



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

February 28, 2003

Contact: Andy Nielsen
515/281-5515

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

The County had local tax revenue of \$16,750,224 for the year ended June 30, 2002, which included \$1,071,295 in tax credits from the state. The County forwarded \$11,330,970 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,419,254 of the local tax revenue to finance County operations, an 18 percent increase from the prior year. Other revenues included \$3,975,420 from the state, \$152,788 in direct federal grants and \$91,877 in interest on investments. Local tax revenue increased primarily because of increases in the General and Mental Health Fund tax levies.

Expenditures for County operations totaled \$9,612,756, a 12 percent decrease from the prior year. Expenditures included \$3,450,517 for roads and transportation, \$1,693,340 for mental health and \$881,379 for capital projects. The significant decrease in expenditures is due primarily to substantial completion of roadway maintenance projects and the 911 Center expansion in the prior year.

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

###

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

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet - All Fund Types and Account Groups	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	B	12-13
Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) - All Governmental Fund Types and Expendable Trust Fund	C	14
Notes to Financial Statements		15-27
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	1	30-31
Statement of Expenditures	2	32-34
Special Revenue Funds:		
Combining Balance Sheet	3	36-37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	38-47
Debt Service Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	5	48
Capital Projects Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	6	49
Trust and Agency Funds:		
Combining Balance Sheet	7	50-53
Combining Statement of Changes in Assets and Liabilities - Agency Funds	8	54-57
Comparison of Taxes and Intergovernmental Revenues	9	58
Schedule of Expenditures of Federal Awards	10	59
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		61-62
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		63-64
Schedule of Findings and Questioned Costs		65-71
Staff		70

Shelby County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
LaVon Christensen	Board of Supervisors	Jan 2003
Gayle Petersen	Board of Supervisors	Jan 2005
Richard Ferry	Board of Supervisors	Jan 2005
Marsha Carter	County Auditor	Jan 2005
Kathy Stinn	County Treasurer	Jan 2003
Linda Jacobsen	County Recorder	Jan 2003
Gene Cavenaugh	County Sheriff	Jan 2005
Jeffrey L. Larson	County Attorney	Jan 2003
Robert J. Heyderhoff	County Assessor	Jan 2004

Shelby County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of Shelby County:

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

In accordance with Government Auditing Standards, we have also issued our reports dated January 9, 2003 on our consideration of Shelby 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 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 9, 2003

Shelby County

Financial Statements

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

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 919,282	1,518,655	3,508
Other County officials	-	-	-
Shelby County Area Solid Waste Agency	-	-	-
Receivables:			
Property tax:			
Delinquent	19,303	21,357	1,131
Succeeding year	2,595,000	2,364,000	172,000
Accounts	4,942	1,829	-
Accrued interest	18,838	-	-
Due from other funds (note 5)	30,894	489	-
Due from other governments	12,258	335,345	-
Inventories	-	498,424	-
Prepaid insurance	105	-	-
Property and equipment (note 3)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	\$ 3,600,622	4,740,099	176,639
	\$ 3,600,622	4,740,099	176,639

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
1,016,609	-	-	3,458,054
36,905	-	-	36,905
506,621	-	-	506,621
60,652	-	-	102,443
10,684,000	-	-	15,815,000
1,759	-	-	8,530
-	-	-	18,838
1,972	-	-	33,355
7,207	-	-	354,810
-	-	-	498,424
-	-	-	105
-	10,629,806	-	10,629,806
-	-	1,094,985	1,094,985
12,315,725	10,629,806	1,094,985	32,557,876

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

	Governmental Fund Types		
	General	Special Revenue	Debt Service
	Liabilities, Fund Equity and Other Credits		
Liabilities:			
Accounts payable	\$ 69,862	423,616	-
Salaries and benefits payable	35,653	23,828	-
Due to other funds (note 5)	2,208	-	-
Due to other governments (note 4)	599	88,422	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,595,000	2,364,000	172,000
Other	19,403	21,357	1,131
Capital lease purchase agreement (note 7)	-	-	-
Installment purchase agreement (note 8)	-	-	-
E911 county general obligation revenue bonds (note 11)	-	-	-
Capital loan notes (note 12)	-	-	-
Bank loans payable (note 13)	-	-	-
Compensated absences	14,215	2,266	-
Total liabilities	2,736,940	2,923,489	173,131
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for:			
Inventories	-	498,424	-
Prepaid insurance	105	-	-
Supplemental levy purposes	99,899	120,069	-
Unreserved	763,678	1,198,117	3,508
Total fund equity and other credits	863,682	1,816,610	3,508
 Total liabilities, fund equity and other credits	\$ 3,600,622	4,740,099	176,639

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
72,260	-	-	565,738
11,411	-	-	70,892
31,147	-	-	33,355
12,187,479	-	-	12,276,500
6,263	-	-	6,263
-	-	-	5,131,000
-	-	-	41,891
-	-	15,150	15,150
-	-	48,602	48,602
-	-	14,506	14,506
-	-	345,000	345,000
-	-	569,691	569,691
6,416	-	102,036	124,933
12,314,976	-	1,094,985	19,243,521
-	10,629,806	-	10,629,806
-	-	-	498,424
-	-	-	105
-	-	-	219,968
749	-	-	1,966,052
749	10,629,806	-	13,314,355
12,315,725	10,629,806	1,094,985	32,557,876

