
-	-	-	-	-	5,712
-	-	-	-	-	147,400
-	-	-	-	-	83,804
-	-	-	-	-	15,000
3,614,475	-	(2,972)	-	-	7,775,397
3,614,475	45,487	(2,972)	18,833,207	-	28,113,727
3,910,902	258,196	51,412,428	18,833,207	9,389,921	103,232,784

Dallas County

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

Year ended June 30, 2002

	Governmental	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 7,051,553	3,631,240
Interest and penalty on property tax	124,755	-
Intergovernmental	2,706,401	5,412,383
Licenses and permits	148,580	885
Charges for service	1,463,219	17,772
Use of money and property	258,654	15,005
Fines, forfeitures and defaults	-	5,830
Miscellaneous	261,967	206,450
Total revenues	12,015,129	9,289,565
Expenditures:		
Operating:		
Public safety	3,688,609	7,418
Court services	81,695	-
Physical health and education	1,735,918	105,000
Mental health	-	3,541,905
Social services	778,631	-
County environment	1,021,897	172,723
Roads and transportation	-	4,405,522
State and local government services	692,597	-
Interprogram services	2,625,307	4,848
Non-program	332,958	36,501
Debt service	256,725	25,929
Capital projects	88,510	1,037,977
Total expenditures	11,302,847	9,337,823
Excess (deficiency) of revenues over (under) expenditures	712,282	(48,258)

Fund Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
380,857	-	-	11,063,650
-	-	-	124,755
18,442	139,633	5,132	8,281,991
-	-	-	149,465
-	-	-	1,480,991
8,267	45,545	127	327,598
-	-	-	5,830
4,529	8,108	48,431	529,485
412,095	193,286	53,690	21,963,765
-	-	5,021	3,701,048
-	-	-	81,695
-	-	1,293	1,842,211
-	-	-	3,541,905
-	-	-	778,631
-	-	-	1,194,620
-	-	-	4,405,522
-	-	-	692,597
-	-	-	2,630,155
-	-	-	369,459
447,933	-	-	730,587
-	1,584,819	184,874	2,896,180
447,933	1,584,819	191,188	22,864,610
(35,838)	(1,391,533)	(137,498)	(900,845)

Dallas County

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

Year ended June 30, 2002

	<u>Governmental</u>	
	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Operating transfers in	36,220	2,470,755
Operating transfers out	(357,754)	(2,170,934)
Proceeds from drainage warrants	-	37,077
Capital lease purchase agreement	153,413	-
General obligation capital loan note proceeds (net of \$24,908 discount)	300,000	-
Total other financing sources (uses)	<u>131,879</u>	<u>336,898</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	844,161	288,640
Fund balances beginning of year	1,660,459	2,458,354
Increase in reserve for:		
Inventories	-	206,260
Prepaid insurance	11,897	6,359
Fund balances end of year	<u>\$ 2,516,517</u>	<u>2,959,613</u>

See notes to financial statements.

Fund Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
17,933	-	40,000	2,564,908
-	(36,220)	-	(2,564,908)
-	-	-	37,077
-	-	-	153,413
-	3,820,092	-	4,120,092
17,933	3,783,872	40,000	4,310,582
(17,905)	2,392,339	(97,498)	3,409,737
165,305	1,222,136	94,526	5,600,780
-	-	-	206,260
-	-	-	18,256
147,400	3,614,475	(2,972)	9,235,033

Dallas 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, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$11,062,303	-
Interest and penalty on property tax	124,755	-
Intergovernmental	8,042,588	-
Licenses and permits	149,465	-
Charges for service	1,487,406	-
Use of money and property	335,303	1,486
Fines, forfeitures and defaults	5,830	-
Miscellaneous	524,293	61,370
Total receipts	<u>21,731,943</u>	<u>62,856</u>
Disbursements:		
Public safety	3,688,747	-
Court services	81,196	-
Physical health and education	1,924,874	-
Mental health	3,456,976	-
Social services	782,747	-
County environment	1,200,601	68,010
Roads and transportation	4,210,771	-
State and local government services	670,604	-
Interprogram services	2,465,984	-
Non-program	331,585	36,502
Debt service	730,585	25,928
Capital projects	2,735,709	-
Total disbursements	<u>22,280,379</u>	<u>130,440</u>
Deficiency of receipts under disbursements	(548,436)	(67,584)
Other financing sources, net	<u>4,157,169</u>	<u>37,077</u>
Excess (deficiency) of revenues and other financing sources over (under) disbursements and other financing uses	3,608,733	(30,507)
Balance beginning of year	<u>5,628,201</u>	<u>151,236</u>
Balance end of year	<u>\$ 9,236,934</u>	<u>120,729</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
11,062,303	11,191,491	(129,188)	99%
124,755	31,500	93,255	396%
8,042,588	7,823,497	219,091	103%
149,465	168,450	(18,985)	89%
1,487,406	1,400,845	86,561	106%
333,817	298,481	35,336	112%
5,830	57,000	(51,170)	10%
462,923	873,396	(410,473)	53%
<u>21,669,087</u>	<u>21,844,660</u>	<u>(175,573)</u>	<u>99%</u>
3,688,747	3,870,432	181,685	95%
81,196	99,221	18,025	82%
1,924,874	2,165,796	240,922	89%
3,456,976	3,467,352	10,376	100%
782,747	943,312	160,565	83%
1,132,591	1,161,543	28,952	98%
4,210,771	4,559,393	348,622	92%
670,604	703,608	33,004	95%
2,465,984	2,669,237	203,253	92%
295,083	303,415	8,332	97%
704,657	703,030	(1,627)	100%
<u>2,735,709</u>	<u>4,077,457</u>	<u>1,341,748</u>	<u>67%</u>
<u>22,149,939</u>	<u>24,723,796</u>	<u>2,573,857</u>	<u>90%</u>
(480,852)	(2,879,136)		
<u>4,120,092</u>	<u>4,100,000</u>		
3,639,240	1,220,864		
<u>5,476,965</u>	<u>5,514,179</u>		
<u>9,116,205</u>	<u>6,735,043</u>		

Exhibit D

Dallas County

Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds and others		\$ 1,284,365
Reinsurance reimbursements		281,191
Miscellaneous		<u>937</u>
Total operating revenues		1,566,493
Operating expenses:		
Medical claims	\$1,473,942	
Administrative and other fees	<u>255,101</u>	<u>1,729,043</u>
Operating loss		(162,550)
Nonoperating revenues:		
Interest on investments		<u>4,396</u>
Net loss		(158,154)
Retained earnings beginning of year		<u>203,641</u>
Retained earnings end of year		<u><u>\$ 45,487</u></u>

See notes to financial statements.

Dallas County
 Statement of Cash Flows
 Proprietary Fund Type
 Year ended June 30, 2002

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 1,284,365
Cash received from reinsurance reimbursements	140,181
Cash received from miscellaneous sources	937
Cash payments for medical claims and other	(1,673,161)
Net cash used by operating activities	(247,678)
Cash flows from investing activities:	
Interest on investments	5,166
Net decrease in cash and cash equivalents	(242,512)
Cash and cash equivalents at beginning of year	359,698
Cash and cash equivalents at end of year	\$ 117,186
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (162,550)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) in accounts receivable	(141,010)
Increase in accounts payable	55,882
Net cash used by operating activities	\$ (247,678)

See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Dallas 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, Dallas 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 Dallas 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.

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

The Dallas County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Dallas County Conservation Board. These donations would be used to purchase items which are not included in the County's budget. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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

The County also participates in the North Dallas Regional Solid Waste Planning Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue 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.

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

Capital Projects Funds - The Capital Projects Funds are 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 health insurance provided to various departments of the County 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 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 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 collected 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 tax, 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.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are 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 are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred 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, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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 due from 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. Special assessments receivable represent assessments which have been made but have not been collected.

Drainage Assessments Receivable - Drainage assessments receivable 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. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, 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 that 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 or estimated historical cost where historical cost is not available. 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 repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, 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.

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue 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 unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, sick leave and comp time hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 50% for employees, at the last hourly rate, upon retirement if the employee has at least 10 years of continuous service and after the age of fifty-five. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation, sick leave and comp time payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. 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, 2002.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of 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 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area 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 Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area, 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		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 12,016,890	(1,761)	12,015,129	9,061,494	228,071	9,289,565
Expenditures	11,128,609	174,238	11,302,847	9,087,827	249,996	9,337,823
Net	888,281	(175,999)	712,282	(26,333)	(21,925)	(48,258)
Other financing sources (uses)	(34,937)	166,816	131,879	275,621	61,277	336,898
Beginning fund balances	1,870,165	(209,706)	1,660,459	2,062,880	395,474	2,458,354
Increase in reserve for:						
Inventories	-	-	-	-	206,260	206,260
Prepaid insurance	-	11,897	11,897	-	6,359	6,359
Ending fund balances	\$ 2,723,509	(206,992)	2,516,517	2,312,168	647,445	2,959,613

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 412,778	(683)	412,095	187,274	6,012	193,286
Expenditures	447,933	-	447,933	1,576,917	7,902	1,584,819
Net	(35,155)	(683)	(35,838)	(1,389,643)	(1,890)	(1,391,533)
Other financing sources (uses)	98,651	(80,718)	17,933	3,777,834	6,038	3,783,872
Beginning fund balances	83,845	81,460	165,305	1,516,689	(294,553)	1,222,136
Increase in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 147,341	59	147,400	3,904,880	(290,405)	3,614,475

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	53,507	183	53,690	\$ 21,731,943	231,822	21,963,765
Expenditures	39,093	152,095	191,188	22,280,379	584,231	22,864,610
Net	14,414	(151,912)	(137,498)	(548,436)	(352,409)	(900,845)
Other financing sources (uses)	40,000	-	40,000	4,157,169	153,413	4,310,582
Beginning fund balances	94,622	(96)	94,526	5,628,201	(27,421)	5,600,780
Increase in reserve for:						
Inventories	-	-	-	-	206,260	206,260
Prepaid insurance	-	-	-	-	18,256	18,256
Ending fund balances	149,036	(152,008)	(2,972)	\$ 9,236,934	(1,901)	9,235,033

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 do 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, 2002 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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$4,436,777 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Economic Development Loans

During the year ended June 30, 1999, the County loaned \$48,656 interest free to Medical Services Industries, Inc. The loan requires quarterly payments of \$1,250. Payments totaling \$5,000 were received during the year ended June 30, 2002.

