



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE March 4, 2003

Contact: Andy Nielsen  
515/281-5515

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

The County had local tax revenue of \$13,042,693 for the year ended June 30, 2002, which included \$824,035 in tax credits from the state. The County forwarded \$10,840,018 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,202,675 of the local tax revenue to finance County operations, a 12 percent decrease from the prior year. Other revenues included \$3,967,728 from the state, including indirect federal funding, \$449,836 of medicare and medicaid from the federal government and \$209,644 in interest on investments.

Expenditures for County operations totaled \$10,075,387, an 8 percent decrease from the prior year. Expenditures included \$2,757,675 for county environment, \$2,612,826 for roads and transportation and \$1,235,295 for mental health.

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

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**Guthrie County**

**Officials**

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

**Guthrie County**



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**Independent Auditor's Report**

To the Officials of Guthrie County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Guthrie County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Guthrie County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Guthrie County at June 30, 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 Guthrie County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our reports dated December 10, 2002 on our consideration of Guthrie County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 12, 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

December 10, 2002

**Guthrie County**

## **Financial Statements**

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

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Assets and Other Debits</b>			
Cash and pooled investments:			
County Treasurer	\$ 2,926,124	3,786,597	177,806
Other County officials	-	50	-
Held by component unit treasurer	-	370,415	-
Receivables:			
Property tax:			
Delinquent	10,821	14,536	-
Succeeding year	922,000	1,166,000	-
Operating reserve due from Country View Estates, Inc. (note 3)	362,448	-	-
Accounts	19,556	31,955	-
Accrued interest	12,590	-	-
Special assessments	-	-	-
Drainage assessments	-	-	-
Due from other funds (note 4)	7,728	5,202	-
Due from other governments	121,544	217,207	-
Prepaid insurance	34,270	24,802	-
Inventories	-	500,809	-
Advances to other funds (note 8)	396,865	-	-
Property and equipment (note 5)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>Total assets and other debits</b>	<b>\$ 4,813,946</b>	<b>6,117,573</b>	<b>177,806</b>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
53,412	554,440	-	-	7,498,379
-	34,540	-	-	34,590
-	-	-	-	370,415
-	102,969	-	-	128,326
-	10,926,000	-	-	13,014,000
-	-	-	-	362,448
35	-	-	-	51,546
-	-	-	-	12,590
-	33,236	-	-	33,236
-	6,427	-	-	6,427
-	-	-	-	12,930
-	-	-	-	338,751
-	-	-	-	59,072
-	-	-	-	500,809
-	-	-	-	396,865
-	-	9,016,005	-	9,016,005
-	-	-	564,507	564,507
<b>53,447</b>	<b>11,657,612</b>	<b>9,016,005</b>	<b>564,507</b>	<b>32,400,896</b>

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

	Governmental Fund Types		
	General	Special Revenue	Capital Project
<b>Liabilities, Fund Equity and Other Credits</b>			
Liabilities:			
Accounts payable	\$ 31,824	277,525	-
Salaries and benefits payable	38,431	60,201	-
Due to other funds (note 4)	4,856	-	-
Due to other governments (note 7)	2,757	60,239	-
Deferred revenue:			-
Succeeding year property tax	922,000	1,166,000	-
Other	362,448	10,979	-
Advances from other funds (note 8)	-	396,865	-
Compensated absences	17,839	18,438	-
Estimated liability for landfill closure and postclosure care costs (note 15)	-	-	-
<b>Total liabilities</b>	<b>1,380,155</b>	<b>1,990,247</b>	<b>-</b>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Prepaid insurance	34,270	24,802	-
Inventories	-	500,809	-
Advances to other funds	396,865	-	-
Supplemental levy purposes	451,418	-	-
Unreserved	2,551,238	3,601,715	177,806
<b>Total fund equity and other credits</b>	<b>3,433,791</b>	<b>4,127,326</b>	<b>177,806</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 4,813,946</b>	<b>6,117,573</b>	<b>177,806</b>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
79,193	124	-	-	388,666
-	2,991	-	-	101,623
-	8,074	-	-	12,930
-	11,577,350	-	-	11,640,346
-	-	-	-	2,088,000
-	-	-	-	373,427
-	-	-	-	396,865
-	16,562	-	158,397	211,236
-	-	-	406,110	406,110
79,193	11,605,101	-	564,507	15,619,203
-	-	9,016,005	-	9,016,005
(25,746)	-	-	-	(25,746)
-	-	-	-	59,072
-	-	-	-	500,809
-	-	-	-	396,865
-	-	-	-	451,418
-	52,511	-	-	6,383,270
(25,746)	52,511	9,016,005	-	16,781,693
53,447	11,657,612	9,016,005	564,507	32,400,896

**Exhibit B**

## Guthrie County

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

Year ended June 30, 2002

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	
<b>Revenues:</b>					
Property and other County tax	\$ 825,483	1,231,361	-	-	2,056,844
Interest and penalty on property tax	57,327	-	-	-	57,327
Intergovernmental	1,167,013	3,853,271	-	-	5,020,284
Licenses and permits	26,541	195	-	-	26,736
Charges for service	333,491	160,062	-	-	493,553
Use of money and property	222,393	6,087	502	793	229,775
Fines and forfeitures	11,108	-	-	-	11,108
Miscellaneous	93,266	484,570	-	-	577,836
<b>Total revenues</b>	<b>2,736,622</b>	<b>5,735,546</b>	<b>502</b>	<b>793</b>	<b>8,473,463</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety	800,904	1,069	-	-	801,973
Court services	32,799	-	-	-	32,799
Physical health and education	645,017	90,000	-	-	735,017
Mental health	-	1,235,295	-	-	1,235,295
Social services	371,068	-	-	-	371,068
County environment	293,768	963,907	1,500,000	-	2,757,675
Roads and transportation	-	2,612,826	-	-	2,612,826
State and local government services	291,620	-	-	-	291,620
Interprogram services	978,609	-	-	-	978,609
Non-program	1,000	-	-	-	1,000
Capital projects	-	177,245	16,490	-	193,735
Debt service	-	22,564	41,206	-	63,770
<b>Total expenditures</b>	<b>3,414,785</b>	<b>5,102,906</b>	<b>1,557,696</b>	<b>-</b>	<b>10,075,387</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(678,163)</b>	<b>632,640</b>	<b>(1,557,194)</b>	<b>793</b>	<b>(1,601,924)</b>

Guthrie County

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

Year ended June 30, 2002

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Other financing sources (uses):					
Sale of general fixed assets	11,276	-	-	-	11,276
Operating transfers in	417,301	1,260,515	-	7,685	1,685,501
Operating transfers out	(470,298)	(1,215,203)	-	-	(1,685,501)
Revenue bond proceeds	-	-	1,735,000	-	1,735,000
Total other financing sources (uses)	(41,721)	45,312	1,735,000	7,685	1,746,276
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(719,884)	677,952	177,806	8,478	144,352
Fund balances beginning of year	4,150,625	3,562,280	-	44,033	7,756,938
Increase (decrease) in reserve for:					
Prepaid insurance	3,050	4,461	-	-	7,511
Inventories	-	(117,367)	-	-	(117,367)
Fund balances end of year	<u>\$3,433,791</u>	<u>4,127,326</u>	<u>177,806</u>	<u>52,511</u>	<u>7,791,434</u>

See notes to financial statements.