Shelby County

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

Year ended June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Property and other County tax	\$ 2,619,269	2,278,796	156,354
Tax increment financing revenue	10,834	-	-
Interest and penalty on property tax	30,593	-	-
Intergovernmental	498,224	4,175,588	11,300
Licenses and permits	167,069	120	-
Charges for service	204,479	3,453	-
Use of money and property	136,124	9,903	-
Miscellaneous	92,717	85,984	-
Total revenues	<u>3,759,309</u>	<u>6,553,844</u>	<u>167,654</u>
Expenditures:			
Operating:			
Public safety	1,215,117	61,232	-
Court services	44,303	-	-
Physical health and education	253,602	54,320	-
Mental health	-	1,693,340	-
Social services	89,524	-	-
County environment	284,992	88,413	-
Roads and transportation	8,826	3,441,691	-
State and local government services	305,670	1,536	-
Interprogram services	926,267	1,872	-
Non-program	70,584	20,534	-
Debt service	-	-	169,554
Capital projects	209,749	653,151	-
Total expenditures	<u>3,408,634</u>	<u>6,016,089</u>	<u>169,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>350,675</u>	<u>537,755</u>	<u>(1,900)</u>
Other financing sources (uses):			
Sale of general fixed assets	14	-	-
Operating transfers in	59,813	1,236,268	-
Operating transfers out	(134,369)	(1,122,399)	(59,813)
Installment purchase agreement	-	57,924	-
Total other financing sources (uses)	<u>(74,542)</u>	<u>171,793</u>	<u>(59,813)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	276,133	709,548	(61,713)
Fund balances beginning of year	587,444	1,048,300	65,221
Increase in reserve for:			
Inventories	-	58,762	-
Prepaid insurance	105	-	-
Fund balances end of year	<u>\$ 863,682</u>	<u>1,816,610</u>	<u>3,508</u>

See notes to financial statements.

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
-	-	5,054,419
-	-	10,834
-	-	30,593
-	-	4,685,112
-	-	167,189
-	22	207,954
-	-	146,027
-	955	179,656
-	977	10,481,784
-	-	1,276,349
-	-	44,303
-	-	307,922
-	-	1,693,340
-	-	89,524
-	-	373,405
-	-	3,450,517
-	-	307,206
-	-	928,139
-	-	91,118
-	-	169,554
15,500	2,979	881,379
15,500	2,979	9,612,756
(15,500)	(2,002)	869,028
-	-	14
15,500	5,000	1,316,581
-	-	(1,316,581)
-	-	57,924
15,500	5,000	57,938
-	2,998	926,966
-	(2,249)	1,698,716
-	-	58,762
-	-	105
-	749	2,684,549

Exhibit C

Shelby County

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

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property and other County tax	\$ 5,065,253	4,967,393	97,860	102%
Interest and penalty on property tax	30,593	20,025	10,568	153%
Intergovernmental	4,391,587	4,850,142	(458,555)	91%
Licenses and permits	165,784	153,382	12,402	108%
Charges for service	228,344	162,375	65,969	141%
Use of money and property	135,816	122,340	13,476	111%
Miscellaneous	181,469	130,322	51,147	139%
Total receipts	<u>10,198,846</u>	<u>10,405,979</u>	<u>(207,133)</u>	<u>98%</u>
Disbursements:				
Public safety	1,271,622	1,297,613	25,991	98%
Court services	44,917	55,316	10,399	81%
Physical health and education	307,674	313,599	5,925	98%
Mental health	1,752,022	1,788,657	36,635	98%
Social services	84,976	130,266	45,290	65%
County environment	371,564	407,629	36,065	91%
Roads and transportation	3,821,503	3,957,607	136,104	97%
State and local government services	307,636	311,703	4,067	99%
Interprogram services	934,555	957,540	22,985	98%
Non-program	90,742	213,452	122,710	43%
Debt service	169,554	169,404	(150)	100%
Capital projects	235,834	898,438	662,604	26%
Total disbursements	<u>9,392,599</u>	<u>10,501,224</u>	<u>1,108,625</u>	<u>89%</u>
Excess (deficiency) of receipts over (under) disbursements	806,247	(95,245)		
Other financing sources, net	<u>14</u>	<u>476,091</u>		
Excess of receipts and other financing sources over disbursements	806,261	380,846		
Balance beginning of year	<u>1,635,852</u>	<u>2,384,754</u>		
Balance end of year	<u>\$ 2,442,113</u>	<u>2,765,600</u>		

See notes to financial statements.

Shelby County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Shelby 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, Shelby 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: West Central Iowa Sheltered Workshop (WESCO), Southwest Iowa Planning Council (SWIPCO), Southwest Iowa Juvenile Detention Center and Shelby County Ambulance Commission.

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. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County.

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

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

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

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

Fiduciary Funds

Trust Fund - The Trust Fund is 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 the Expendable Trust Fund 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.

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 the Expendable Trust Fund 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.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property 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. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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

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 Asset 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 there were no qualifying assets.