During the year ended June 30, 2000, the County loaned \$50,000 interest free to Grief Enterprises, LTD. The loan requires annual payments of \$10,000. Payments totaling \$10,000 were received during the year ended June 30, 2002.

During the year ended June 30, 2000, the County loaned \$50,000 to Percival Scientific, Inc. The loan bears a 5% interest rate per annum and requires quarterly payments of \$2,831. Payments totaling \$11,325 were received during the year ended June 30, 2002.

A summary of the loans receivable at June 30, 2002 is as follows:

Year Ending June 30,	Medical Services Industries, Inc.		Grief Enterprises, LTD		Percival Scientific, Inc.		Total Principal
	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 5,000	-	10,000	-	10,069	1,256	25,069
2004	5,000	-	10,000	-	10,581	744	25,581
2005	5,000	-	-	-	8,212	205	13,212
2006	5,000	-	-	-	-	-	5,000
2007	5,000	-	-	-	-	-	5,000
2008	4,906	-	-	-	-	-	4,906
Total	\$ 29,906	-	20,000	-	28,862	2,205	78,768

(4) Interfund Assets/Liabilities

The detail of interfund assets and liabilities at June 30, 2002 is as follows:

Due From/Due To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 15,195
	Ortonville Sewer	123
	Trust and Agency:	
	County Recorder	39,823
	County Sheriff	6,646
	Auto License and Use Tax	22,947
	Anatomical Gift Donations	7
Special Revenue:	General	61,277
Secondary Roads	Special Revenue:	
	Rural Services	254,727
County Recorder's Records Management	Trust and Agency:	
	County Recorder	1,514
Total		<u>\$ 402,259</u>

Interfund Receivable/Payable:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Economic Development	General	<u>\$ 45,000</u>

(5) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land, buildings and equipment	\$ 16,548,741	2,482,633	866,873	18,164,501
Construction in progress	-	668,706	-	668,706
	<u>\$ 16,548,741</u>	<u>3,151,339</u>	<u>866,873</u>	<u>18,833,207</u>

Equipment includes \$199,768 of assets acquired under capital leases. Property and equipment totaling \$2,441,967 were valued at estimated historical cost.

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. 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	\$ 18,659
Special Revenue:		
Rural Services	Services	15,450
Secondary Roads		577
Mental Health		139,265
		<u>155,292</u>
Trust and Agency:		
County Recorder	Collections	42,425
Agricultural Extension Education		84,772
County Assessor		647,582
Schools		26,357,475
Community Colleges		852,528
Corporations		17,284,180
Townships		270,159
Auto License and Use Tax		789,182
Special Assessments		2,607,984
County Hospital		1,309,813
E911		498,920
All other		77,063
		<u>50,822,083</u>
Total		<u>\$ 50,996,034</u>

(7) Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Installment Purchase Agreement	Capital Lease Purchase Agreements	Capital Loan Notes	Drainage District Warrants
Balance beginning of year	\$ 23,000	51,722	4,720,000	34,294
Additions	-	153,413	4,145,000	37,077
Reductions	8,000	23,992	325,000	22,461
Balance end of year	<u>\$ 15,000</u>	<u>181,143</u>	<u>8,540,000</u>	<u>48,910</u>

	Settlement Agreement	Compen- sated Absences	Total
Balance beginning of year	\$ 287,500	348,332	5,464,848
Additions	-	112,786	4,448,276
Reductions	143,750	-	523,203
Balance end of year	<u>\$ 143,750</u>	<u>461,118</u>	<u>9,389,921</u>

Installment Purchase Agreement

During the year ended June 30, 2000, the County entered into an agreement to purchase 29 acres of land for the expansion of the fair grounds. The agreement is interest free and requires annual payments as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2003	\$ 8,000
2004	7,000
Total	<u>\$ 15,000</u>

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a tractor, a phone system and a skid loader. The following is a schedule of the future minimum lease payments, including interest ranging from 5.25% to 9.66% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2002:

<u>Year Ending June 30,</u>	<u>Tractor</u>	<u>Phone System</u>	<u>Skid Loader</u>	<u>Total</u>
2003	\$ 10,548	35,316	3,210	49,074
2004	10,548	35,316	3,210	49,074
2005	10,548	35,316	3,210	49,074
2006	-	35,317	3,209	38,526
2007	-	35,317	3,209	38,526
Total minimum lease payments	31,644	176,582	16,048	224,274
Less amounts representing interest	(3,914)	(36,969)	(2,248)	(43,131)
Present value of net minimum lease payments	\$ 27,730	139,613	13,800	181,143

Payments under capital lease purchase agreements for the year ended June 30, 2002 totaled \$27,928.

Capital Loan Notes

A summary of the County's June 30, 2002 capital loan notes is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes					
	Capital Loan Notes, Series 1993 Issued Dec 1, 1993			Capital Loan Notes, Series 1999 A Issued May 1, 1999		
	Interest Rates	Amount	Interest	Interest Rates	Amount	Interest
2003	4.40%	\$ 195,000	37,908	4.00%	\$ 70,000	5,837
2004	4.55	205,000	29,327	4.05	75,000	3,038
2005	4.60	210,000	20,000		-	-
2006	4.70	220,000	10,340		-	-
2007		-	-		-	-
2008		-	-		-	-
2009		-	-		-	-
2010		-	-		-	-
2011		-	-		-	-
2012		-	-		-	-
2013		-	-		-	-
2014		-	-		-	-
2015		-	-		-	-
2016		-	-		-	-
2017		-	-		-	-
2018		-	-		-	-
2019		-	-		-	-
2020		-	-		-	-
Total		\$ 830,000	97,575		\$ 145,000	8,875

Year Ending June 30,	General Obligation Capital Loan Notes					
	Capital Loan Notes, Series 1999 B Issued May 1, 1999			Capital Loan Notes, Series 2000A Issued Aug 1, 2000		
	Interest Rates	Amount	Interest	Interest Rates	Amount	Interest
2003	4.10%	\$ 55,000	4,510			\$ 98,808
2004	4.10	55,000	2,255			98,808
2005		-	-			98,808
2006		-	-			98,808
2007		-	-			98,808
2008		-	-			98,808
2009		-	-	5.00%	\$ 45,000	98,808
2010		-	-	5.00	65,000	96,557
2011		-	-	5.00	80,000	93,307
2012		-	-	5.00	115,000	89,307
2013		-	-	5.00	145,000	83,557
2014		-	-	5.10	165,000	76,307
2015		-	-	5.20	180,000	67,892
2016		-	-	5.25	190,000	58,532
2017		-	-	5.30	205,000	48,557
2018		-	-	5.35	215,000	37,692
2019		-	-	5.40	235,000	26,190
2020		-	-	5.40	250,000	13,500
Total		\$ 110,000	6,765		\$1,890,000	1,383,054

General Obligation Capital Loan Notes						
Year Ending June 30,	Capital Loan Notes, Series 2000B			Capital Loan Notes, Series 2001A		
	Issued Aug 1, 2000			Issued May 1, 2001		
	Interest Rates	Amount	Interest	Interest Rates	Amount	Interest
2003	6.40%	\$ 20,000	1,280			37,870
2004		-	-			37,870
2005		-	-	3.90%	\$ 135,000	37,870
2006		-	-	4.05	390,000	32,605
2007		-	-	4.10	410,000	16,810
2008		-	-		-	-
2009		-	-		-	-
2010		-	-		-	-
2011		-	-		-	-
2012		-	-		-	-
2013		-	-		-	-
2014		-	-		-	-
2015		-	-		-	-
2016		-	-		-	-
2017		-	-		-	-
2018		-	-		-	-
2019		-	-		-	-
2020		-	-		-	-
		<u>\$ 20,000</u>	<u>1,280</u>		<u>\$ 935,000</u>	<u>163,025</u>

General Obligation Capital Loan Notes						
Year Ending June 30,	Capital Loan Notes, Series 2001B			Capital Loan Notes, Series 2002A		
	Issued May 1, 2001			Issued March 1, 2002		
	Interest Rates	Amount	Interest	Interest Rates	Amount	Interest
2003	5.10%	\$ 35,000	25,580			132,563
2004	5.40	200,000	23,795			106,050
2005	5.65	230,000	12,995			106,050
2006		-	-			106,050
2007		-	-			106,050
2008		-	-	4.25%	\$ 235,000	106,050
2009		-	-	4.25	200,000	96,062
2010		-	-	4.25	195,000	87,563
2011		-	-	4.25	190,000	79,275
2012		-	-	4.50	170,000	71,200
2013		-	-	4.75	155,000	63,550
2014		-	-	4.75	150,000	56,187
2015		-	-	4.75	150,000	49,063
2016		-	-	4.75	160,000	41,937
2017		-	-	4.75	165,000	34,338
2018		-	-	5.00	175,000	26,500
2019		-	-	5.00	175,000	17,750
2020		-	-	5.00	180,000	9,000
		<u>\$ 465,000</u>	<u>62,370</u>		<u>\$ 2,300,000</u>	<u>1,295,238</u>