Guthrie County

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

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other County tax	\$ 2,057,203	-	2,057,203
Interest and penalty on property tax	48,858	-	48,858
Intergovernmental	4,911,160	-	4,911,160
Licenses and permits	26,376	-	26,376
Charges for service	457,617	-	457,617
Use of money and property	272,189	4,722	267,467
Fines, forfeitures and defaults	9,976	-	9,976
Miscellaneous	576,671	348,719	227,952
Total receipts	<u>8,360,050</u>	<u>353,441</u>	<u>8,006,609</u>
<b>Disbursements:</b>			
Public safety	802,135	-	802,135
Court services	33,769	-	33,769
Physical health and education	735,542	-	735,542
Mental health	1,267,713	-	1,267,713
Social services	373,375	-	373,375
County environment	2,763,670	7,992	2,755,678
Roads and transportation	2,583,964	-	2,583,964
State and local government services	287,159	-	287,159
Interprogram services	975,233	-	975,233
Non-program	1,000	-	1,000
Debt service	84,206	-	84,206
Capital projects	152,289	-	152,289
Total disbursements	<u>10,060,055</u>	<u>7,992</u>	<u>10,052,063</u>
Excess (deficiency) of receipts over (under) disbursements	(1,700,005)	345,449	(2,045,454)
Other financing sources, net	<u>1,746,276</u>	-	<u>1,746,276</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	46,271	345,449	(299,178)
Balance beginning of year	<u>7,267,232</u>	<u>54,433</u>	<u>7,212,799</u>
Balance end of year	<u>\$ 7,313,503</u>	<u>399,882</u>	<u>6,913,621</u>

See notes to financial statements.

Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
2,638,662	(581,459)	78%
-	48,858	-
6,903,888	(1,992,728)	71%
15,700	10,676	168%
255,407	202,210	179%
253,788	13,679	105%
8,000	1,976	125%
419,384	(191,432)	54%
10,494,829	(2,488,220)	76%
906,838	104,703	88%
68,081	34,312	50%
807,922	72,380	91%
1,297,500	29,787	98%
464,532	91,157	80%
3,892,261	1,136,583	71%
2,932,404	348,440	88%
317,758	30,599	90%
1,400,936	425,703	70%
1,000	-	100%
-	(84,206)	-
4,783,000	4,630,711	3%
16,872,232	6,820,169	60%
(6,377,403)		
2,302,502		
(4,074,901)		
6,260,203		
2,185,302		

**Exhibit D**

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## Guthrie County

## Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

## Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health and Prescription</u>
Operating revenues:		
Reimbursements from operating funds	\$ 686,254	
Reimbursements from employees and other governmental units	104,821	
Insurance reimbursements	<u>24,344</u>	\$ 815,419
Operating expenses:		
Medical and health services	768,515	
Health plan administration and stop loss insurance	<u>195,482</u>	<u>963,997</u>
Operating loss		(148,578)
Non-operating revenues:		
Interest on investments		<u>4,111</u>
Net loss		<u>(144,467)</u>
Retained earnings beginning of year		<u>118,721</u>
Retained earnings (deficit) end of year		<u>\$ (25,746)</u>

See notes to financial statements.

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

	Internal Service - Employee Group Health and Prescription
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 686,254
Cash received from employees and others	129,130
Cash payments for health claims	(744,774)
Cash payments for administrative services and stop loss insurance	(195,482)
Net cash used by operating activities	(124,872)
Cash flows from investing activities:	
Interest on investments	4,111
Net decrease in cash and cash equivalents	(120,761)
Cash and cash equivalents at beginning of year	174,173
Cash and cash equivalents at end of year	\$ 53,412
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (148,578)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	23,741
Increase in account receivable	(35)
Net cash used by operating activities	\$ (124,872)

See notes to financial statements.

Guthrie County

Notes to Financial Statements

June 30, 2002

**(1) Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

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

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

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

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

Jointly Governed Organizations - The County also participates in several jointly governed organizations for which the County is not financially accountable or that the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Guthrie County Assessor's Conference Board and Guthrie County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

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

B. Fund Accounting

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

## Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other 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.

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

## Proprietary Fund

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

## Fiduciary Funds

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

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

## Account Groups

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

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

## C. Measurement Focus

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

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its proprietary funds, the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

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

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

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

Proprietary Funds are accounted for using the accrual basis of accounting. 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 in non-negotiable certificates of deposit are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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.

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

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been

recognized since the assets are not collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of amounts due from Country View Estates, Inc., the succeeding year property tax receivable, as well as delinquent property tax receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental 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.

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 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 and for the E911 System by the Joint E911 Service Board.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by 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			Capital Project		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,695,635	40,987	2,736,622	5,663,120	72,426	5,735,546	502	-	502
Expenditures	3,402,044	12,741	3,414,785	5,100,315	2,591	5,102,906	1,557,696	-	1,557,696
Net	(706,409)	28,246	(678,163)	562,805	69,835	632,640	(1,557,194)	-	(1,557,194)
Other financing sources (uses)	(459,022)	417,301	(41,721)	462,613	(417,301)	45,312	1,735,000	-	1,735,000
Beginning fund balances	4,091,555	59,070	4,150,625	3,131,644	430,636	3,562,280	-	-	-
Increase (decrease) in reserve for:									
Prepaid insurance	-	3,050	3,050	-	4,461	4,461	-	-	-
Inventories	-	-	-	-	(117,367)	(117,367)	-	-	-
Ending fund balances	\$ 2,926,124	507,667	3,433,791	4,157,062	(29,736)	4,127,326	177,806	-	177,806

  

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 793	-	793	8,360,050	113,413	8,473,463
Expenditures	-	-	-	10,060,055	15,332	10,075,387
Net	793	-	793	(1,700,005)	98,081	(1,601,924)
Other financing sources (uses)	7,685	-	7,685	1,746,276	-	1,746,276
Beginning fund balances	44,033	-	44,033	7,267,232	489,706	7,756,938
Increase (decrease) in reserve for:						
Prepaid insurance	-	-	-	-	7,511	7,511
Inventories	-	-	-	-	(117,367)	(117,367)
Ending fund balances	\$ 52,511	-	52,511	7,313,503	477,931	7,791,434

**G. Total (Memorandum Only)**

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

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.

**(3) County Care Facility**

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

Under the terms of the agreement, Country View Estates, Inc. (operator) may keep up to \$300,000 reserve funds for operating expenses. Funds in excess of \$300,000 are to be used to adjust the current per diem rate charged to the County. In the event the contract is terminated, all assets, including the reserve funds, are to revert to the County. At June 30, 2002, a receivable titled operating reserve due from Country View Estates, Inc. for \$362,448, the amount of unrestricted cash reported in the financial statements of Country View Estates, Inc. at June 30, 2002, has been recorded in the County's financial statements, with a corresponding amount recorded as deferred revenue. Country View Estates and the County have agreed to suspend payments until the reserve is again under \$300,000.

**(4) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency: County Recorder	\$ 7,728
Special Revenue: Secondary Roads	General	4,856
County Recorder's Records Management	Trust and Agency: County Recorder	<u>346</u>
Total		<u>\$12,930</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	\$ 457,802	-	-	457,802
Buildings	2,261,183	24,993	-	2,286,176
Equipment	6,041,223	403,492	172,688	6,272,027
Total	<u>\$ 8,760,208</u>	<u>428,485</u>	<u>172,688</u>	<u>9,016,005</u>

**(6) Changes in Long-Term Debt**

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

	Compen- sated Absences	Estimated Liability for Landfill Closure and Postclosure Care Costs	Total
Balance beginning of year	\$ 150,394	341,202	491,596
Additions	8,003	64,908	72,911
Reductions	-	-	-
Balance end of year	\$ 158,397	406,110	564,507

**(7) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 2,757
Special Revenue:		
Secondary Roads	Services	739
Mental Health	Services	50,351
Rural Services	Services	9,149
		<u>60,239</u>
Trust and Agency:		
County Assessor	Collections	211,839
County Recorder		5,843
Schools		6,735,731
Community Colleges		251,838
Corporations		2,998,991
Townships		264,196
Auto License and Use Tax		205,798
Drainage Districts		12,000
Special Assessments		41,129
County Hospital		675,157
Stuart Ag Urban Renewal		17,844
All other		156,984
		<u>11,577,350</u>
Total		<u>\$ 11,640,346</u>

**(8) Advances to/from Other Funds**

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Bayard Farmers Coop Urban Renewal	<u>\$ 396,865</u>

During the year ended June 30, 2002, the County authorized a \$417,301 advance from the General Fund to the Special Revenue, Bayard Farmers Coop Urban Renewal Fund to reimburse the Special Revenue, Secondary Roads Fund for expenses incurred on behalf of the district. The advance will be repaid from the tax increment financing

receipts collected in the Special Revenue, Bayard Farmers Coop Urban Renewal Fund and will include interest of 6% per annum. Repayments of \$43,000, including principal and interest, were made during the year.