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave 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 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, inter-program services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects fund and the expendable trust fund. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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

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

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 3,746,125	13,184	3,759,309	6,284,171	269,673	6,553,844
Expenditures	3,396,983	11,651	3,408,634	5,805,323	210,766	6,016,089
Net	349,142	1,533	350,675	478,848	58,907	537,755
Other financing sources (uses)	(74,542)	-	(74,542)	113,869	57,924	171,793
Beginning fund balances	644,682	(57,238)	587,444	925,938	122,362	1,048,300
Increase in reserve for:						
Inventories	-	-	-	-	58,762	58,762
Prepaid insurance	-	105	105	-	-	-
Ending fund balances	\$ 919,282	(55,600)	863,682	1,518,655	297,955	1,816,610

	Governmental Fund Types			Governmental Fund Types		
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 167,654	-	167,654	-	-	-
Expenditures	169,554	-	169,554	15,500	-	15,500
Net	(1,900)	-	(1,900)	(15,500)	-	(15,500)
Other financing sources (uses)	(59,813)	-	(59,813)	15,500	-	15,500
Beginning fund balances	65,221	-	65,221	-	-	-
Decrease in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 3,508	-	3,508	-	-	-

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 896	81	977	10,198,846	282,938	10,481,784
Expenditures	5,239	(2,260)	2,979	9,392,599	220,157	9,612,756
Net	(4,343)	2,341	(2,002)	806,247	62,781	869,028
Other financing sources (uses)	5,000	-	5,000	14	57,924	57,938
Beginning fund balances	11	(2,260)	(2,249)	1,635,852	62,864	1,698,716
Decrease in reserve for:						
Inventories	-	-	-	-	58,762	58,762
Prepaid insurance	-	-	-	-	105	105
Ending fund balances	\$ 668	81	749	2,442,113	242,436	2,684,549

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 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 No. 3.

(3) 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	\$ 463,026	-	-	463,026
Buildings	3,690,580	57,387	-	3,747,967
Equipment	6,300,767	280,555	162,509	6,418,813
Total	<u>\$10,454,373</u>	<u>337,942</u>	<u>162,509</u>	<u>10,629,806</u>

Equipment includes \$159,274 of assets acquired under capital lease.

(4) 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	<u>\$ 599</u>
Special Revenue:		
Mental Health	Services	<u>88,422</u>
Trust and Agency:		
County Assessor	Collections	249,668
Schools		6,614,424
Community Colleges		382,843
Corporations		2,973,296
Auto License and Use Tax		208,716
Emergency Management Services		246,910
County Hospital		457,245
Solid Waste Agency		503,257
E911 Surcharge		161,311
M/H/S Empowerment Area Funds		43,742
All other		<u>346,067</u>
		<u>12,187,479</u>
Total		<u>\$12,276,500</u>

(5) 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	\$ 18,865
	County Sheriff	6,266
	Auto Licence and Use Tax	5,763
Special Revenue: Secondary Roads	General	236
County's Recorder's Records Management	Trust and Agency: County Recorder	253
Trust and Agency: Agricultural Extension	General	1,972
Total		<u>\$ 33,355</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:

	E911 County						Total
	Capital Lease Purchase Agreement	Installment Purchase Agreements	General Obligation Revenue Bonds	General Obligation Capital Loan Notes	Bank Loans	Compensated Absences	
Balance beginning of year	\$ 46,112	13,324	42,665	385,000	641,726	63,944	1,192,771
Additions	-	57,924	-	-	-	38,092	96,016
Reductions	(30,962)	(22,646)	(28,159)	(40,000)	(72,035)	-	(193,802)
Balance end of year	<u>\$ 15,150</u>	<u>48,602</u>	<u>14,506</u>	<u>345,000</u>	<u>569,691</u>	<u>102,036</u>	<u>1,094,985</u>

(7) Capital Lease Purchase Agreement

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

Year Ending June 30,	Amount
2003	\$ 5,880
2004	5,880
2005	<u>5,880</u>
Total minimum lease payments	17,640
Less amount representing interest	<u>(2,490)</u>
Present value of net minimum lease payments	<u>\$ 15,150</u>

Payments under this capital lease purchase agreement and an agreement that was paid off during the year ended June 30, 2002 totaled \$33,921.

(8) Installment Purchase Agreements

The County has entered into installment purchase agreements to finance the acquisition of a 1999 Ford Truck, and a 1998 D4C Dozer. The following is a schedule of the future minimum lease payments, including interest ranging from 6.5% to 7.9% per annum, and the present value of future installment purchase agreement payments under the agreements in effect at June 30, 2002:

Year Ending June 30,	Principal	Interest	Total
2003	\$ 24,181	3,283	27,464
2004	24,421	1,898	26,319
Total	<u>\$ 48,602</u>	<u>5,181</u>	<u>53,783</u>

(9) Operating Lease

On April 2, 1999, the County entered into an agreement to lease a Massey Ferguson tractor and loader. The following is a schedule by year of future minimum rental payments required under the operating lease:

Year Ending June 30,	Amount
2003	<u>\$ 6,544</u>

(10) Hospital Revenue Capital Loan Notes

The County has issued \$2,200,000 of hospital revenue capital loan notes pursuant to Chapters 331.402(3) and 331.461(1)(d) of the Code of Iowa. The notes and related interest are payable solely out of the net earnings of the Hospital and do not constitute liabilities of the County. Accordingly, the County does not record any transactions related to the notes.

(11) E911 County General Obligation Revenue Bonds

On August 1, 1992, the County entered into an agreement to borrow \$235,511 under the E911 County General Obligation Financing Program to acquire, construct and improve an E911 service system.

Bonds in the aggregate amount of \$1,380,000 were issued by the Iowa Finance Authority (Authority) to provide funding to finance the Enhanced 911 Emergency Telephone Communications System established under Iowa Code Chapter 477B. The bonds are secured by revenues payable under certain loan agreements by and among the Authority, the Trustee (Wells Fargo Bank, Des Moines, Iowa) and certain counties receiving loans from the Authority under the program.

The bonds are limited obligations of the Authority, payable from and secured by a pledge of the general funds of the participating counties and from certain funds held under the

bond indenture and investment earnings thereon. The loans made to the counties are independent general obligations of the respective counties.