General Obligation Capital Loan Notes							
Year Ending June 30,	Capital Loan Notes, Series 2002B					Total	
	Issued April 1, 2002					Interest	Total
	Interest Rates	Amount	Interest	Principal	Interest		
2003	2.50%	\$ 95,000	78,343	470,000	422,699	892,699	
2004	2.75	95,000	75,967	630,000	377,110	1,007,110	
2005	3.25	100,000	73,355	675,000	349,078	1,024,078	
2006	3.50	105,000	70,105	715,000	317,908	1,032,908	
2007	3.80	105,000	66,430	515,000	288,098	803,098	
2008	4.00	110,000	62,440	345,000	267,298	612,298	
2009	4.15	115,000	58,040	360,000	252,910	612,910	
2010	4.30	120,000	53,268	380,000	237,388	617,388	
2011	4.45	125,000	48,107	395,000	220,689	615,689	
2012	4.60	130,000	42,545	415,000	203,052	618,052	
2013	4.70	135,000	36,565	435,000	183,672	618,672	
2014	4.80	140,000	30,220	455,000	162,714	617,714	
2015	5.00	150,000	23,500	480,000	140,455	620,455	
2016	5.00	155,000	16,000	505,000	116,469	621,469	
2017	5.00	165,000	8,250	535,000	91,145	626,145	
2018	-	-	-	390,000	64,192	454,192	
2019	-	-	-	410,000	43,940	453,940	
2020	-	-	-	430,000	22,500	452,500	
		<u>\$ 1,845,000</u>	<u>743,135</u>	<u>8,540,000</u>	<u>3,761,317</u>	<u>12,301,317</u>	

During the year ended June 30, 2002, the County issued \$4,145,000 in general obligation capital loan notes and retired \$325,000 of notes.

Drainage District Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Drainage warrants are paid from the Special Revenue Fund solely from special assessments against benefited properties.

Settlement Agreement

In September 1997, the County entered into a settlement agreement with the South Dallas County Landfill Agency. The settlement resolved a dispute between the parties concerning the County's obligation to pay for closure/postclosure care costs of the Agency. The agreement requires annual payments to be made on or before July 1 of each year. The County's remaining balance at June 30, 2002 is \$143,750 payable during the year ending June 30, 2003.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The

County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$423,452, \$444,992, and \$405,222, respectively, equal to the required contributions for each year.

(9) Employee Group Health Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Dallas County Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$1,029,598.

Amounts payable from the Employee Group Health Fund at June 30, 2002 total \$212,709, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$45,487 at June 30, 2002, and is reported as a designation of the Employee Group Health Fund retained earnings. 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, 2001	\$ 156,827
Incurred claims (including claims incurred but not reported at June 30, 2002)	1,473,942
Payment on claims during the fiscal year	<u>(1,418,060)</u>
Unpaid claims at June 30, 2002	<u>\$ 212,709</u>

(10) Risk Management

Dallas 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 and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims

expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative 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, 2002 were \$184,532.

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 that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company 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 workers compensation and employee blanket bond in the amount of \$1,000,000 and \$25,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Hospital Revenue Bonds

The County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc., of which all remain outstanding at June 30, 2002. The proceeds will be used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County.

(12) Industrial Development Revenue Bonds

The County has issued a total of \$13,000,000 industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which all remain outstanding at June 30, 2002. The bonds and related interest are payable solely from the revenues derived and the bond principal and interest do not constitute liabilities of the County.

(13) Community Economic Betterment Account (CEBA)

During the year ended June 30, 2001, the County was awarded a CEBA loan from the Iowa Department of Economic Development (IDED) totaling \$500,000 for economic development. The County subsequently made an interest free loan of \$500,000 to Monarch Manufacturing Company. The loan is to be repaid to the County in six annual installments of \$83,333 beginning in November of 2002. The County is required to pay IDED the amounts received from Monarch Manufacturing Company.

The County has not recorded these loans as an asset or liability since the County's liability for the repayment of the loans is limited to the amounts collected from Monarch Manufacturing Company.

(14) Construction Commitment

The County has entered into contracts totaling \$2,807,955 for courthouse improvements, bridge construction and construction of a maintenance building. At June 30, 2002, costs of \$797,180 had been incurred against the contracts. The balance remaining at June 30, 2002 of \$2,010,775 will be paid as work on the projects progress.

(15) Deficit Fund Balance

The Special Revenue, Rural Services Fund had a deficit balance of \$64,371 at June 30, 2002. The deficit will be eliminated through the collection of future tax revenues.

The Expendable Trust, Conservation Land Acquisition Fund had a deficit balance of \$32,407 at June 30, 2002. The deficit will be eliminated through the collection of revenues from other local governments.

(16) Subsequent Events

Construction Contracts

As of October 22, 2002, the County entered into several construction contracts totaling \$1,486,553 to remodel County offices and for bridge and road construction.

Debt Issuances

In December 2002, the County issued \$1,720,000 of general obligation capital loan notes, series 2002C, for various essential and general corporate purposes. These notes are payable from a continuing annual levy of taxes against all taxable property of the County.

Lawsuit Settlement

In August and October 2002, the County received lawsuit settlement payments totaling \$340,761 for damages arising from the application of recycled shingles to the 300th Street Project in Dallas County.

(17) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by service area or amounts appropriated by department. During the year ended June 30, 2002, disbursements exceeded the amount budgeted in the Debt Service Service Area and disbursements in certain departments exceeded the amounts appropriated prior to amendment.

(18) Pending Litigation

The County is a defendant in several lawsuits seeking specified and unspecified amounts of damages. The probability and amount of loss, if any, is indeterminable.

(19) 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 fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental 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.

Dallas County

Supplemental Information

Dallas County

Dallas County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 6,752,201	
Utility tax replacement excise tax	280,139	
Other	19,213	\$ 7,051,553
		<hr/>

Interest and penalty on property tax

124,755

Intergovernmental:

State shared revenues:

Franchise tax	38,128	
Other	3,120	
	<hr/>	
	41,248	

State grants and reimbursements including indirect federal funding:

Home care aide grant	75,902	
Public health nursing grant	130,617	
Human services administration reimbursement	71,685	
Community development block grant	35,028	
Other	254,190	
	<hr/>	
	567,422	

State tax replacements:

State tax credits	366,279	
State allocation	175,125	
	<hr/>	
	541,404	

Direct federal grants and entitlements:

Medicare and medicaid	1,399,407	
Other	46,211	
	<hr/>	
	1,445,618	

Contributions and reimbursements from other governmental units:

Prisoner care	35,884	
Elections	30,175	
Other	42,112	
	<hr/>	
	108,171	

Schedule 1

Dallas County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Intergovernmental:		
Payments in lieu of taxes	2,538	2,706,401
Licenses and permits		148,580
Charges for service:		
Office fees and collections	624,131	
Auto registration, use tax and mailing	327,229	
Ambulance services	369,873	
Nursing service	90,741	
Other	51,245	1,463,219
Use of money and property:		
Interest on investments	243,829	
Other	14,825	258,654
Miscellaneous:		
Sale of commodities	149,971	
Other	111,996	261,967
Total revenues		<u>12,015,129</u>
Expenditures:		
Operating:		
Public safety		3,688,609
Court services		81,695
Physical health and education		1,735,918
Social services		778,631
County environment		1,021,897
State and local government services		692,597
Interprogram services		2,625,307
Non-program		332,958
Debt service		256,725
Capital projects		88,510
Total expenditures		<u>11,302,847</u>
Excess of revenues over expenditures		712,282

Dallas County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Other financing sources (uses):		
Operating transfers in (out):		
Special Revenue:		
Secondary Roads	(299,821)	
Debt Service	(17,933)	
Capital Projects:		
Human Services Building	3,000	
Ortonville Industrial Park	33,220	
Expendable Trust:		
Conservation Land Acquisition Trust	(40,000)	
Capital lease purchase agreement	153,413	
General obligation capital loan note proceeds	300,000	131,879
		<u>131,879</u>
Excess of revenues and other financing sources over expenditures and other financing uses		844,161
Fund balance beginning of year		1,660,459
Increase in reserve for prepaid insurance		<u>11,897</u>
Fund balance end of year		<u><u>\$ 2,516,517</u></u>

See accompanying independent auditor's report.