**(9) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.59% and 8.39%, 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 \$153,956, \$147,950, and \$141,649, respectively, equal to the required contributions for each year.

**(10) Contingent Liabilities**

General Obligation Sewer Improvement Notes

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

The County is contingently liable on general obligation sewer improvement note indebtedness of \$105,000 outstanding at June 30, 2002. Since the interest and note principal are currently paid out of South Panorama Sanitary District revenues, this liability has not been recorded in the General Long-Term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the sanitary district in future years are not adequate, a tax may be levied on all taxable property in the County. The transactions for this sewer improvement note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.20%	\$ 25,000	4,493	29,493
2004	4.25	25,000	3,443	28,443
2005	4.30	25,000	2,380	27,380
2006	4.35	30,000	1,305	31,305
Total		\$ 105,000	11,621	116,621

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

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

The County is contingently liable on \$780,000 of the general obligation E-911 note indebtedness outstanding at June 30, 2002. Since the interest and note principal is currently paid out of South Central Iowa Regional E-911 Service Board revenues, this liability has not been recorded in the General Long-term Debt Account Group on Exhibit A. However, since the notes are a general obligation of the County, if the revenues of the Service Board are not adequate, a tax may be levied on all taxable property in the County.

The Service Board is required to make semi-annual payments on June 1 and December 1 in each of the years 1999 to 2012, inclusive, with the initial installment of principal and interest due on December 1, 1999. The transactions for this E-911 note issue are accounted for in an Agency Fund.

Details of this note indebtedness at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.20%	\$ 65,000	34,918	99,918
2004	4.25	65,000	32,187	97,187
2005	4.30	70,000	29,425	99,425
2006	4.35	75,000	26,415	101,415
2007	4.40	75,000	23,152	98,152
2008	4.45	80,000	19,853	99,853
2009	4.55	80,000	16,293	96,293
2010	4.60	85,000	12,653	97,653
2011	4.70	90,000	8,743	98,743
2012	4.75	95,000	4,512	99,512
Total		\$ 780,000	208,151	988,151

#### Tax Increment Urban Renewal Revenue Bonds

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

#### **(11) Community Economic Betterment Account (CEBA) Loan**

Guthrie County entered into a loan agreement dated July 22, 1999 with the Iowa Department of Economic Development for \$75,000. The proceeds were received during the year ended June 30, 2000 and loaned to a local business to assist with economic development. The loan consists of a \$37,500 forgivable loan and a \$37,500 conventional loan with an interest rate at 3% per annum. Repayment of the conventional loan is to be made in 84 equal monthly payments of \$496 with the first

payment due on February 1, 2000. The installments due July 1, 2001 through June 30, 2002 have been paid, leaving a balance on the conventional loan at June 30, 2002 of \$25,483. At the project completion date, \$1,500 will be forgiven for each new job created and the balance will be amortized over the remaining two years in equal monthly payments with 6% per annum interest. The County's liability for repayment of these loans is limited to the amounts the County receives as repayments from the local business. Because the loans are to be paid from other than County resources, the loans do not constitute a liability to the County and are not reported in the General Long-Term Debt Account group.

**(12) Employee Group Health and Prescription Plan**

The Guthrie County Employee Group Health and Prescription Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Employee Group Services. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$32,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health and Prescription Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Group Services from the Employee Group Health and Prescription Fund. The County records the plan assets and related liabilities of the Employee Group Health and Prescription Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$686,254.

Amounts payable from the Employee Group Health and Prescription Fund at June 30, 2002 total \$79,193 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has incurred at the date of the financial statements and the amount of the loss can be reasonable 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	\$ 55,452
Incurred claims (including claims incurred but not reported at June 30, 2002)	768,515
Payment of claims	<u>(744,774)</u>
Unpaid claims at June 30, 2002	<u>\$ 79,193</u>

### **(13) Risk Management**

Guthrie County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property 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 \$119,032.

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. After the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**(14) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed amounts 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.

**(15) Closure and Postclosure Care Costs**

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

Governmental Accounting Standards Board Statement Number 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for Guthrie County have been estimated at \$406,110 as of June 30, 2002, and that amount of liability has been recognized. This liability represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. A provision for the above liability has been made on the County's balance sheet as of June 30, 2002. The County has reserved \$460,428 of its debt capacity to cover these costs.

**Supplemental Information**

**Schedule 1**

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## Guthrie 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	\$ 791,499	
Utility tax replacement excise tax	<u>33,984</u>	825,483

Interest and penalty on property tax		57,327
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## Intergovernmental:

## State shared revenues:

Franchise tax	21,057	
Other	<u>6,112</u>	
	<u>27,169</u>	

## State grants and reimbursements including indirect federal funding:

Home care aide grant	76,658	
Human services administration reimbursement	29,170	
Underground storage tank remediation	179,351	
Other	<u>220,028</u>	
	<u>505,207</u>	

## State tax replacements:

State tax credits	63,256	
State allocation	<u>34,459</u>	
	<u>97,715</u>	

## Direct federal grants and entitlements:

Medicare and medicaid	<u>449,836</u>	
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## Contribution and reimbursements from other governmental units:

Other	<u>86,875</u>	
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Payments in lieu of taxes	<u>211</u>	1,167,013
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Licenses and permits		26,541
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## Charges for service:

Office fees and collections	93,311	
Auto registration, use tax, drivers license and mailing	90,795	
Other	<u>149,385</u>	333,491

## Guthrie County

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Use of money and property:		
Interest on investments	203,520	
Other	<u>18,873</u>	222,393
Fines, forfeitures and defaults		11,108
Miscellaneous		93,266
Total revenues		<u>2,736,622</u>
Expenditures:		
Operating:		
Public safety		800,904
Court services		32,799
Physical health and education		645,017
Social services		371,068
County environment		293,768
State and local government services		291,620
Interprogram services		978,609
Non-program		1,000
Total expenditures		<u>3,414,785</u>
Deficiency of revenues under expenditures		<u>(678,163)</u>
Other financing sources (uses):		
Sale of general fixed assets		11,276
Operating transfers in (out):		
Special Revenue:		
Secondary Roads		(462,613)
Bayard Farmers Coop Urban Renewal		417,301
Expendable Trust:		
Fairgrounds Amphitheater Trust		<u>(7,685)</u>
Total other financing sources (uses)		<u>(41,721)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(719,884)
Fund balance beginning of year		4,150,625
Increase in reserve for prepaid insurance		<u>3,050</u>
Fund balance end of year		<u>\$ 3,433,791</u>

See accompanying independent auditor's report.