In accordance with the bond indenture, the loan to Shelby County is payable from the General Fund from a continuing annual levy of taxes against all the taxable property of the County. Accordingly, the liability for the loan is recorded in the general long-term debt account group on Exhibit A. However, it is the intent of the County and the Joint E911 Service Board that the principal and interest payments be made from the telephone surcharge revenues and certain funds of the communications center to the extent possible. Principal outstanding at June 30, 2002 and interest on the loan is due as follows:

Date Due	Interest Rate	Principal	Interest	Total
September 1, 2002	5.40%	\$ 14,506	392	14,898

Payments under this agreement for the year ended June 30, 2002 totaled \$30,087 and were made from the Agency Funds, E911 Surcharge and Emergency Management Services.

(12) Capital Loan Notes

In June 1999, the County issued \$465,000 in general obligation essential corporate purpose capital loan notes to fund improvements to the courthouse and annex buildings. The notes are payable from a continuing annual levy of taxes against all taxable property of the County. A summary of the County's June 30, 2002 general obligation essential corporate purpose capital loan notes is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.30%	\$ 45,000	15,310	60,310
2004	4.30	45,000	13,375	58,375
2005	4.35	45,000	11,440	56,440
2006	4.40	50,000	9,483	59,483
2007	4.50	50,000	7,282	57,282
2008	4.55	55,000	5,032	60,032
2009	4.60	55,000	2,530	57,530
Total		\$ 345,000	64,452	409,452

(13) Bank Loans Payable

Annual debt service requirements to maturity for bank loans are as follows:

Year ending June 30,	Annex (Interest at 5.95% per annum)		Imaging/GIS Project (Interest at 5.95% per annum)		911 Center Expansion GIS Project (Interest at 6.90% per annum)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 22,625	9,069	16,756	6,717	37,346	19,709	76,727	35,495
2004	23,970	7,724	17,753	5,720	39,923	17,133	81,646	30,577
2005	25,438	6,256	18,840	4,634	42,770	14,286	87,048	25,176
2006	26,974	4,720	19,977	3,497	45,771	11,284	92,722	19,501
2007	28,603	3,091	21,185	2,289	48,984	8,071	98,772	13,451
2008	30,328	1,366	22,462	1,012	52,412	4,643	105,202	7,021
2009	-	-	-	-	27,574	954	27,574	954
Total	\$157,938	32,226	116,973	23,869	294,780	76,080	569,691	132,175

(14) 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 5.5% and 8.25%, respectively. Contribution requirements are established by State statute. The County's contribution in IPERS for the years ended June 30, 2002, 2001, and 2000 were \$171,657, \$165,266, and \$162,800, respectively, equal to the required contributions for each year.

(15) Risk Management

Shelby 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 whose 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 \$70,143.

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. Automobile physical damage risks are retained by the Pool up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2002, no liability has been recorded in the County's financial statements. As of June 30, 2002, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amounts of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(16) 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.

(17) Construction Commitment

During the year ended June 30, 2002, the County entered into two agreements to construct Secondary Roads bridges for \$606,868. At June 30, 2002, payments on the projects totaled \$490,754. These projects will be paid from the Special Revenue, Secondary Roads Fund.

Shelby County

Supplemental Information

Schedule 1

Shelby 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	\$ 2,531,365	
Utility tax replacement excise tax	82,561	
Other	5,343	\$ 2,619,269

Tax increment financing revenue 10,834

Interest and penalty on property tax 30,593

Intergovernmental:

State shared revenues:

Franchise tax	29,446	
Other	520	
	<u>29,966</u>	

State grants and reimbursements including indirect federal funding:

Human services administrative reimbursement	27,559	
Juvenile justice county base reimbursement	401	
HOME investment partnership program	7,220	
Well testing and abandonment	17,990	
Other	22,718	
	<u>75,888</u>	

State tax replacements:

State tax credits	195,437	
State allocation	107,467	
Other	193	
	<u>303,097</u>	

Contributions and reimbursements from other governmental units:

Contract law enforcement	18,068	
Election reimbursements	21,404	
Prisoner care	16,351	
GIS reimbursement	20,000	
District court fees	3,450	
E911 Center	10,000	
	<u>89,273</u>	498,224

Licenses and permits 167,069

Charges for service:

Office fees and collections	75,088	
Auto registration, use tax and mailing	84,444	
Recreation fees	4,871	
Other	40,076	204,479

Shelby County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Use of money and property:		
Interest on investments	87,561	
Miscellaneous	<u>48,563</u>	136,124
Miscellaneous		<u>92,717</u>
Total revenues		<u>3,759,309</u>
Expenditures:		
Operating:		
Public safety		1,215,117
Court services		44,303
Physical health and education		253,602
Social services		89,524
County environment		284,992
Roads and transportation		8,826
State and local government services		305,670
Interprogram services		926,267
Non-program		70,584
Capital projects		<u>209,749</u>
Total expenditures		<u>3,408,634</u>
Excess of revenues over expenditures		<u>350,675</u>
Other financing sources (uses):		
Sale of general fixed assets		14
Operating transfers in (out):		
Special Revenue:		
Rural Services		(27,440)
Secondary Roads		(86,429)
Debt Service		59,813
Capital Projects		(15,500)
Expendable Trust:		
Conservation Land Acquisition Trust		<u>(5,000)</u>
Total other financing sources (uses)		<u>(74,542)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		276,133
Fund balance beginning of year		587,444
Increase in reserve for prepaid insurance		<u>105</u>
Fund balance end of year		<u>\$ 863,682</u>

See accompanying independent auditor's report.