Schedule 2

Dallas County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 650,957	
Investigations	56,834	
Law enforcement communication	362,988	
Adult correctional services	513,215	
Administration	316,739	
	<u>1,900,733</u>	

Legal services:

Criminal prosecution	456,129	
Medical examinations	34,353	
	<u>490,482</u>	

Emergency services:

Ambulance services	1,233,394	
Emergency management	64,000	
	<u>1,297,394</u>	\$ 3,688,609

Court Services Service Area:

Assistance to district court system:

Physical operations	12,500	
Research and other assistance	3,322	
	<u>15,822</u>	

Court proceedings:

Juries and witnesses	2,974	
Detention services	3,706	
Court costs	743	
Service of civil papers	57,903	
	<u>65,326</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>547</u>	81,695
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Dallas County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	1,272,120	
Sanitation	84,700	
Health administration	290,837	
	<u>1,647,657</u>	

Educational services:

Fair and 4-H clubs	<u>88,261</u>	1,735,918
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Social Services Service Area:

Services to the poor:

Administration	134,494	
General welfare services	57,690	
	<u>192,184</u>	

Services to military veterans:

Administration	26,312	
General services to veterans	38,405	
	<u>64,717</u>	

Children's and family services:

Youth guidance	<u>171,580</u>	
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Services to other adults:

Services to the elderly	<u>331,310</u>	
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Chemical dependency:

Treatment services	<u>18,840</u>	778,631
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County Environment Service Area:

Conservation and recreation services:

Administration	227,191	
Maintenance and operations	502,631	
	<u>729,822</u>	

Animal control:

Animal bounties and state apiarist expenses	<u>117</u>	
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Schedule 2

Dallas County

General Fund

Statement of Expenditures

Year ended June 30, 2002

County Environment Service Area (continued):

County development:

Land use and building controls	150,882	
Economic development	141,076	
	<u>291,958</u>	1,021,897

State and Local Government Services Service Area:

Representation services:

Elections administration	167,667	
Local elections	29,784	
Township officials	3,464	
	<u>200,915</u>	

State administrative services:

Motor vehicle registrations and licensing	265,501	
Recording of public documents	226,181	
	<u>491,682</u>	692,597

Interprogram Services Service Area:

Policy and administration:

General County management	643,851	
Administrative management services	220,495	
Treasury management services	215,727	
Other policy and administration	331,444	
	<u>1,411,517</u>	

Central services:

General services	511,004	
Data processing services	439,646	
	<u>950,650</u>	

Risk management services:

Tort liability	74,280	
Safety of the workplace	164,658	
Fidelity of public officers	1,541	
Unemployment compensation	22,661	
	<u>263,140</u>	2,625,307

Dallas County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Non-program Service Area:

County farm operations

240,821

Other

92,137

332,958

Debt Service Service Area:

Principal paid

205,000

Interest paid

48,330

Other

3,395

256,725

Capital Projects Service Area:

Other capital projects for courthouse restoration

88,510

Total

\$11,302,847

See accompanying independent auditor's report.

Dallas County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Economic Development
Assets						
Cash and pooled investments:						
County Treasurer	\$ 210,154	1,079,096	22,340	45,937	73,323	190,641
Conservation Foundation	-	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	12,782	-	-	-	-	-
Succeeding year	2,101,000	-	-	-	-	-
Accounts	-	1,322	-	-	-	-
Accrued interest	-	-	-	-	-	855
Drainage assessments	-	-	-	-	45,137	-
Economic development loans	-	-	-	-	-	78,768
Due from other funds	-	316,004	-	1,514	-	-
Due from other governments	-	451,776	6,495	-	-	-
Interfund receivable	-	-	-	-	-	45,000
Inventories	-	598,043	-	-	-	-
Prepaid insurance	-	19,850	-	-	-	-
Total assets	\$ 2,323,936	2,466,091	28,835	47,451	118,460	315,264
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ 1,670	239,393	-	-	-	-
Salaries and benefits payable	2,879	78,119	-	-	-	-
Due to other funds	254,727	-	-	-	-	-
Due to other governments	15,450	577	-	-	-	-
Deferred revenue:						
Succeeding year property tax	2,101,000	-	-	-	-	-
Other	12,581	-	-	-	45,138	78,768
Compensated absences	-	11,390	-	-	-	-
Total liabilities	2,388,307	329,479	-	-	45,138	78,768
Fund equity:						
Fund balances:						
Reserved for:						
Inventories	-	598,043	-	-	-	-
Prepaid insurance	-	19,850	-	-	-	-
Drainage district warrants	-	-	-	-	5,712	-
Unreserved	(64,371)	1,518,719	28,835	47,451	67,610	236,496
Total fund equity	(64,371)	2,136,612	28,835	47,451	73,322	236,496
Total liabilities and fund equity	\$ 2,323,936	2,466,091	28,835	47,451	118,460	315,264

See accompanying independent auditor's report.

Schedule 3

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
574,670	33,777	307	14,376	12,120	-	2,897	3,245	-	2,001	2,264,884
-	-	-	-	-	47,407	-	-	-	-	47,407
9,029	1,105	-	-	-	-	-	-	-	-	22,916
1,414,000	30,000	-	-	-	-	-	-	-	-	3,545,000
6,416	-	-	-	-	-	-	-	282	326	8,346
-	-	-	-	-	-	-	-	-	-	855
-	-	-	-	-	-	-	-	-	-	45,137
-	-	-	-	-	-	-	-	-	-	78,768
-	-	-	-	-	-	-	-	-	-	317,518
199,681	-	-	-	-	-	-	-	-	-	657,952
-	-	-	-	-	-	-	-	-	-	45,000
-	-	-	-	-	-	-	-	-	-	598,043
4,186	-	-	-	-	-	-	-	-	-	24,036
2,207,982	64,882	307	14,376	12,120	47,407	2,897	3,245	282	2,327	7,655,862
70,015	-	-	-	-	-	-	-	125	-	311,203
23,048	-	-	-	-	-	-	-	-	-	104,046
15,195	-	-	-	-	-	-	-	123	-	270,045
139,265	-	-	-	-	-	-	-	-	-	155,292
1,414,000	30,000	-	-	-	-	-	-	-	-	3,545,000
156,368	1,105	-	-	-	-	-	-	-	-	293,960
5,313	-	-	-	-	-	-	-	-	-	16,703
1,823,204	31,105	-	-	-	-	-	-	248	-	4,696,249
-	-	-	-	-	-	-	-	-	-	598,043
4,186	-	-	-	-	-	-	-	-	-	24,036
-	-	-	-	-	-	-	-	-	-	5,712
380,592	33,777	307	14,376	12,120	47,407	2,897	3,245	34	2,327	2,331,822
384,778	33,777	307	14,376	12,120	47,407	2,897	3,245	34	2,327	2,959,613
2,207,982	64,882	307	14,376	12,120	47,407	2,897	3,245	282	2,327	7,655,862

Dallas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Management	Drainage Districts	Economic Develop- ment
Revenues:						
Property and other County tax:						
Property tax	\$ 2,029,642	-	-	-	-	-
Utility tax replacement excise tax	125,359	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-
Other	1,910	-	-	-	-	-
	<u>2,156,911</u>	-	-	-	-	-
Intergovernmental:						
State shared revenues:						
Road use tax	-	2,633,468	-	-	-	-
State grants and reimbursements including indirect federal funding:						
Social services block grant	-	-	-	-	-	-
Mental health/mental retardation allocation	-	-	-	-	-	-
Highway planning and construction	-	459,253	-	-	-	-
Resource enhancement and protection	-	-	107,541	-	-	-
State grant	-	181,331	-	-	-	-
Other	440	8,023	-	-	-	-
	<u>440</u>	<u>648,607</u>	<u>107,541</u>	-	-	-
State tax replacements:						
State tax credits	103,203	-	-	-	-	-
Mental health property tax relief	-	-	-	-	-	-
MH-DD allowed growth factor adjustment	-	-	-	-	-	-
	<u>103,203</u>	-	-	-	-	-
Direct federal grants and entitlements:						
Medicare and medicaid	-	-	-	-	-	-
Other	312	2,715	-	-	-	-
	<u>312</u>	<u>2,715</u>	-	-	-	-
Contributions and reimbursements from other governmental units	-	-	-	-	-	-
Payments in lieu of taxes	-	2,766	-	-	-	-
	<u>103,955</u>	<u>3,287,556</u>	<u>107,541</u>	-	-	-
Licenses and permits	-	885	-	-	-	-
Charges for service	-	43	-	17,729	-	-

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
1,388,746	-	-	-	-	-	-	-	-	-	3,418,388
57,623	-	-	-	-	-	-	-	-	-	182,982
-	24,008	-	-	-	-	-	-	-	-	24,008
3,952	-	-	-	-	-	-	-	-	-	5,862
1,450,321	24,008	-	-	-	-	-	-	-	-	3,631,240
-	-	-	-	-	-	-	-	-	-	2,633,468
99,075	-	-	-	-	-	-	-	-	-	99,075
191,244	-	-	-	-	-	-	-	-	-	191,244
-	-	-	-	-	-	-	-	-	-	459,253
-	-	-	-	-	-	-	-	-	-	107,541
-	-	-	-	-	-	-	-	-	-	181,331
260	-	304	-	-	-	-	-	-	6,487	15,514
290,579	-	304	-	-	-	-	-	-	6,487	1,053,958
75,280	-	-	-	-	-	-	-	-	-	178,483
1,085,040	-	-	-	-	-	-	-	-	-	1,085,040
86,686	-	-	-	-	-	-	-	-	-	86,686
1,247,006	-	-	-	-	-	-	-	-	-	1,350,209
367,443	-	-	-	-	-	-	-	-	-	367,443
313	-	-	-	-	-	-	-	-	-	3,340
367,756	-	-	-	-	-	-	-	-	-	370,783
-	-	-	-	-	-	1,199	-	-	-	1,199
-	-	-	-	-	-	-	-	-	-	2,766
-	-	304	-	-	-	1,199	-	-	6,487	5,412,383
-	-	-	-	-	-	-	-	-	-	885
-	-	-	-	-	-	-	-	-	-	17,772