**Schedule 2**

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Guthrie County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 290,997	
Investigations	8,742	
Law enforcement communication	236,433	
Adult correction services	44,460	
Administration	99,649	
	<u>680,281</u>	

Legal services:

Criminal prosecution	102,778	
Medical examinations	12,313	
Disaster Services	5,532	
	<u>120,623</u>	\$ 800,904

Court Services Service Area:

Assistance to district court system:

Research and other assistance	<u>5,033</u>	
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Court proceedings:

Juries and witnesses	408	
Service of civil papers	5,300	
	<u>5,708</u>	

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>22,058</u>	32,799
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Physical Health and Education Service Area:

Physical health services:

Personal and family health services	2,250	
Sanitation	194,254	
Health administration	421,198	
	<u>617,702</u>	

Educational services:

Fairgrounds	12,315	
Fair and 4-H clubs	15,000	
	<u>27,315</u>	645,017

## Guthrie County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:		
Services to the poor:		
Administration	16,037	
General welfare services	54,389	
	<u>70,426</u>	
Services to military veterans:		
Administration	1,281	
General services to veterans	12,512	
	<u>13,793</u>	
Children's and family services:		
Youth guidance	19,679	
Family protective services	42	
	<u>19,721</u>	
Services to other adults:		
Services to the elderly	245,464	
Other social services	4,515	
	<u>249,979</u>	
Chemical dependency:		
Treatment services	8,489	
Preventive services	8,660	
	<u>17,149</u>	371,068
County Environment Service Area:		
Conservation and recreation services:		
Administration	66,946	
Maintenance and operations	133,298	
	<u>200,244</u>	
Animal control:		
Animal bounties and domestic animal losses	158	
County development:		
Land use and building controls	918	
Economic development	92,448	
	<u>93,366</u>	293,768

**Schedule 2**

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Guthrie County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area:

Representation services:

Elections administration	51,297	
Local elections	10,571	
Township officials	2,500	
	<u>64,368</u>	

State administrative services:

Motor vehicle registrations and licensing	125,667	
Recording of public documents	101,585	
	<u>227,252</u>	291,620

Interprogram Services Service Area:

Policy and administration:

General County management	161,985	
Administrative management services	86,278	
Treasury management services	95,256	
Other policy and administration	26,171	
	<u>369,690</u>	

Central services:

General services	520,232	
	<u>520,232</u>	

Risk management services:

Tort liability	33,404	
Safety of workplace	46,983	
Fidelity of public officials	8,300	
	<u>88,687</u>	978,609

Nonprogram Service Area:

County farm operations		<u>1,000</u>
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Total		<u><u>\$ 3,414,785</u></u>
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See accompanying independent auditor's report.

**Guthrie County**

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

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Assets</b>						
Cash and pooled investments						
County Treasurer	\$ 721,914	2,428,245	180	34,545	53,388	14,819
Other County Officials	-	50	-	-	-	-
Held by component						
unit treasurer	-	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	11,289	-	-	-	-	-
Succeeding year	1,034,000	-	-	-	-	-
Accounts	31,740	115	-	-	-	-
Due from other funds	-	4,856	-	-	-	346
Due from other governments	13,461	197,380	-	-	-	-
Prepaid insurance	2,545	22,257	-	-	-	-
Inventories	-	500,809	-	-	-	-
<b>Total assets</b>	<b>\$1,814,949</b>	<b>3,153,712</b>	<b>180</b>	<b>34,545</b>	<b>53,388</b>	<b>15,165</b>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ 12,287	195,798	-	-	-	-
Salaries and benefits payable	3,446	54,847	-	-	-	-
Due to other governments	9,149	739	-	-	-	-
Deferred revenue:						
Succeeding year property tax	1,034,000	-	-	-	-	-
Other	10,979	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Compensated absences	209	17,322	-	-	-	-
Total liabilities	<b>1,070,070</b>	<b>268,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund equity:						
Fund balances:						
Reserved for:						
Prepaid insurance	2,545	22,257	-	-	-	-
Inventories	-	500,809	-	-	-	-
Unreserved	742,334	2,361,940	180	34,545	53,388	15,165
Total fund equity	<b>744,879</b>	<b>2,885,006</b>	<b>180</b>	<b>34,545</b>	<b>53,388</b>	<b>15,165</b>
<b>Total liabilities and fund equity</b>	<b>\$1,814,949</b>	<b>3,153,712</b>	<b>180</b>	<b>34,545</b>	<b>53,388</b>	<b>15,165</b>

See accompanying independent auditor's report.

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Adair Urban Renewal	Bayard Farmers Coop Urban Renewal	Total
1,306	11,705	510,222	1,056	-	-	8,914	28	275	3,786,597
-	-	-	-	-	-	-	-	-	50
-	-	-	-	358,236	12,179	-	-	-	370,415
-	-	3,247	-	-	-	-	-	-	14,536
-	-	132,000	-	-	-	-	-	-	1,166,000
-	-	100	-	-	-	-	-	-	31,955
-	-	-	-	-	-	-	-	-	5,202
-	-	6,366	-	-	-	-	-	-	217,207
-	-	-	-	-	-	-	-	-	24,802
-	-	-	-	-	-	-	-	-	500,809
<b>1,306</b>	<b>11,705</b>	<b>651,935</b>	<b>1,056</b>	<b>358,236</b>	<b>12,179</b>	<b>8,914</b>	<b>28</b>	<b>275</b>	<b>6,117,573</b>
-	1,044	68,396	-	-	-	-	-	-	277,525
-	-	1,908	-	-	-	-	-	-	60,201
-	-	50,351	-	-	-	-	-	-	60,239
-	-	132,000	-	-	-	-	-	-	1,166,000
-	-	-	-	-	-	-	-	-	10,979
-	-	-	-	-	-	-	-	396,865	396,865
-	-	907	-	-	-	-	-	-	18,438
-	1,044	253,562	-	-	-	-	-	396,865	1,990,247
-	-	-	-	-	-	-	-	-	24,802
-	-	-	-	-	-	-	-	-	500,809
1,306	10,661	398,373	1,056	358,236	12,179	8,914	28	(396,590)	3,601,715
1,306	10,661	398,373	1,056	358,236	12,179	8,914	28	(396,590)	4,127,326
<b>1,306</b>	<b>11,705</b>	<b>651,935</b>	<b>1,056</b>	<b>358,236</b>	<b>12,179</b>	<b>8,914</b>	<b>28</b>	<b>275</b>	<b>6,117,573</b>

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Revenues:</b>						
Property and other County tax:						
Property tax	\$ 894,957	-	-	-	-	-
Utility tax replacement excise tax	35,238	-	-	-	-	-
	<u>930,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Intergovernmental:</b>						
State shared revenues:						
Road use tax	523	2,306,258	-	-	-	-
Sales and use tax	237	-	-	-	-	-
	<u>760</u>	<u>2,306,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
State grants and reimbursements including indirect federal funding:						
Social services block grant	-	-	-	-	-	-
Community development block grant	-	-	-	-	-	-
Resource enhancement and protection grant	-	-	-	-	8,875	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,875</u>	<u>-</u>
State tax replacements:						
State tax credits	63,598	-	-	-	-	-
State allocation	50,300	-	-	-	-	-
Mental health property tax relief	-	-	-	-	-	-
Other	593	-	-	-	-	-
	<u>114,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions and reimbursements from other governmental units	86,804	256,995	-	-	-	-
	<u>202,055</u>	<u>2,563,253</u>	<u>-</u>	<u>-</u>	<u>8,875</u>	<u>-</u>
Licenses and permits	-	195	-	-	-	-
Charges for service:						
Sanitary landfill fees and recyclables	154,999	-	-	-	-	-
Document management fee	-	-	-	-	-	4,313
Other	-	50	-	-	-	-
	<u>154,999</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,313</u>
Use of money and property:						
Land rental	-	-	-	-	-	-
Interest on investments	-	-	-	-	510	132
Other	-	1,258	-	-	-	-
	<u>-</u>	<u>1,258</u>	<u>-</u>	<u>-</u>	<u>510</u>	<u>132</u>