Schedule 2

Shelby County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 324,201	
Adult correction services	216,835	
Administration	133,341	
	<u>674,377</u>	

Legal services:

Criminal prosecution	145,526	
Medical examinations	16,300	
	<u>161,826</u>	

Emergency services:

Emergency management	<u>378,914</u>	\$ 1,215,117
----------------------	----------------	--------------

Court Services Service Area:

Assistance to district court system:

Research and other assistance	<u>6,357</u>	
-------------------------------	--------------	--

Court proceedings:

Juries and witnesses	181	
Detention services	22,566	
Court costs	330	
Service of civil papers	241	
	<u>23,318</u>	

Juvenile justice administration:

Juvenile victim restitution	12,070	
Court-appointed attorneys and court costs for juveniles	2,558	
	<u>14,628</u>	44,303

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	45,000	
Sanitation	179,475	
	<u>224,475</u>	

Shelby County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area (continued):

Educational services:

Historic preservation	4,127	
Fair and 4-H clubs	25,000	
	<u>29,127</u>	253,602

Social Services Service Area:

Services to the poor:

Administration	47,400	
General welfare services	15,171	
	<u>62,571</u>	

Services to military veterans:

Administration	16,784	
General services to veterans	4,167	
	<u>20,951</u>	

Services to other adults:

Services to the elderly	3,000	
Other social services	1,000	
	<u>4,000</u>	

Chemical dependency:

Treatment services	2,002	89,524
--------------------	-------	--------

County Environment Service Area:

Conservation and recreation services:

Administration	62,348	
Maintenance and operations	138,714	
Recreation and environment education	2,523	
	<u>203,585</u>	

County development:

Land use and building controls	10,327	
Economic development	71,080	
	<u>81,407</u>	284,992

Roads and Transportation Service Area:

Roadway maintenance:

Roadway clearing		8,826
------------------	--	-------

State and Local Government Services Service Area:

Representation services:

Elections administration	79,302	
Local elections	20,426	
	<u>99,728</u>	

Schedule 2

Shelby County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area (continued):

State administrative services:

Motor vehicle registrations and licensing	84,982	
Recording of public documents	120,960	
	<u>205,942</u>	305,670

Interprogram Services Service Area:

Policy and administration:

General county management	117,901	
Administrative management services	96,818	
Treasury management services	137,010	
Other policy and administration	31,019	
	<u>382,748</u>	

Central services:

General services	148,238	
Data processing services	266,746	
	<u>414,984</u>	

Risk management services:

Safety of workplace	124,886	
Fidelity of public officials	1,463	
Unemployment compensation	2,186	
	<u>128,535</u>	926,267

Non-program Service Area:

Other county enterprises:

Hazard mitigation plan	11,851	
Home investment partnership program	15,730	
Other	43,003	70,584

Capital Projects Service Area:

Conservation land acquisition	4,307	
Other capital projects:		
Management information systems	57,837	
Geographic information systems	3,562	
Consultant and surveying	19,643	
Building and grounds maintenance	18,263	
Equipment	106,137	209,749

Total		<u>\$ 3,408,634</u>
-------	--	---------------------

See accompanying independent auditor's report

Shelby County

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	K-9
Assets				
Cash and pooled investments	\$ 197,461	985,498	10,260	2,585
Receivables:				
Property tax:				
Delinquent	15,143	-	-	-
Succeeding year	1,482,000	-	-	-
Accounts	150	763	-	-
Due from other funds	-	236	-	-
Due from other governments	-	316,613	2,797	-
Inventories	-	498,424	-	-
Total assets	\$ 1,694,754	1,801,534	13,057	2,585
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 8,084	349,576	-	229
Salaries and benefits payable	2,995	17,768	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	1,482,000	-	-	-
Other	15,143	-	-	-
Compensated absences	-	740	-	-
Total liabilities	1,508,222	368,084	-	229
Fund equity:				
Fund balance:				
Reserved for:				
Inventories	-	498,424	-	-
Supplemental levy purposes	120,069	-	-	-
Unreserved	66,463	935,026	13,057	2,356
Total fund equity	186,532	1,433,450	13,057	2,356
Total liabilities and fund equity	\$ 1,694,754	1,801,534	13,057	2,585

See accompanying independent auditor's report.

Flood and Erosion	Mental Health	Insurance Reimbursement	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
440	213,790	61,912	13,772	27,518	5,419	1,518,655
-	6,214	-	-	-	-	21,357
-	882,000	-	-	-	-	2,364,000
-	916	-	-	-	-	1,829
-	-	-	253	-	-	489
-	15,935	-	-	-	-	335,345
-	-	-	-	-	-	498,424
440	1,118,855	61,912	14,025	27,518	5,419	4,740,099
332	65,395	-	-	-	-	423,616
-	3,065	-	-	-	-	23,828
-	88,422	-	-	-	-	88,422
-	882,000	-	-	-	-	2,364,000
-	6,214	-	-	-	-	21,357
-	1,526	-	-	-	-	2,266
332	1,046,622	-	-	-	-	2,923,489
-	-	-	-	-	-	498,424
-	-	-	-	-	-	120,069
108	72,233	61,912	14,025	27,518	5,419	1,198,117
108	72,233	61,912	14,025	27,518	5,419	1,816,610
440	1,118,855	61,912	14,025	27,518	5,419	4,740,099