Dallas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Economic Develop- ment
Revenues (continued):						
Use of money and property:						
Interest on investments	-	-	252	251	-	6,956
Other	-	2,806	-	-	-	-
	-	2,806	252	251	-	6,956
Fines, forfeitures and defaults	-	-	-	-	-	-
Miscellaneous:						
Drainage assessments	-	-	-	-	29,887	-
Loan repayments	-	-	-	-	-	26,325
Solid waste	-	-	-	-	-	-
Other	-	26,697	-	-	250	-
	-	26,697	-	-	30,137	26,325
Total revenues	2,260,866	3,317,987	107,793	17,980	30,137	33,281
Expenditures:						
Operating:						
Public Safety Service Area:						
Law enforcement:						
Uniformed patrol services	-	-	-	-	-	-
Investigations	-	-	-	-	-	-
Administration	-	-	-	-	-	-
	-	-	-	-	-	-
Physical Health and Education Service Area:						
Educational services:						
Libraries	105,000	-	-	-	-	-
Mental Health Service Area:						
Persons with mental health problems - mental illness:						
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	-	-	-	-	-	-

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
-	-	3	-	-	1,487	5	-	-	-	8,954
-	-	-	-	-	-	-	3,245	-	-	6,051
-	-	3	-	-	1,487	5	3,245	-	-	15,005
-	-	-	5,000	830	-	-	-	-	-	5,830
-	-	-	-	-	-	-	-	-	-	29,887
-	-	-	-	-	-	-	-	-	-	26,325
-	-	-	-	-	-	-	-	1,219	-	1,219
90,839	-	-	-	-	31,233	-	-	-	-	149,019
90,839	-	-	-	-	31,233	-	-	1,219	-	206,450
3,446,501	24,008	307	5,000	830	32,720	1,204	3,245	1,219	6,487	9,289,565
-	-	-	316	-	-	-	-	-	-	316
-	-	-	383	-	-	-	-	-	-	383
-	-	-	6,719	-	-	-	-	-	-	6,719
-	-	-	7,418	-	-	-	-	-	-	7,418
-	-	-	-	-	-	-	-	-	-	105,000
284,190	-	-	-	-	-	-	-	-	-	284,190
127,909	-	-	-	-	-	-	-	-	-	127,909
12,375	-	-	-	-	-	-	-	-	-	12,375
64,271	-	-	-	-	-	-	-	-	-	64,271
488,745	-	-	-	-	-	-	-	-	-	488,745

Dallas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Economic Develop- ment
Expenditures (continued):						
Operating:						
Mental Health Service Area:						
Persons with chronic mental illness:						
Information and education	-	-	-	-	-	-
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed or certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	-	-	-	-	-	-
Persons with mental retardation:						
Information and education	-	-	-	-	-	-
General administration	-	-	-	-	-	-
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed or certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	-	-	-	-	-	-
Persons with other developmental disabilities:						
Coordination services	-	-	-	-	-	-
	-	-	-	-	-	-
County Environment Service Area:						
Conservation and recreation services:						
Maintenance and operations	-	-	-	-	-	-
Environmental quality:						
Weed eradication	4,919	-	-	-	-	-
Solid waste disposal	98,608	-	-	-	-	-
	103,527	-	-	-	-	-
	103,527	-	-	-	-	-

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
15,088	-	-	-	-	-	-	-	-	-	15,088
14,463	-	-	-	-	-	-	-	-	-	14,463
81,212	-	-	-	-	-	-	-	-	-	81,212
86,229	-	-	-	-	-	-	-	-	-	86,229
20,071	-	-	-	-	-	-	-	-	-	20,071
680,114	-	-	-	-	-	-	-	-	-	680,114
6,343	-	-	-	-	-	-	-	-	-	6,343
903,520	-	-	-	-	-	-	-	-	-	903,520
5,140	-	-	-	-	-	-	-	-	-	5,140
212,090	-	-	-	-	-	-	-	-	-	212,090
488,231	-	-	-	-	-	-	-	-	-	488,231
70,937	-	-	-	-	-	-	-	-	-	70,937
9,600	-	-	-	-	-	-	-	-	-	9,600
188,920	-	-	-	-	-	-	-	-	-	188,920
1,066,737	-	-	-	-	-	-	-	-	-	1,066,737
107,521	-	-	-	-	-	-	-	-	-	107,521
2,149,176	-	-	-	-	-	-	-	-	-	2,149,176
464	-	-	-	-	-	-	-	-	-	464
3,541,905	-	-	-	-	-	-	-	-	-	3,541,905
-	-	-	-	-	68,011	-	-	-	-	68,011
-	-	-	-	-	-	-	-	-	-	4,919
-	-	-	-	-	-	-	-	1,185	-	99,793
-	-	-	-	-	-	-	-	1,185	-	104,712
-	-	-	-	-	68,011	-	-	1,185	-	172,723

Dallas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Economic Develop- ment
Expenditures (continued):						
Operating:						
Roads and Transportation Service Area:						
Secondary roads administration and engineering:						
Administration	-	178,316	-	-	-	-
Engineering	-	333,225	-	-	-	-
	-	511,541	-	-	-	-
Roadway maintenance:						
Bridges and culvert	-	113,759	-	-	-	-
Roads	-	1,811,140	-	-	-	-
Snow and ice control	-	150,903	-	-	-	-
Traffic controls	-	154,900	-	-	-	-
Road clearing	50,161	178,917	-	-	-	-
	50,161	2,409,619	-	-	-	-
General roadway:						
Equipment	-	453,199	-	-	-	-
Equipment operation	-	834,569	-	-	-	-
Tools, materials, and supplies	-	42,705	-	-	-	-
Real estate and buildings	-	103,728	-	-	-	-
	-	1,434,201	-	-	-	-
	50,161	4,355,361	-	-	-	-
Interprogram Services Service Area:						
Central services:						
General services	-	-	-	-	-	-
Non-program Service Area:						
Drainage district construction and repair	-	-	-	-	36,501	-
Debt Service Service Area:						
Drainage warrants paid	-	-	-	-	22,461	-
Interest paid on stamped drainage warrants	-	-	-	-	3,468	-
	-	-	-	-	25,929	-
Capital Projects Service Area:						
Roadway construction	-	943,771	-	-	-	-
Conservation land acquisition and development	-	-	94,206	-	-	-
	-	943,771	94,206	-	-	-
Total expenditures	258,688	5,299,132	94,206	-	62,430	-
Excess (deficiency) of revenues over (under) expenditures	2,002,178	(1,981,145)	13,587	17,980	(32,293)	33,281

Schedule 4

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
-	-	-	-	-	-	-	-	-	-	178,316
-	-	-	-	-	-	-	-	-	-	333,225
-	-	-	-	-	-	-	-	-	-	511,541
-	-	-	-	-	-	-	-	-	-	113,759
-	-	-	-	-	-	-	-	-	-	1,811,140
-	-	-	-	-	-	-	-	-	-	150,903
-	-	-	-	-	-	-	-	-	-	154,900
-	-	-	-	-	-	-	-	-	-	229,078
-	-	-	-	-	-	-	-	-	-	2,459,780
-	-	-	-	-	-	-	-	-	-	453,199
-	-	-	-	-	-	-	-	-	-	834,569
-	-	-	-	-	-	-	-	-	-	42,705
-	-	-	-	-	-	-	-	-	-	103,728
-	-	-	-	-	-	-	-	-	-	1,434,201
-	-	-	-	-	-	-	-	-	-	4,405,522
-	-	-	-	-	-	688	-	-	4,160	4,848
-	-	-	-	-	-	-	-	-	-	36,501
-	-	-	-	-	-	-	-	-	-	22,461
-	-	-	-	-	-	-	-	-	-	3,468
-	-	-	-	-	-	-	-	-	-	25,929
-	-	-	-	-	-	-	-	-	-	943,771
-	-	-	-	-	-	-	-	-	-	94,206
-	-	-	-	-	-	-	-	-	-	1,037,977
3,541,905	-	-	7,418	-	68,011	688	-	1,185	4,160	9,337,823
(95,404)	24,008	307	(2,418)	830	(35,291)	516	3,245	34	2,327	(48,258)

Dallas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Economic Develop- ment
Other financing sources (uses):						
Operating transfers in (out):						
General	-	299,821	-	-	-	-
Special Revenue:						
Rural Services	-	2,170,934	-	-	-	-
Secondary Roads	(2,170,934)	-	-	-	-	-
Proceeds from drainage warrants	-	-	-	-	37,077	-
Total other financing sources (uses)	(2,170,934)	2,470,755	-	-	37,077	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(168,756)	489,610	13,587	17,980	4,784	33,281
Fund balances beginning of year	104,385	1,435,197	15,248	29,471	68,538	203,215
Increase in reserve for:						
Inventories	-	206,260	-	-	-	-
Prepaid insurance	-	5,545	-	-	-	-
Fund balances end of year	\$ (64,371)	2,136,612	28,835	47,451	73,322	236,496

See accompanying independent auditor's report.