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Rural Water	Adair Urban Renewal	Bayard Farmers oop Urban Renewal	Total
-	-	239,601	-	-	-	-	-	10,458	40,912	1,185,928
-	-	10,195	-	-	-	-	-	-	-	45,433
-	-	249,796	-	-	-	-	-	10,458	40,912	1,231,361
-	-	-	-	-	-	-	-	-	-	2,306,781
-	-	-	-	-	-	-	-	-	-	237
-	-	-	-	-	-	-	-	-	-	2,307,018
-	-	52,589	-	-	-	-	-	-	-	52,589
-	-	-	-	-	-	-	568,000	-	-	568,000
-	-	-	-	-	-	-	-	-	-	8,875
-	-	52,589	-	-	-	-	568,000	-	-	629,464
-	-	18,977	-	-	-	-	-	-	-	82,575
-	-	-	-	-	-	-	-	-	-	50,300
-	-	411,295	-	-	-	-	-	-	-	411,295
-	2,012	-	-	-	-	-	-	-	-	2,605
-	2,012	430,272	-	-	-	-	-	-	-	546,775
-	-	26,215	-	-	-	-	-	-	-	370,014
-	2,012	509,076	-	-	-	-	568,000	-	-	3,853,271
-	-	-	-	-	-	-	-	-	-	195
-	-	-	-	-	-	-	-	-	-	154,999
-	-	-	-	-	-	-	-	-	-	4,313
50	-	650	-	-	-	-	-	-	-	750
50	-	650	-	-	-	-	-	-	-	160,062
-	-	-	-	-	-	-	-	-	-	-
-	108	-	-	3,713	216	-	-	46	104	4,829
-	-	-	-	-	-	-	-	-	-	1,258
-	108	-	-	3,713	216	-	-	46	104	6,087

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Revenues (continued):						
Miscellaneous:						
Labor reimbursement	-	48,794	-	-	-	-
Donations	-	-	-	-	-	-
Sale of materials	-	3,183	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Other	1,925	81,174	-	-	-	-
	<u>1,925</u>	<u>133,151</u>	-	-	-	-
Total revenues	<u>1,289,174</u>	<u>2,697,907</u>	-	-	<u>9,385</u>	<u>4,445</u>
Expenditures:						
Operating:						
Public Safety Service Area:						
Law enforcement:						
Investigations	-	-	-	-	-	-
Physical Health and Education Service Area:						
Educational services:						
Libraries	90,000	-	-	-	-	-
Mental Health Service Area:						
Persons with mental health problems - mental illness:						
Coordination services	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Persons with chronic mental illness:						
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed and certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Rural Water	Adair Urban Renewal	Bayard Farmers oop Urban Renewal	Total
-	-	-	-	-	-	-	-	-	-	48,794
-	-	-	-	346,201	2,112	-	-	-	-	348,313
-	-	-	-	-	-	-	-	-	-	3,183
-	-	-	-	-	-	406	-	-	-	406
-	-	663	112	-	-	-	-	-	-	83,874
-	-	663	112	346,201	2,112	406	-	-	-	484,570
50	2,120	760,185	112	349,914	2,328	406	568,000	10,504	41,016	5,735,546
-	1,069	-	-	-	-	-	-	-	-	1,069
-	-	-	-	-	-	-	-	-	-	90,000
-	-	41,407	-	-	-	-	-	-	-	41,407
-	-	38,530	-	-	-	-	-	-	-	38,530
-	-	22,030	-	-	-	-	-	-	-	22,030
-	-	101,967	-	-	-	-	-	-	-	101,967
-	-	68,036	-	-	-	-	-	-	-	68,036
-	-	70,675	-	-	-	-	-	-	-	70,675
-	-	222,517	-	-	-	-	-	-	-	222,517
-	-	10,942	-	-	-	-	-	-	-	10,942
-	-	1,738	-	-	-	-	-	-	-	1,738
-	-	373,908	-	-	-	-	-	-	-	373,908

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):						
Operating:						
Mental Health Service Area:						
Persons with mental retardation:						
Coordination services	-	-	-	-	-	-
Personal and environmental support	-	-	-	-	-	-
Treatment services	-	-	-	-	-	-
Vocational and day services	-	-	-	-	-	-
Licensed and certified living arrangements	-	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-	-
	-	-	-	-	-	-
Persons with other developmental disabilities:						
Licensed and certified living arrangements	-	-	-	-	-	-
	-	-	-	-	-	-
County Environment Service Area:						
Environmental quality:						
Natural resources conservation	-	-	-	-	-	-
Weed eradication	81,023	-	-	-	-	-
Solid waste disposal	306,892	-	-	-	-	-
	387,915	-	-	-	-	-
Conservation and recreation services:						
Administration	-	-	-	-	-	-
	387,915	-	-	-	-	-
Roads and Transportation Service Area:						
Secondary roads administration and engineering:						
Administration	-	141,554	-	-	-	-
Engineering	-	158,952	-	-	-	-
	-	300,506	-	-	-	-
Roadway maintenance:						
Bridges and culvert	-	133,584	-	-	-	-
Roads	-	1,252,656	-	-	-	-
Snow and ice control	-	4,590	-	-	-	-
Traffic controls	-	60,273	-	-	-	-
Road clearing	-	32,658	-	-	-	-
	-	1,483,761	-	-	-	-

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Rural Water	Adair Urban Renewal	Bayard Farmers oop Urban Renewal	Total
-	-	9,040	-	-	-	-	-	-	-	9,040
-	-	2,349	-	-	-	-	-	-	-	2,349
-	-	1,364	-	-	-	-	-	-	-	1,364
-	-	233,398	-	-	-	-	-	-	-	233,398
-	-	432,394	-	-	-	-	-	-	-	432,394
-	-	64,049	-	-	-	-	-	-	-	64,049
-	-	742,594	-	-	-	-	-	-	-	742,594
-	-	16,826	-	-	-	-	-	-	-	16,826
-	-	1,235,295	-	-	-	-	-	-	-	1,235,295
-	-	-	-	-	-	60	568,000	-	-	568,060
-	-	-	-	-	-	-	-	-	-	81,023
-	-	-	-	-	-	-	-	-	-	306,892
-	-	-	-	-	-	60	568,000	-	-	955,975
-	-	-	-	4,639	3,293	-	-	-	-	7,932
-	-	-	-	4,639	3,293	60	568,000	-	-	963,907
-	-	-	-	-	-	-	-	-	-	141,554
-	-	-	-	-	-	-	-	-	-	158,952
-	-	-	-	-	-	-	-	-	-	300,506
-	-	-	-	-	-	-	-	-	-	133,584
-	-	-	-	-	-	-	-	-	-	1,252,656
-	-	-	-	-	-	-	-	-	-	4,590
-	-	-	-	-	-	-	-	-	-	60,273
-	-	-	-	-	-	-	-	-	-	32,658
-	-	-	-	-	-	-	-	-	-	1,483,761

Guthrie County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Emergency Management Services	Flood and Erosion	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):						
Operating:						
Roads and Transportation Service Area:						
General roadway expenditures:						
Equipment	-	227,395	-	-	-	-
Equipment operation	-	439,204	-	-	-	-
Tools, materials, and supplies	-	63,612	-	-	-	-
Real estate and buildings	-	11,144	-	-	-	-
	-	741,355	-	-	-	-
Mass transit:						
Road Clearing	40,000	-	-	-	-	-
Air transportation	47,204	-	-	-	-	-
	87,204	-	-	-	-	-
	87,204	2,525,622	-	-	-	-
Capital Projects Service Area:						
Roadway construction	-	166,595	-	-	-	-
Other capital projects	-	-	-	-	-	-
	-	166,595	-	-	-	-
Debt Service Service Area:						
Interest	-	-	-	-	-	-
Total expenditures	565,119	2,692,217	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	724,055	5,690	-	-	9,385	4,445
Other financing sources (uses):						
Operating transfers in (out):						
General	-	462,613	-	-	-	-
Special Revenue:						
Rural Services	-	797,902	-	-	-	-
Secondary Roads	(797,902)	-	-	-	-	-
Total other financing sources (uses)	(797,902)	1,260,515	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(73,847)	1,266,205	-	-	9,385	4,445
Fund balances beginning of year	818,327	1,732,106	180	34,545	44,003	10,720
Increase (decrease) in reserve for:						
Prepaid insurance	399	4,062	-	-	-	-
Inventories	-	(117,367)	-	-	-	-
Fund balances end of year	\$ 744,879	2,885,006	180	34,545	53,388	15,165

See accompanying independent auditor's report.