Shelby County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection
Revenues:			
Property and other County tax:			
Property tax	\$ 1,413,837	-	-
Utility tax replacement excise tax	49,173	-	-
Other	-	-	-
	1,463,010	-	-
Intergovernmental:			
State shared revenues:			
Road use tax	-	2,688,150	-
	-	2,688,150	-
State grants and reimbursements including indirect federal funding:			
Resource enhancement and prevention	-	-	19,072
Highway planning and construction	-	358,026	-
Social services block grant	-	-	-
Emergency medical service	5,901	-	-
Mental health/mental retardation allocation	-	-	-
	5,901	358,026	19,072
State tax replacements:			
State tax credits	97,181	-	-
Mental health property tax relief	-	-	-
MH-DD allowed growth factor adjustment	-	-	-
Other	14	-	-
	97,195	-	-
Direct federal grants and entitlements:			
Medicaid case management	-	-	-
	-	-	-
Contributions and reimbursements from other governmental units:			
Mental health coordinator reimbursement from other counties	-	-	-
Miscellaneous	-	60,103	7,221
	-	60,103	7,221
	103,096	3,106,279	26,293

K-9	Flood and Erosion	Mental Health	Insurance Reimbursement	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
-	-	789,657	-	-	-	-	2,203,494
-	-	25,738	-	-	-	-	74,911
-	-	391	-	-	-	-	391
-	-	815,786	-	-	-	-	2,278,796
-	-	-	-	-	-	-	2,688,150
-	-	-	-	-	-	-	19,072
-	-	-	-	-	-	-	358,026
-	-	64,672	-	-	-	-	64,672
-	-	-	-	-	-	-	5,901
-	-	80,734	-	-	-	-	80,734
-	-	145,406	-	-	-	-	528,405
-	-	60,927	-	-	-	-	158,108
-	-	491,216	-	-	-	-	491,216
-	-	54,019	-	-	-	-	54,019
-	-	92	-	-	-	-	106
-	-	606,254	-	-	-	-	703,449
-	-	152,788	-	-	-	-	152,788
-	-	35,472	-	-	-	-	35,472
-	-	-	-	-	-	-	67,324
-	-	35,472	-	-	-	-	102,796
-	-	939,920	-	-	-	-	4,175,588

Shelby County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection
Revenues (continued):			
Licenses and permits	-	120	-
Charges for service	-	-	-
Use of money and property:			
Interest on investments	-	-	150
Other	5,587	-	-
	5,587	-	150
Miscellaneous:			
Sale of materials and fuel	-	33,699	-
Sales and use tax refund	-	12,735	-
Health insurance premium reimbursement	-	7,727	-
Miscellaneous	-	6,396	-
	-	60,557	-
Total revenues	1,571,693	3,166,956	26,443
Expenditures:			
Operating:			
Public Safety Service Area:			
Law Enforcement:			
Investigations	-	-	-
Adult correction services	-	-	-
	-	-	-
Emergency Services:			
Ambulance services	29,000	-	-
Fire Protection services	12,401	-	-
	41,401	-	-
	41,401	-	-
Physical Health and Education Service Area:			
Educational services:			
Libraries	54,320	-	-

K-9	Flood and Erosion	Mental Health	Insurance Reimbursement	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
-	-	-	-	-	-	-	120
-	-	-	-	3,453	-	-	3,453
49	-	-	3,269	221	627	-	4,316
-	-	-	-	-	-	-	5,587
49	-	-	3,269	221	627	-	9,903
-	-	-	-	-	-	-	33,699
-	-	-	-	-	-	-	12,735
-	-	-	-	-	-	-	7,727
458	-	4,779	-	-	14,367	5,823	31,823
458	-	4,779	-	-	14,367	5,823	85,984
507	-	1,760,485	3,269	3,674	14,994	5,823	6,553,844
1,012	-	-	-	-	14,909	-	15,921
-	-	-	-	-	-	3,910	3,910
1,012	-	-	-	-	14,909	3,910	19,831
-	-	-	-	-	-	-	29,000
-	-	-	-	-	-	-	12,401
-	-	-	-	-	-	-	41,401
1,012	-	-	-	-	14,909	3,910	61,232
-	-	-	-	-	-	-	54,320

Shelby County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
Information and education services	-	-	-
Personal and environmental support	-	-	-
Treatment services	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-
Persons with chronic mental illness:			
Personal and environmental support	-	-	-
Treatment services	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-
Persons with mental retardation:			
Coordination services	-	-	-
Personal and environmental support	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
Institutional, hospital, and commitment services	-	-	-
	-	-	-
Persons with other developmental disabilities:			
Coordination services	-	-	-
Personal and environmental support	-	-	-
Vocational and day services	-	-	-
Licensed or certified living arrangements	-	-	-
	-	-	-
	-	-	-
	-	-	-

K-9	Flood and Erosion	Mental Health	Insurance Reimbursement	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
-	-	220,582	-	-	-	-	220,582
-	-	1,344	-	-	-	-	1,344
-	-	75,940	-	-	-	-	75,940
-	-	64,343	-	-	-	-	64,343
-	-	362,209	-	-	-	-	362,209
-	-	86	-	-	-	-	86
-	-	19,464	-	-	-	-	19,464
-	-	48,854	-	-	-	-	48,854
-	-	184,185	-	-	-	-	184,185
-	-	2,328	-	-	-	-	2,328
-	-	254,917	-	-	-	-	254,917
-	-	8,813	-	-	-	-	8,813
-	-	148,078	-	-	-	-	148,078
-	-	235,659	-	-	-	-	235,659
-	-	433,393	-	-	-	-	433,393
-	-	97,275	-	-	-	-	97,275
-	-	923,218	-	-	-	-	923,218
-	-	442	-	-	-	-	442
-	-	1,976	-	-	-	-	1,976
-	-	49,614	-	-	-	-	49,614
-	-	100,964	-	-	-	-	100,964
-	-	152,996	-	-	-	-	152,996
-	-	1,693,340	-	-	-	-	1,693,340