Mental Health	Tax Incremental Financing	Sheriff's Office Grant	County Sheriff Forfeiture	County Attorney Forfeiture	Conservation Foundation	Courthouse Restoration	Conservation Conditional Use	Ortonville Sewer	Heritage Day	Total
-	-	-	-	-	-	-	-	-	-	299,821
-	-	-	-	-	-	-	-	-	-	2,170,934
-	-	-	-	-	-	-	-	-	-	(2,170,934)
-	-	-	-	-	-	-	-	-	-	37,077
-	-	-	-	-	-	-	-	-	-	336,898
(95,404)	24,008	307	(2,418)	830	(35,291)	516	3,245	34	2,327	288,640
479,368	9,769	-	16,794	11,290	82,698	2,381	-	-	-	2,458,354
-	-	-	-	-	-	-	-	-	-	206,260
814	-	-	-	-	-	-	-	-	-	6,359
384,778	33,777	307	14,376	12,120	47,407	2,897	3,245	34	2,327	2,959,613

Schedule 5

Dallas County

Debt Service Fund

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 366,477	
Utility tax replacement excise tax	13,457	
Other	<u>923</u>	\$ 380,857

Intergovernmental:

State tax replacements:

State tax credits	18,410	
Contributions and reimbursements from other governmental units	<u>32</u>	18,442

Use of money and property:

Interest on investments		8,267
Miscellaneous		<u>4,529</u>
Total revenues		<u>412,095</u>

Expenditures:

Debt Service Service Area:

Principal paid	120,000	
Settlement paid	143,750	
Interest paid	182,683	
Other	<u>1,500</u>	<u>447,933</u>

Deficiency of revenues under expenditures (35,838)

Other financing sources:

Operating transfers in:

General		<u>17,933</u>
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Deficiency of revenues and other financing sources
under expenditures (17,905)Fund balance beginning of year 165,305Fund balance end of year \$ 147,400

See accompanying independent auditor's report.

Dallas County
 Capital Projects Funds
 Combining Balance Sheet
 June 30, 2002

	Human Services Building	Ortonville Industrial Park	Third Floor Courthouse	Roads Maintenance Building	General County Office Building	Total
Assets						
Cash and pooled investments:						
County Treasurer	\$ 704,275	434,561	242,055	2,312,161	211,828	3,904,880
Receivables:						
Accounts	-	900	-	-	-	900
Accrued interest	1,301	247	-	2,273	1,301	5,122
Total assets	\$ 705,576	435,708	242,055	2,314,434	213,129	3,910,902
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	-	37,612	258,815	-	296,427
Fund equity:						
Unreserved fund balances	705,576	435,708	204,443	2,055,619	213,129	3,614,475
Total liabilities and fund equity	\$ 705,576	435,708	242,055	2,314,434	213,129	3,910,902

See accompanying independent auditor's report.

Schedule 7

Dallas County

Capital Projects Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Human Services Building	Ortonville Industrial Park	Third Floor Courthouse	Roads Maintenance Building	General County Office Building	Total
Revenues:						
Intergovernmental:						
State grants and reimbursements including indirect federal funding:						
Revitalize Iowa's Sound Economy grant	\$ -	139,633	-	-	-	139,633
Use of money and property:						
Interest on investments	2,197	22,653	-	11,587	3,931	40,368
Other	-	5,177	-	-	-	5,177
	2,197	27,830	-	11,587	3,931	45,545
Miscellaneous	-	7,455	-	653	-	8,108
Total revenues	2,197	174,918	-	12,240	3,931	193,286
Expenditures:						
Capital Projects Service Area:						
Other capital projects	569,386	152,361	295,557	276,713	290,802	1,584,819
Excess (deficiency) of revenues over (under) expenditures	(567,189)	22,557	(295,557)	(264,473)	(286,871)	(1,391,533)
Other financing sources (uses):						
Operating transfers out:						
General	(3,000)	(33,220)	-	-	-	(36,220)
General obligation capital loan note proceeds (net of \$24,908 discount)	500,000	-	500,000	2,320,092	500,000	3,820,092
Total other financing sources (uses)	497,000	(33,220)	500,000	2,320,092	500,000	3,783,872
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(70,189)	(10,663)	204,443	2,055,619	213,129	2,392,339
Fund balances beginning of year	775,765	446,371	-	-	-	1,222,136
Fund balances end of year	\$705,576	435,708	204,443	2,055,619	213,129	3,614,475

See accompanying independent auditor's report.

Dallas County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Expendable		
	Trust	Agency	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 149,036	2,142,659	2,291,695
Other County officials	-	148,359	148,359
Receivables:			
Property tax:			
Delinquent	-	246,146	246,146
Succeeding year	-	46,013,000	46,013,000
Accounts	311	45,742	46,053
Accrued interest	-	1,659	1,659
Special assessments	-	2,585,000	2,585,000
Due from other governments	77,266	-	77,266
Prepaid insurance	-	3,250	3,250
Total assets	\$ 226,613	51,185,815	51,412,428
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 152,319	103,953	256,272
Salaries and benefits payable	-	15,166	15,166
Due to other funds	-	70,937	70,937
Due to other governments	-	50,822,083	50,822,083
Trusts payable	-	99,298	99,298
Deferred revenue	77,266	-	77,266
Compensated absences	-	74,378	74,378
Total liabilities	<u>229,585</u>	<u>51,185,815</u>	<u>51,415,400</u>
Fund equity:			
Unreserved fund balance	<u>(2,972)</u>	<u>-</u>	<u>(2,972)</u>
Total liabilities and fund equity	\$ 226,613	51,185,815	51,412,428

See accompanying independent auditor's report.

Schedule 9

Dallas County
Expendable Trust Funds
Combining Balance Sheet
June 30, 2002

Assets	<u>Conserva- tion Land Acquisi- tion Trust</u>	<u>Public Health Nurse Trust</u>	<u>Ambulance Trust</u>	<u>Total</u>
Cash and pooled investments:				
County Treasurer	\$ 119,862	16,429	12,745	149,036
Accounts receivable	50	261	-	311
Due from other governments	77,266	-	-	77,266
Total assets	\$ 197,178	16,690	12,745	226,613
 Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 152,319	-	-	152,319
Deferred revenue	77,266	-	-	77,266
Total liabilities	229,585	-	-	229,585
Fund equity:				
Unreserved fund balances	(32,407)	16,690	12,745	(2,972)
Total liabilities and fund equity	\$ 197,178	16,690	12,745	226,613

See accompanying independent auditor's report.

Dallas County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Conserva- tion Land Acquisi- tion Trust	Public Health Nurse Trust	Ambulance Trust	Total
Revenues:				
Intergovernmental:				
State grants and reimbursements including indirect federal funding:				
Other	\$ 2,632	-	2,500	5,132
Use of money and property:				
Interest on investments	77	-	-	77
Other	50	-	-	50
	127	-	-	127
Miscellaneous	40,000	3,182	5,249	48,431
Total revenues	42,759	3,182	7,749	53,690
Expenditures:				
Operating:				
Public Safety Service Area:				
Emergency services:				
Ambulance services	-	-	5,021	5,021
Physical Health and Education Service Area:				
Physical health services:				
Health administration	-	1,293	-	1,293
Capital Projects Service Area:				
Conservation land acquisition	184,874	-	-	184,874
Total expenditures	184,874	1,293	5,021	191,188
Excess (deficiency) of revenues over (under) expenditures	(142,115)	1,889	2,728	(137,498)
Other financing sources:				
Operating transfers in:				
General	40,000	-	-	40,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(102,115)	1,889	2,728	(97,498)
Fund balances beginning of year	69,708	14,801	10,017	94,526
Fund balances end of year	\$ (32,407)	16,690	12,745	(2,972)

See accompanying independent auditor's report.

Dallas County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	<u>County Offices</u>		Agricultural Extension Education
	County Recorder	County Sheriff	
Assets			
Cash and pooled investments:			
County Treasurer	\$ -	-	772
Other County officials	83,762	64,597	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	84,000
Accounts	9,430	-	-
Accrued interest	-	-	-
Special assessments	-	-	-
Prepaid insurance	-	-	-
Total assets	\$ 93,192	64,597	84,772
Liabilities			
Accounts payable	\$ -	-	-
Salaries and benefits payable	-	-	-
Due to other funds	41,337	6,646	-
Due to other governments	42,425	-	84,772
Trusts payable	9,430	57,951	-
Compensated absences	-	-	-
Total liabilities	\$ 93,192	64,597	84,772

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
290,449	237,200	8,281	153,091	2,599	812,129	76
-	-	-	-	-	-	-
3,174	144,275	5,247	83,089	1,560	-	-
498,000	25,976,000	839,000	17,048,000	266,000	-	6,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
791,623	26,357,475	852,528	17,284,180	270,159	812,129	6,076
68,862	-	-	-	-	-	-
13,659	-	-	-	-	-	-
-	-	-	-	-	22,947	-
647,582	26,357,475	852,528	17,284,180	270,159	789,182	6,076
-	-	-	-	-	-	-
61,520	-	-	-	-	-	-
791,623	26,357,475	852,528	17,284,180	270,159	812,129	6,076

Dallas County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	Emergency Management Services	Special Assess- ments	County Hospital
Assets			
Cash and pooled investments:			
County Treasurer	30,698	22,984	13,012
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	8,801
Succeeding year	-	-	1,288,000
Accounts	-	-	-
Accrued interest	-	-	-
Special assessments	-	2,585,000	-
Prepaid insurance	1,685	-	-
	32,383	2,607,984	1,309,813
Liabilities			
Accounts payable	1,295	-	-
Salaries and benefits payable	1,507	-	-
Due to other funds	-	-	-
Due to other governments	16,723	2,607,984	1,309,813
Trusts payable	-	-	-
Compensated absences	12,858	-	-
	32,383	2,607,984	1,309,813

See accompanying independent auditor's report.