Work Release Program	Sheriff Investigation	Mental Health	Attorney Seized Property	Prairie Woodland Conservation Foundation	Guthrie County Historical Village Foundation	Drainage Districts	Rural Water	Adair Urban Renewal	Bayard Farmers coop Urban Renewal	Total
-	-	-	-	-	-	-	-	-	-	227,395
-	-	-	-	-	-	-	-	-	-	439,204
-	-	-	-	-	-	-	-	-	-	63,612
-	-	-	-	-	-	-	-	-	-	11,144
-	-	-	-	-	-	-	-	-	-	741,355
-	-	-	-	-	-	-	-	-	-	40,000
-	-	-	-	-	-	-	-	-	-	47,204
-	-	-	-	-	-	-	-	-	-	87,204
-	-	-	-	-	-	-	-	-	-	2,612,826
-	-	-	-	-	-	-	-	-	-	166,595
-	-	-	-	-	-	-	-	10,650	-	10,650
-	-	-	-	-	-	-	-	10,650	-	177,245
-	-	-	-	-	-	-	-	-	22,564	22,564
-	1,069	1,235,295	-	4,639	3,293	60	568,000	10,650	22,564	5,102,906
50	1,051	(475,110)	112	345,275	(965)	346	-	(146)	18,452	632,640
-	-	-	-	-	-	-	-	-	(417,301)	45,312
-	-	-	-	-	-	-	-	-	-	797,902
-	-	-	-	-	-	-	-	-	-	(797,902)
-	-	-	-	-	-	-	-	-	(417,301)	45,312
50	1,051	(475,110)	112	345,275	(965)	346	-	(146)	(398,849)	677,952
1,256	9,610	873,483	944	12,961	13,144	8,568	-	174	2,259	3,562,280
-	-	-	-	-	-	-	-	-	-	4,461
-	-	-	-	-	-	-	-	-	-	(117,367)
1,306	10,661	398,373	1,056	358,236	12,179	8,914	-	28	(396,590)	4,127,326

**Schedule 5**

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Guthrie County

Capital Projects Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2002

Revenues:	
Use of money and property:	
Interest on investments	<u>\$ 502</u>
Expenditures:	
County Environment Service Area:	
Economic development:	
Incentive to the Tall Corn Ethanol Cooperative	1,500,000
Capital Projects Service Area:	
Other capital projects	16,490
Debt Service Service Area:	
Interest	<u>41,206</u>
Total expenditures	<u>1,557,696</u>
Deficiency of revenues under expenditures	(1,557,194)
Other financing sources:	
Revenue bond proceeds	<u>1,735,000</u>
Excess of revenues and other financing sources over expenditures	177,806
Fund balance beginning of year	<u>-</u>
Fund balance end of year	<u>\$ 177,806</u>

See accompanying independent auditor's report.

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

	Expendable		
	Trust	Agency	Total
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 31,958	522,482	554,440
Other County officials	20,553	13,987	34,540
Receivables:			
Property tax:			
Delinquent	-	102,969	102,969
Succeeding year	-	10,926,000	10,926,000
Special assessments	-	33,236	33,236
Future drainage assessments	-	6,427	6,427
<b>Total assets</b>	<b>\$ 52,511</b>	<b>11,605,101</b>	<b>11,657,612</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	124	124
Salaries and benefits payable	-	2,991	2,991
Due to other funds	-	8,074	8,074
Due to other governments	-	11,577,350	11,577,350
Compensated absences	-	16,562	16,562
Total liabilities	-	11,605,101	11,605,101
Fund equity:			
Unreserved fund balance	52,511	-	52,511
<b>Total liabilities and fund equity</b>	<b>\$ 52,511</b>	<b>11,605,101</b>	<b>11,657,612</b>

See accompanying independent auditor's report.

**Schedule 7**

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

	Conservation Land Acquisition Trust	Guthrie County Historical Village Foundation Trust	Fairgrounds Amphitheater Trust	Total
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 2,479	-	29,479	31,958
Held by component unit treasurer	-	20,553	-	20,553
<b>Total assets</b>	<b>\$ 2,479</b>	<b>20,553</b>	<b>29,479</b>	<b>52,511</b>
<b>Fund Equity</b>				
Fund equity:				
Unreserved fund balance	\$ 2,479	20,553	29,479	52,511

See accompanying independent auditor's report.

## Guthrie County

## Expendable Trust Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Conservation Land Acquisition Trust	Guthrie County Historical Village Foundation Trust	Fairgrounds Amphitheater Trust	Total
Revenues:				
Use of money and property:				
Interest on investments	\$ -	793	-	793
Expenditures:				
None	-	-	-	-
Excess of revenues over expenditures	-	793	-	793
Other financing sources:				
Operating transfers in:				
General	-	-	7,685	7,685
Excess of revenues and other financing sources over expenditures	-	793	7,685	8,478
Fund balances beginning of year	2,479	19,760	21,794	44,033
Fund balances end of year	\$ 2,479	20,553	29,479	52,511

See accompanying independent auditor's report.

Guthrie County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	<u>County Offices</u>		Agricultural Extension Education	County Assessor
	County Auditor	County Recorder		
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	-	2,860	61,398
Other County officials	50	13,917	-	20
Receivables:				
Property tax:				
Delinquent	-	-	1,432	2,098
Succeeding year	-	-	129,000	168,000
Special assessments	-	-	-	-
Future drainage assessments	-	-	-	-
<b>Total assets</b>	<b>\$ 50</b>	<b>13,917</b>	<b>133,292</b>	<b>231,516</b>
<b>Liabilities</b>				
Liabilities:				
Accounts payable	\$ -	-	-	124
Salaries and benefits payable	-	-	-	2,991
Due to other funds	-	8,074	-	-
Due to other governments	50	5,843	133,292	211,839
Compensated absences	-	-	-	16,562
<b>Total liabilities</b>	<b>\$ 50</b>	<b>13,917</b>	<b>133,292</b>	<b>231,516</b>

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Drainage Districts
136,289	5,889	32,203	11,695	205,798	54	5,573
-	-	-	-	-	-	-
64,442	2,949	21,788	2,501	-	27	-
6,535,000	243,000	2,945,000	250,000	-	2,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	6,427
<b>6,735,731</b>	<b>251,838</b>	<b>2,998,991</b>	<b>264,196</b>	<b>205,798</b>	<b>2,081</b>	<b>12,000</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,735,731	251,838	2,998,991	264,196	205,798	2,081	12,000
-	-	-	-	-	-	-
<b>6,735,731</b>	<b>251,838</b>	<b>2,998,991</b>	<b>264,196</b>	<b>205,798</b>	<b>2,081</b>	<b>12,000</b>

Guthrie County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	Anatomical Gift Donations	South Panorama Sanitary District Notes and Interest	Special Assessments
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	43	7,076	7,893
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Special assessments	-	-	33,236
Future drainage assessments	-	-	-
<b>Total assets</b>	<b>43</b>	<b>7,076</b>	<b>41,129</b>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	-	-	-
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Due to other governments	43	7,076	41,129
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>43</b>	<b>7,076</b>	<b>41,129</b>

See accompanying independent auditor's report.