Shelby County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection
Expenditures (continued):			
Operating:			
County Environment Service Area:			
Environmental quality:			
Natural resources conservation	-	-	-
Solid waste disposal	61,725	-	-
	<u>61,725</u>	-	-
Conservation and recreation services:			
Administration	-	-	6,769
Maintenance and operations	-	-	14,231
	<u>-</u>	<u>-</u>	<u>21,000</u>
	<u>61,725</u>	<u>-</u>	<u>21,000</u>
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	134,253	157,317	-
Engineering	-	181,404	-
	<u>134,253</u>	<u>338,721</u>	<u>-</u>
Roadway maintenance:			
Bridges and culverts	-	314,264	-
Roads	-	1,410,028	-
Snow and ice control	-	69,914	-
Traffic controls	-	61,693	-
Road clearing	173,649	77,771	-
	<u>173,649</u>	<u>1,933,670</u>	<u>-</u>
General roadway:			
Equipment	-	204,126	-
Equipment operations	-	513,387	-
Tools, materials, and supplies	-	123,398	-
Real estate and buildings	-	20,487	-
	<u>-</u>	<u>861,398</u>	<u>-</u>
	<u>307,902</u>	<u>3,133,789</u>	<u>-</u>
State and Local Government Services Service Area:			
Representation services:			
Township officials	1,536	-	-
	<u>1,536</u>	<u>-</u>	<u>-</u>

K-9	Flood and Erosion	Mental Health	Insurance Reimbursements	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
-	5,688	-	-	-	-	-	5,688
-	-	-	-	-	-	-	61,725
-	5,688	-	-	-	-	-	67,413
-	-	-	-	-	-	-	6,769
-	-	-	-	-	-	-	14,231
-	-	-	-	-	-	-	21,000
-	5,688	-	-	-	-	-	88,413
-	-	-	-	-	-	-	291,570
-	-	-	-	-	-	-	181,404
-	-	-	-	-	-	-	472,974
-	-	-	-	-	-	-	314,264
-	-	-	-	-	-	-	1,410,028
-	-	-	-	-	-	-	69,914
-	-	-	-	-	-	-	61,693
-	-	-	-	-	-	-	251,420
-	-	-	-	-	-	-	2,107,319
-	-	-	-	-	-	-	204,126
-	-	-	-	-	-	-	513,387
-	-	-	-	-	-	-	123,398
-	-	-	-	-	-	-	20,487
-	-	-	-	-	-	-	861,398
-	-	-	-	-	-	-	3,441,691
-	-	-	-	-	-	-	1,536

Shelby County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection
Expenditures (continued):			
Operating:			
Interprogram Services Service Area:			
Risk management services:			
Unemployment compensation	1,871	-	-
Non-program Service Area:			
Clearing account	-	1,235	-
Health Insurance	-	-	-
	-	1,235	-
Capital Projects Service Area:			
Roadway construction	-	638,593	-
Other capital projects	14,558	-	-
	14,558	638,593	-
Total expenditures	483,313	3,773,617	21,000
Excess (deficiency) of revenues over (under) expenditures	1,088,380	(606,661)	5,443
Other financing sources (uses):			
Installment purchase agreement	-	57,924	-
Operating transfers in (out):			
General	27,440	86,429	-
Special Revenue:			
Rural Services	-	1,117,399	-
Secondary Roads	(1,117,399)	-	-
Flood and Erosion	(5,000)	-	-
Total other financing sources (uses)	(1,094,959)	1,261,752	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(6,579)	655,091	5,443
Fund balances beginning of year	193,111	719,597	7,614
Increase in reserve for inventories	-	58,762	-
Fund balances end of year	\$ 186,532	1,433,450	13,057

See accompanying independent auditor's report.

K-9	Flood and Erosion	Mental Health	Insurance Reimbursement	County Recorder's Records Management	Drug Forfeiture	Commis-sary	Total
-	1	-	-	-	-	-	1,872
-	-	-	-	-	-	-	1,235
-	-	-	19,299	-	-	-	19,299
-	-	-	19,299	-	-	-	20,534
-	-	-	-	-	-	-	638,593
-	-	-	-	-	-	-	14,558
-	-	-	-	-	-	-	653,151
1,012	5,689	1,693,340	19,299	-	14,909	3,910	6,016,089
(505)	(5,689)	67,145	(16,030)	3,674	85	1,913	537,755
-	-	-	-	-	-	-	57,924
-	-	-	-	-	-	-	113,869
-	5,000	-	-	-	-	-	1,122,399
-	-	-	-	-	-	-	(1,117,399)
-	-	-	-	-	-	-	(5,000)
-	5,000	-	-	-	-	-	171,793
(505)	(689)	67,145	(16,030)	3,674	85	1,913	709,548
2,861	797	5,088	77,942	10,351	27,433	3,506	1,048,300
-	-	-	-	-	-	-	58,762
2,356	108	72,233	61,912	14,025	27,518	5,419	1,816,610

Schedule 5

Shelby County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 151,582	
Utility tax replacement excise tax	4,645	
Other	<u>127</u>	\$ 156,354

Intergovernmental:

State tax replacements:

State tax credits	11,290	
Other	<u>10</u>	<u>11,300</u>
Total revenues		<u>167,654</u>

Expenditures:

Debt Service Service Area:

Principal redeemed	112,035	
Interest and fiscal charges paid	<u>57,519</u>	<u>169,554</u>

Deficiency of revenues under expenditures (1,900)

Other financing uses:

Operating transfers out:

General		<u>(59,813)</u>
---------	--	-----------------

Deficiency of revenues under expenditures and other financing uses (61,713)

Fund balance beginning of year 65,221

Fund balance end of year \$ 3,508

See accompanying independent auditor's report.