Tax Sale Redemp- tion	E911	Anatomical Gift Donations	Future Tax Payments	Empowerment Board	Badger Creek	Total
18,077	461,969	668	14,461	76,189	4	2,142,659
-	-	-	-	-	-	148,359
-	-	-	-	-	-	246,146
-	-	-	-	-	8,000	46,013,000
-	36,312	-	-	-	-	45,742
-	1,659	-	-	-	-	1,659
-	-	-	-	-	-	2,585,000
-	1,565	-	-	-	-	3,250
18,077	501,505	668	14,461	76,189	8,004	51,185,815
-	2,585	-	621	30,590	-	103,953
-	-	-	-	-	-	15,166
-	-	7	-	-	-	70,937
-	498,920	661	-	45,599	8,004	50,822,083
18,077	-	-	13,840	-	-	99,298
-	-	-	-	-	-	74,378
18,077	501,505	668	14,461	76,189	8,004	51,185,815

Dallas County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices		
	County Auditor	County Recorder	County Sheriff
Assets and Liabilities			
Balances beginning of year	\$ 20	96,572	15,174
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Office fees and collections	-	1,041,251	84,161
Auto licenses, use tax and postage	-	-	-
Drivers license fees	-	-	-
Assessments	-	-	-
Trusts	-	-	495,910
Miscellaneous	-	-	-
Total additions	-	1,041,251	580,071
Deductions:			
Agency remittances:			
To other funds	-	551,901	82,198
To other governments	20	490,426	470
Trusts paid out	-	2,304	447,980
Total deductions	20	1,044,631	530,648
Balances end of year	\$ -	93,192	64,597

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Drivers License Trust
69,636	819,832	23,218,993	850,073	14,471,346	286,519	770,992	-
86,601	521,286	26,898,313	841,834	17,419,401	283,450	-	-
-	-	-	-	-	-	-	-
3,717	30,406	1,184,502	39,880	661,993	13,267	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,183,925	-
-	-	-	-	-	-	-	80,556
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7	15,466	2,293	73	2,071	-	-	-
90,325	567,158	28,085,108	881,787	18,083,465	296,717	10,183,925	80,556
-	-	-	-	-	-	306,527	-
75,189	595,367	24,946,626	879,332	15,270,631	313,077	9,836,261	80,556
-	-	-	-	-	-	-	-
75,189	595,367	24,946,626	879,332	15,270,631	313,077	10,142,788	80,556
84,772	791,623	26,357,475	852,528	17,284,180	270,159	812,129	-

Dallas County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Emergency Management Services</u>	<u>Special Assess- ments</u>
Assets and Liabilities			
Balances beginning of year	<u>7,057</u>	<u>31,311</u>	<u>2,284,659</u>
Additions:			
Property and other County tax	6,043	-	-
E911 surcharge	-	-	-
State tax credits	366	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Drivers license fees	-	-	-
Assessments	-	-	841,641
Trusts	-	-	-
Miscellaneous	1	82,320	-
Total additions	<u>6,410</u>	<u>82,320</u>	<u>841,641</u>
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	7,391	81,248	518,316
Trusts paid out	-	-	-
Total deductions	<u>7,391</u>	<u>81,248</u>	<u>518,316</u>
Balances end of year	<u>6,076</u>	<u>32,383</u>	<u>2,607,984</u>

See accompanying independent auditor's report.

County Hospital	Tax Sale Redemption	E911	Anatomical Gift Donations	Future Tax Payments	Empowerment Board	Badger Creek	Total
1,172,490	24,488	318,201	572	13,701	43,609	5,011	44,500,256
1,337,819	-	-	-	-	-	3,434	47,398,181
-	-	141,508	-	-	-	-	141,508
62,624	-	-	-	-	-	26	1,996,781
-	-	-	-	-	-	-	1,125,412
-	-	-	-	-	-	-	10,183,925
-	-	-	-	-	-	-	80,556
-	-	-	-	-	-	-	841,641
-	873,580	-	-	15,994	-	-	1,385,484
114	-	136,039	657	-	188,651	-	427,692
1,400,557	873,580	277,547	657	15,994	188,651	3,460	63,581,180
-	-	-	-	-	-	-	940,626
1,263,234	-	94,243	561	-	156,071	467	54,609,486
-	879,991	-	-	15,234	-	-	1,345,509
1,263,234	879,991	94,243	561	15,234	156,071	467	56,895,621
1,309,813	18,077	501,505	668	14,461	76,189	8,004	51,185,815

Schedule 13

Dallas County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 10,537,066	9,405,082	8,917,785	8,291,980
Utility tax replacement excise tax	476,578	451,231	-	-
Tax increment financing	24,008	41,069	32,546	32,344
Other	25,998	24,863	24,177	23,472
	<u>11,063,650</u>	<u>9,922,245</u>	<u>8,974,508</u>	<u>8,347,796</u>
Intergovernmental:				
State shared revenues:				
Road use tax	2,633,468	2,525,355	2,562,039	2,357,759
Franchise tax	38,128	33,152	32,290	36,573
Other	3,120	1,657	3,062	3,633
State grants and reimbursements including indirect federal funding:				
Home care aide grant	75,902	75,185	71,581	76,073
Human services administrative reimbursement	71,685	100,922	57,611	80,128
Community development block grant	35,028	-	10,700	74,200
Public assistance grant	-	-	81,523	197,182
Social services block grant	99,075	99,424	100,617	100,175
Mental health/mental retardation allocation	191,244	203,513	203,514	167,544
Revitalize Iowa's Sound Economy grant	139,633	-	-	126,140
Highway planning and construction	459,253	-	214,766	-
Resource enhancement and protection grant	107,541	212,610	60,113	12,364
Community economic betterment account	-	500,000	-	-
State recreational trail grant	-	386,250	-	-
State grant	181,331	-	-	-
Other	405,453	347,597	219,050	260,251
State tax replacements:				
State tax credits	563,172	569,663	491,034	476,798
State allocation	175,125	180,545	181,066	180,851
Mental health property tax relief	1,085,040	1,085,041	1,085,041	1,085,041
MH-DD allowed growth factor adjustment	86,686	159,796	184,621	151,749
Other	-	-	35,352	28,497
Direct federal grants and entitlements:				
Watershed protection and flood prevention	-	-	-	240,256
Medicare and medicaid	1,766,850	2,281,116	1,732,245	1,542,356
Other	49,551	59,796	47,935	34,629
Contributions and reimbursements from other governmental units:				
Prisoner care	35,884	37,492	64,693	103,517
Elections	30,175	20,655	63,112	18,642
Other	43,343	44,205	83,370	46,721
Payments in lieu of taxes	5,304	2,758	7,833	7,143
	<u>8,281,991</u>	<u>8,926,732</u>	<u>7,593,168</u>	<u>7,408,222</u>
Total	<u>\$ 19,345,641</u>	<u>\$ 18,848,977</u>	<u>16,567,676</u>	<u>15,756,018</u>

See accompanying independent auditor's report.

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice: Public Safety Partnership and Community Policing Grants	16.710	98-UM-WX-1854	\$ 27,084
U.S. Department of Interior: Payments in Lieu of Taxes	15.226		<u>5,304</u>
Total direct			<u>32,388</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for Food Stamp Program	10.561		<u>11,722</u>
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/State's Program	14.228	98-DF-002	<u>35,028</u>
U.S. Department of Justice: Governor's Office of Drug Control Policy: Byrne Formula Grant Program	16.579	01F-0447	<u>16,425</u>
Iowa Department of Public Safety: Violence Against Women Formula Grants	16.588	01V-0247	1,064
Violence Against Women Formula Grants	16.588	00V-0215	<u>1,109</u>
			<u>2,173</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-CO25(46)--8J-25	261,980
Highway Planning and Construction	20.205	BROS-CO25(52)--8J-25	237,023
Highway Planning and Construction	20.205	STP-ES-CO25(42)--8I-25	<u>13,208</u>
			<u>512,211</u>

Schedule 14

Dallas County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2002

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	01-410-Task 11	<u>1,909</u>
National Endowment for the Arts:			
Iowa Department of Cultural Affairs - Iowa Arts Council:			
Promotion of the Arts - Partnership Agreements	45.025	FY02-0011	10,000
Heartland Arts Fund:			
Promotion of the Arts - Partnership Agreements	45.025	FY02-100	<u>1,033</u>
			<u>11,033</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management Performance Grants	83.552		<u>17,721</u>
U.S. Department of Education:			
Iowa Department of Public Health:			
Safe and Drug-Free Schools and Communities - States Grants	84.186	5882LE05	<u>8,081</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>18,471</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>91</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,382</u>
Foster Care - Title IV-E	93.658		<u>6,141</u>
Adoption Assistance	93.659		<u>2,069</u>
Medical Assistance Program	93.778		<u>18,676</u>
Social Services Block Grant	93.667		<u>12,134</u>
Social Services Block Grant	93.667		<u>99,075</u>
			<u>111,209</u>

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Greene County Public Health:			
Immunization Grants	93.268	5881I409	1,954
Immunization Grants	93.268	5882I409	1,009
			<u>2,963</u>
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5882BT21	1,371
Total indirect			<u>779,676</u>
Total			<u>\$ 812,064</u>

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

See accompanying independent auditor's report.

Dallas County



**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 Dallas County:

We have audited the general purpose financial statements of Dallas County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 29, 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 Dallas 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 non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 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 IV-B-02 and IV-K-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dallas 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 Dallas County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-02 is a material weaknesses. Prior year reportable conditions have been resolved except for items II-A-02, II-C-02, II-E-02, II-F-02 and II-J-02.