County Hospital	South Panorama Sanitary District	Tax Sale Redemption	Stuart Ag Urban Renewal	Total
15,432	308	12,133	17,838	522,482
-	-	-	-	13,987
7,725	1	-	6	102,969
652,000	2,000	-	-	10,926,000
-	-	-	-	33,236
-	-	-	-	6,427
<b>675,157</b>	<b>2,309</b>	<b>12,133</b>	<b>17,844</b>	<b>11,605,101</b>
-	-	-	-	124
-	-	-	-	2,991
-	-	-	-	8,074
675,157	2,309	12,133	17,844	11,577,350
-	-	-	-	16,562
<b>675,157</b>	<b>2,309</b>	<b>12,133</b>	<b>17,844</b>	<b>11,605,101</b>

Guthrie County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			Agricultural	County Assessor
	County Auditor	County Recorder	County Sheriff	Extension Education	
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 50	14,389	-	123,067	301,712
Additions:					
Property and other County tax	-	-	-	119,288	153,481
State tax credits	-	-	-	8,612	15,704
Office fees and collections	-	194,266	59,515	-	1,010
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	35,937	-	-
Miscellaneous	-	-	-	-	7,685
Total additions	-	194,266	95,452	127,900	177,880
Deductions:					
Agency Remittances:					
To other funds	-	101,780	30,491	-	-
To other governments	-	92,958	29,024	117,675	248,076
Trusts paid out	-	-	35,937	-	-
Total deductions	-	194,738	95,452	117,675	248,076
Balances end of year	\$ 50	13,917	-	133,292	231,516

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Drainage Districts
5,914,734	253,236	2,455,218	236,244	204,971	2,057	35,180
6,072,873	223,135	1,978,145	1,009,319	-	2,086	-
405,778	17,528	154,269	30,161	-	161	-
-	-	-	-	-	-	-
-	-	-	-	2,547,394	-	-
-	-	-	83	-	-	109,638
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,478,651	240,663	2,132,414	1,039,563	2,547,394	2,247	109,638
-	-	-	-	90,795	-	-
5,657,654	242,061	1,588,641	1,011,611	2,455,772	2,223	132,818
-	-	-	-	-	-	-
5,657,654	242,061	1,588,641	1,011,611	2,546,567	2,223	132,818
6,735,731	251,838	2,998,991	264,196	205,798	2,081	12,000

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Guthrie County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	South Panorama			
	Anatomical Gift Donations	Sanitary District Notes and Interest	Special Assessments	County Hospital
<b>Assets and Liabilities</b>				
Balances beginning of year	16	4,311	9,704	658,874
Additions:				
Property and other County tax	-	-	-	600,785
State tax credits	-	-	-	45,928
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	62,125	-
Trusts	-	33,295	-	-
Miscellaneous	216	-	-	-
Total additions	216	33,295	62,125	646,713
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	189	30,530	30,700	630,430
Trusts paid out	-	-	-	-
Total deductions	189	30,530	30,700	630,430
Balances end of year	43	7,076	41,129	675,157

See accompanying independent auditor's report.

South Panorama Sanitary District	Tax Sale Redemption	E911	E911 Bonds and Interest	Stuart Ag Urban Renewal	Refunds	Total
4,100	20,063	-	-	17,766	-	10,255,692
2,656	-	-	-	46	-	10,161,814
63	-	-	-	-	-	678,204
400	153,472	-	-	-	-	408,663
-	-	-	-	-	-	2,547,394
27,466	-	-	-	-	-	199,312
-	-	-	-	-	-	69,232
10,207	-	-	97,708	32	1,194	117,042
40,792	153,472	-	97,708	78	1,194	14,181,661
-	-	-	-	-	-	223,066
42,583	161,402	-	97,708	-	-	12,572,055
-	-	-	-	-	1,194	37,131
42,583	161,402	-	97,708	-	1,194	12,832,252
2,309	12,133	-	-	17,844	-	11,605,101

**Schedule 11**

## Guthrie County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
<b>Taxes:</b>				
Property and other County tax	\$ 1,977,427	2,225,607	3,072,997	3,512,667
Utility tax replacement excise tax	79,417	90,941	-	-
	<u>2,056,844</u>	<u>2,316,548</u>	<u>3,072,997</u>	<u>3,512,667</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	2,306,781	2,211,974	2,244,513	2,189,443
Other	27,406	44,598	67,182	33,558
State grants and reimbursements including indirect federal funding:				
Community development block grant	568,000	2,628,000	15,000	15,195
Social services block grant	52,589	54,014	54,331	53,744
Public health nursing and homemaker health grants	76,658	82,575	71,856	54,464
MH-DD community services fund allocation	-	69,171	69,171	67,671
Federal emergency management assistance	-	-	5,165	53,139
Resource enhancement and protection grant	8,875	9,479	9,038	8,245
Iowa Department of Transportation cooperative agreement project reimbursement	-	-	169,405	-
Underground storage tank remediation	179,351	-	-	-
Other	249,198	246,037	154,114	140,963
State tax replacements:				
State tax credits	145,831	180,406	282,776	268,375
State allocation	84,759	89,990	90,300	91,070
Mental health property tax relief	411,295	468,562	410,959	410,959
Other	2,605	17,641	7,002	60,699
Direct federal grants and entitlements:				
Medicare and medicaid	449,836	356,604	215,652	286,402
Contributions and reimbursements from other governmental units	456,889	179,719	277,777	232,912
Payments in lieu of taxes	211	1,447	72,173	24,847
	<u>5,020,284</u>	<u>6,640,217</u>	<u>4,216,414</u>	<u>3,991,686</u>
<b>Total</b>	<u>\$ 7,077,128</u>	<u>8,956,765</u>	<u>7,289,411</u>	<u>7,504,353</u>

See accompanying independent auditor's report.

## Guthrie County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 4,770
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	99-WS-093	568,000
Community Development Block Grants/State's Program	14.228	01-EO-006	2,500
			570,500
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Hazard Mitigation Grant	83.548	1230-0045	2,209
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		7,509
Refugee and Entrant Assistance - State Administered Programs	93.566		35
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		964
Foster Care - Title IV-E	93.658		2,503
Adoption Assistance	93.659		846
Medical Assistance Program	93.778		7,609
Social Services Block Grant	93.667		4,934
Social Services Block Grant	93.667		52,589
			57,523
Iowa Department of Public Health:			
Immunization Grants	93.268		53,055
Total			\$ 707,523

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Guthrie 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.

**Guthrie County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Guthrie County:

We have audited the general purpose financial statements of Guthrie County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 10, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Guthrie County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in 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 not been resolved and have been repeated as items IV-A-01 and IV-E-02.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Guthrie County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Guthrie County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in 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 weakness. Prior year reportable conditions have not been resolved and are repeated as items II-A-02, II-B-02 and II-C-02.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Guthrie County and other parties to whom Guthrie County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

December 10, 2002

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

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

**Guthrie 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 Guthrie County:

**Compliance**

We have audited the compliance of Guthrie County, Iowa, with the types of compliance requirements described in 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. Guthrie 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 Guthrie County's management. Our responsibility is to express an opinion on Guthrie 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 Guthrie 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 Guthrie County's compliance with those requirements.