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 29, 2003

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance

To the Officials of Dallas County:

Compliance

We have audited the compliance of Dallas County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. Dallas County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 29, 2003

Dallas County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. 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 - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff, Ambulance
(2) Investments - custody, accounting and recording interest earnings.	Treasurer
(3) Disbursements - processing of claims, check writing, check signing, mailing checks and final approval.	Auditor, Sheriff
(4) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash.	Sheriff

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the 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. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response -

Ambulance - The segregation of duties issue has already been mitigated. On January 1, 2003, through the development of a 28E agreement, the billing offices of Dallas County and West Des Moines were combined to create "West

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

EMS". Through this agreement three staff members will be working in the billing office handling monies and accounting procedures, where in the past only one individual has been in the Perry office.

County Auditor - Limited staff does not allow this separation of duties. However, we will try to implement as much sharing of duties as possible.

County Treasurer -

- (1) We try to segregate as much of the duties as we can, but because of our small staff we are limited by time and staff to segregate everything everyday. We will continue to review our process and make adjustments where we can.
- (2) When we get the mail, any correspondence from a financial institution will be directed to the person who reconciles the bank statements. If it is a check, that person will then complete a miscellaneous receipt and give it to the Treasurer for deposit.

County Sheriff - The Sheriff's Office will work to comply with all recommendations made after the audit.

Conclusion - Responses accepted.

II-B-02 County Sheriff - A restrictive endorsement was not placed on checks upon receipt. Gun permit monies were not deposited timely.

Recommendation - A restrictive endorsement (for deposit only) should be placed on all checks when received to help provide protection in case of theft or loss. All money received should be deposited intact on timely basis.

Response - The Sheriff's Office will work to comply with all recommendations made after the audit.

Conclusion - Response accepted.

II-C-02 Jail Commissary - Jail commissary profits have been accumulating in this account and have not been remitted to the County Treasurer. Expenditures other than for commissary resale items have been made from the account, but were not charged against the budget.

Recommendation - Commissary profits should be deposited into and expended from a Special Revenue Fund to ensure that purchases are properly budgeted and reflected in the County's accounting system.

Response - The Sheriff's Office will work to comply with all recommendations made after the audit.

Conclusion - Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

II-D-02 Forfeitures - The County Sheriff maintains a bank account for forfeiture collections. The County's share of forfeitures are to be remitted to the County Treasurer for deposit to the Special Revenue, Sheriff's Forfeiture Fund. A balance of approximately \$4,000 has been maintained in the account for use as a petty cash fund. The Board of Supervisors has not formally approved the establishment of a petty cash checking account.

During the year ended June 30, 2002, the County Sheriff did not remit the County's share of forfeitures to the County Treasurer. The sheriff disbursed \$30,061 for two vehicles and other miscellaneous items. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports. In addition, the equipment purchases from this account were not properly added to the County's record of fixed assets.

Recommendation - The County's share of forfeiture receipts should be remitted to the County Treasurer for deposit into the Special Revenue, Sheriff's Forfeiture Fund. The Sheriff should seek approval from the Board of Supervisors for the establishment of a petty cash checking account including an established dollar amount for the fund. All purchases of equipment should be properly reflected in the County's record of fixed assets.

Response - The Sheriff's Office will work to comply with all recommendations made after the audit.

Conclusion - Response accepted.

II-E-02 Disaster Recovery - The County does not have a written disaster recovery plan for the County's information system.

Recommendation - A written disaster recovery plan should be developed.

Response - A disaster recovery plan is still being developed and will be available as soon as all the necessary procedures are in place.

Conclusion - Response accepted.

II-F-02 Public Health Nurse Receivables - Although monthly accounts receivable reconciliations were prepared, variances were not properly identified and resolved in a timely manner. Also, bad debts written off during the year were not approved by the Local Board of Health.

Recommendation - Variances on the monthly accounts receivable reconciliations should be identified and resolved in a timely manner. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response - Dallas County Public Health Nursing will comply with the recommendations. Some of the action steps that will be taken are following:

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

The bad debt list will be taken to the Board of Health no less than every three months and that activity will be reflected in the Board of Health minutes and in the fiscal policy.

Adjustments will be separated into a separate worksheet from the "bad debt" list and an additional line will be added to the reconciliation to reflect that worksheet's activity.

Conclusion – Response accepted.

II-G-02 Timesheet Approval - Timesheets in certain departments were not always approved and initialed by the employee's supervisor or other responsible official.

Recommendation - Timesheets should be approved and initialed by the employee's supervisor or by an independent official who is not involved with payroll.

Response - The timesheets will be reviewed and if not approved and initialed, returned to the department for proper approval.

Conclusion – Response accepted.

II-H-02 County Auditor - Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment. In addition, two cancelled warrants totaling \$310,636 could not be located by the County Auditor.

Recommendation - All invoices and supporting documents should be properly canceled to help prevent reuse. Cancelled warrants should be properly retained and accounted for.

Response - We will identify the source of the documents not properly canceled and will try to mark all invoices as paid during the auditing process. Redemption of warrants by the Treasurer is made from a list provided by our bank. We will note returned warrants for missing numbers and attempt to obtain a copy from the bank if the warrant has been cashed. We will continue a one on one search through the warrants in an effort to check for misfiled documents.

Conclusion – Response accepted.

II-I-02 Grant Revenues - For the year ended June 30, 2002, the County incorrectly recorded receipts for \$12,791 and \$15,195 from the Juvenile Justice Youth Development (JJYD) grant in the General Basic Fund and Special Revenue, Mental Health Fund, respectively, rather than the General Supplemental Fund. In July 2002, the County incorrectly recorded an additional \$13,510 of JJYD grant revenue to the General Basic Fund rather than the General Supplemental Fund. In addition, the County incorrectly recorded \$303 of the Violence Against Women Formula Grant Fund in the Special Revenue, Sheriff's Office Grant Fund rather than the General Fund.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation – The County should establish procedures to ensure that grant reimbursements are recorded in the proper fund. The County should make transfers to correct the errors made during the prior year. The County should make a journal entry to correct the error made in the current year. The financial statements were corrected for the incorrect posting of the Juvenile Justice Youth Development grant.

Response – We will review grant deposits on a quarterly basis to determine that proper and consistent coding is being followed. Corrective transfers and journal entries have been made.

Conclusion – Response accepted.

II-J-02 Fixed Assets – The following items were noted regarding the County's fixed assets record:

- The County did not maintain an accurate listing of fixed assets. Certain adjustments were required to correct the listing for current year additions and deletions. For example, an asset addition valued at \$190,000 was not properly included in the additions listing. Also, eleven vehicle additions were recorded net of the trade-in value, which understated these asset values by \$139,494. Certain asset deletions were incorrectly dated in the computer system with prior fiscal year dates, causing the deletion listing to be understated by \$63,549. The County's financial statements were corrected for these errors.
- Fixed assets additions, deletions and balances were not reconciled for the year.
- Written authorization is not required prior to deleting items from the fixed asset record, and deletions are not recorded until after the end of the year.
- A physical observation of fixed assets has not been performed periodically by an employee having no responsibility for the assets.

Recommendation –The County should establish procedures to ensure that all changes to the fixed asset record are properly recorded and fixed asset additions, deletions and balances are properly reconciled. Procedures should be established to require written authorization for all fixed asset disposals, whether by trade, sale or other method and deletions should be recorded as they occur. Fixed assets should be observed periodically by an employee having no responsibility for the assets.

Response – A draft policy, including forms for disposal, is currently being reviewed by the Board of Supervisors. The asset policy also sets forth an annual inventory process.

Conclusion – Response accepted.

Dallas County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 exceeded the amount budgeted in the Debt Service Service Area.

Disbursements in certain departments exceeded the appropriations prior to the Board approving an appropriation amendment.

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

The Board of Supervisors should ensure that appropriation amendments are made before disbursements are allowed to exceed the appropriation.

Response - We will develop internal controls to monitor appropriations as well as all disbursements to ensure they do not exceed budgeted amounts.

Conclusion - Response accepted.

IV-C-02 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions - No transactions between the County and County officials or employees were noted.

IV-F-02 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of the Board proceedings were published, they were not published within the time period required by Chapter 349.18 of the Code of Iowa.

Recommendation - The County should insure that the minutes are published as required.

Response - We will establish corrective procedures to address this problem.

Conclusion - Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-H-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-K-02 Accrued Interest on General Obligation Capital Loan Note - During the year ended June 30, 2002, the County credited \$653 of accrued interest on the sale of general obligation capital loan notes to the Capital Projects, Roads Maintenance Building Fund. The resolution authorizing and providing for the issuance of the notes requires that any accrued interest on the sale of the notes be credited to the General Fund.

Recommendation - The County should make a corrective transfer of \$653 from the Capital Projects, Roads Maintenance Building Fund to the General Fund to properly record the accrued interest as required by the note provisions.

Response - A corrective transfer has been budgeted and will be completed as soon as the amendment is approved.

Conclusion - Response accepted.

IV-L-02 Board of Health Minutes - The agenda for the February 27, 2002, Board of Health meeting indicated a closed session was to be held. However, the minutes record did not document a closed session for that meeting.

The Board of Health went into closed session on April 24, 2002. The Board minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa.

Recommendation - The Board minutes should properly reflect all meetings, including closed sessions, as required by Chapter 21.5 of the Code of Iowa. The Board minutes should reference a specific code exemption as required.

Response - All future closed sessions will comply with Chapter 21.5 of the Code of Iowa.

Conclusion - Response accepted.

IV-M-02 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, 2002 for the County Extension Office did not exceed the amount budgeted.

Dallas County

Staff

This audit was performed by:

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