In our opinion, Guthrie 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 Guthrie 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 Guthrie 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.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Guthrie County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in Part III 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 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above, identified as III-A-02, is a material weakness.

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

December 10, 2002

Guthrie 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) A reportable condition in internal control over the major program was disclosed by the audit of the financial statements, which is also a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed one audit finding which was 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 14.228 - Community Development Block Grants/State's Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Guthrie County did not qualify as a low-risk auditee.

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

II-A-02 Segregation of Duties - During our review of the internal control the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts - listing of mail receipts, collecting, depositing, posting and daily reconciling	Treasurer and Sheriff
(2) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash	Treasurer and 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.

Responses -

County Treasurer - In regards to one person doing the same job, which has gone on for years. We all will be learning the different jobs in this office, it will just take time.

County Sheriff - No comment.

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

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

II-B-02 County Treasurer - The person responsible for the detailed record keeping of investments is also the custodian of the investments.

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

Response - We will review our procedure over investments, and will segregate duties or initiate independent review of transactions.

Conclusion - Response accepted.

II-C-02 Property Tax Collections - Property tax collections received by mail at the end of September and March are not deposited timely.

Recommendation - Receipts should be deposited timely.

Response - In response to not doing our tax payments in a timely manner. We are going to attempt to change this procedure. We will be cutting out one step, which I think is going to expedite, plus the fact we will have another good worker.

Conclusion - Response accepted.

II-D-02 Public Health Nurse - Separate bank accounts were maintained for the collections and expenditures of the Public Health Nurse Hospice/Respite. The collections and expenditures were not reflected in the County's accounting system.

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

Response - As these monies are utilized through the Well-Connect Committee For the Health Fair, we will maintain this separate bank account. Also, the amount is small. This allows us to write out checks and keep this fund for use at the Health Fair expenses.

Conclusion - Response acknowledged. A petty cash fund could be maintained and the fund replenished as the need arises. A petty cash fund would provide greater control as fund replenishment is contingent on presentation on proper supporting documentation such as invoices.

II-E-02 Transfer Station/Landfill - Receipts are not always deposited timely and checks are not restrictively endorsed upon receipt.

Recommendation - To safeguard cash and increase funds available for investment, receipts should be deposited intact on a timely basis. Additionally, checks should be restrictively endorsed upon receipt.

Response - Transfer station staff has been instructed to deposit weekly. The Treasurer's Office reports to me weekly to verify the deposit.

Conclusion - Response acknowledged. Checks should be restrictively endorsed upon receipt.

Guthrie 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:**

**CFDA Number 14.228: Community Development Block Grants/State's Program  
Pass-through Agency Number: 98-WS-038  
Federal Award Year: 1998  
U.S. Department of Housing and Urban Development  
Passed through the Iowa Department of Economic Development**

III-A-02 Subrecipient Monitoring - OMB Circular A-133 requires monitoring of subrecipients who receive \$300,000 or more in federal assistance. The County, as primary recipient, has not determined if the subrecipient Xenia Rural Water District has met the audit requirements of OMB Circular A-133.

Recommendation - The County should determine that the subrecipient has met the audit requirements of OMB Circular A-133.

Response - After speaking with Xenia, they did meet the requirements.

Conclusion - Response accepted. The audit report was subsequently received.

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

**Part IV: Other Findings Related to Statutory Reporting:**

IV-A-01 Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002, except as follows:

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

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

Response - County Treasurer - This happens only in March or September when the tax collections are the greatest.

Conclusion - Response acknowledged. The County should also consider increasing the amount of maximum deposit allowed for these depositories to ensure the maximum amount of deposit is not exceeded.

IV-B-01 Certified Budget - Disbursements during the year ended June 30, 2002 exceeded the amount budgeted for the Debt Service Service Area. In addition, the September 25, 2001 budget amendment hearing was not published at least 10 days prior to the hearing date.

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. In addition, the notice of the budget amendment hearing should be published not less than 10 days or more than 20 days prior to the hearing date.

Response - It was budgeted in the capital projects fund instead of Debt Service Service Area. We will ensure future payments are budgeted in the Debt Service Service Area. Was thinking it was 4-20 like other public notices instead of 10-20. Will watch this from now on.

Conclusion - Response accepted.

IV-C-01 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-01 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-E-01 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kenneth Burns, employee	Mowing for County	\$ 400 (a)
Roger Caltrider, employee	Mowing for County	250 (a)
Jerry Cook, employee	Mowing for County	330 (a)
Karen Gerlich, employee	Mowing for County	165 (a)
Larry Long, employee	Mowing for County	300 (a)
Nick Chance, employee	Mowing for County	360 (a)
Rick Kness, employee	Mowing for County	280 (a)
John Wallace, employee	Mowing for County	165 (a)
Richard Stone, Employee	Truck rent, contract hauling	1,925 (b)
Jackie Sloss, County Recorder, spouse is owner of Sloss Electrical Service	Shop building maintenance	102 (a)
Tim Benton, son of County Attorney	Trial expense, attorney video	197 (a)
Todd Plowman, employee, owner of Plowman & Stanley Trench	Engineers tile, landfill hydrant	1,341 (a)
Cheryl Jensen, employee, spouse is owner of Jensen Sanitation	Conservation garbage/sewer	2,240 (b)

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

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

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

Response - We will have the County Attorney look into the matter.

Conclusion - Response accepted.

IV-F-01 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-01 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-01 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.

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

- IV-I-01 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsection (b)(2) and (b)(3).
- IV-J-02 Solid Waste Fees Retainage - The County used or retained the solid waste fees in accordance with Chapter 455E.11.2(a)(11), (13) and (15) of the Code of Iowa.
- IV-K-01 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 exceeded the amount budgeted.

Recommendation - The budget should have been amended by the County Extension Office before disbursements were allowed to exceed the amount budgeted.

Response - The disbursements that you are referring to were handled as directed by the Iowa State University Extension financial department. No request for budget amendment was asked for because we mortgaged the amount and are paying it back in monthly installments to Peoples Bank. If however, this type of situation would ever arise again, we will publish an amended budget to keep in accordance with auditing standards.

Conclusion - Response accepted.

- IV-L-02 Deficit Fund Balance - The Internal Service Fund had a deficit fund balance of \$25,746 at June 30, 2002.

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

Response - The fund had a positive cash balance, so did not realize how many payables were out. We have increased the amount for health insurance monthly charged each department.

Conclusion - Response accepted.

Guthrie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-M-02 Non-current Debt - The County approved an advance from the General Fund to the Special Revenue, Bayard Farmers Coop Urban Renewal Fund for improvements made in the urban renewal district. A public hearing was not held prior to entering into the agreement. Chapter 331.479 of the Code of Iowa requires that before non-current debt can be incurred, a notice of the proposed action, including a statement of the amount, purposes, and form of the debt, the proposed time of its liquidation, and the time and place of the meeting at which the Board proposes to take action to authorize the debt, shall be published. At the meeting, the Board shall receive oral and written objections before action is taken to authorize the debt or abandon the proposal.

Recommendation - The County should comply with Chapter 331.479 of the Code of Iowa before non-current debt is authorized.

Response - We will comply in the future. This was an interfund loan.

Conclusion - Response accepted.

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**Guthrie County**

**Staff**

**This audit was performed by:**

**Pamela J. Bormann, CPA, Manager  
Ernest H. Ruben Jr., CPA, Senior Auditor II  
Mary Crystal A. Berg, CPA, Assistant Auditor  
Scott P. Boisen, Assistant Auditor**

**Andrew E. Nielsen, CPA  
Deputy Auditor of State**