Shelby County

Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:		
None		\$ -
Expenditures:		
Capital Projects Service Area:		
Other capital projects:		
Tower and 911 conversion		<u>15,500</u>
Deficiency of revenues under expenditures		(15,500)
Other financing sources:		
Operating transfer in:		
General		<u>15,500</u>
Excess of revenues and other financing sources over expenditures		-
Fund balance beginning of year		<u>-</u>
Fund balance end of year		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

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

	Expendable Trust Fund	County Offices		Agricultural Extension Education
	Conservation Land Acqui- sition Trust	County Recorder	County Sheriff	
Assets				
Cash and pooled investments:				
County Treasurer	\$ 668	-	-	2,418
Other County officials	-	24,001	12,904	-
Shelby County Area Solid Waste Agency	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	878
Succeeding year	-	-	-	117,000
Accounts	81	961	-	-
Due from other funds	-	-	-	1,972
Due from other governments	-	-	-	-
Total assets	\$ 749	24,962	12,904	122,268
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	19,118	6,266	-
Due to other governments	-	5,844	375	122,268
Trusts payable	-	-	6,263	-
Compensated absences	-	-	-	-
Total liabilities	-	24,962	12,904	122,268
Fund equity:				
Unreserved fund balance	749	-	-	-
Total liabilities and fund equity	\$ 749	24,962	12,904	122,268

Agency Funds						
County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Anatomical Gift Public Awareness and Transportation
49,060	117,238	6,068	43,037	2,648	214,479	9
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,542	48,186	2,775	2,259	1,667	-	-
206,000	6,449,000	374,000	2,928,000	163,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
256,602	6,614,424	382,843	2,973,296	167,315	214,479	9
1,544	-	-	-	-	-	-
2,933	-	-	-	-	-	-
-	-	-	-	-	5,763	-
249,668	6,614,424	382,843	2,973,296	167,315	208,716	9
-	-	-	-	-	-	-
2,457	-	-	-	-	-	-
256,602	6,614,424	382,843	2,973,296	167,315	214,479	9
-	-	-	-	-	-	-
256,602	6,614,424	382,843	2,973,296	167,315	214,479	9

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

	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Special Assess- ments
Assets			
Cash and pooled investments:			
County Treasurer	1,246	257,305	1,090
Other County officials	-	-	-
Shelby County Area Solid Waste Agency	-	-	-
Receivables:			
Property tax:			
Delinquent	14	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Due from other funds	-	-	-
Due from other governments	-	240	-
	3,260	257,545	1,090
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	-	976	-
Salaries and benefits payable	-	5,881	-
Due to other funds	-	-	-
Due to other governments	3,260	246,910	1,090
Trusts payable	-	-	-
Compensated absences	-	3,778	-
Total liabilities	3,260	257,545	1,090
Fund equity:			
Unreserved fund balance	-	-	-
	3,260	257,545	1,090

See accompanying independent auditor's report.

Agency Funds					
County Hospital	Solid Waste Agency	E911 Surcharge	Partial Payments	M/H/S Empowerment Area	Total
8,914	30,254	163,485	45,906	72,784	1,016,609
-	-	-	-	-	36,905
-	506,621	-	-	-	506,621
3,331	-	-	-	-	60,652
445,000	-	-	-	-	10,684,000
-	717	-	-	-	1,759
-	-	-	-	-	1,972
-	6,967	-	-	-	7,207
457,245	544,559	163,485	45,906	72,784	12,315,725
-	38,524	2,174	-	29,042	72,260
-	2,597	-	-	-	11,411
-	-	-	-	-	31,147
457,245	503,257	161,311	45,906	43,742	12,187,479
-	-	-	-	-	6,263
-	181	-	-	-	6,416
457,245	544,559	163,485	45,906	72,784	12,314,976
-	-	-	-	-	749
457,245	544,559	163,485	45,906	72,784	12,315,725

Shelby County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices		Agricultural
	County Recorder	County Sheriff	Extension Education
Assets and Liabilities			
Balance beginning of year	\$ 23,821	9,970	122,578
Additions:			
Property and other County tax	-	-	116,692
E911 surcharge	-	-	-
State tax credits	-	-	8,883
Office fees and collections	164,498	27,230	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	891	51,750	-
Miscellaneous	-	-	1,972
Total additions	165,389	78,980	127,547
Deductions:			
Agency Remittances:			
To other funds	81,280	25,835	-
To other governments	82,077	42	127,857
Trusts paid out	891	50,169	-
Total deductions	164,248	76,046	127,857
Balance end of year	\$ 24,962	12,904	122,268

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Anatomical Gift Public Awareness and Transportation
232,701	6,016,909	309,016	2,655,770	161,007	230,289	-
206,216	6,451,230	374,074	2,876,347	152,340	-	-
-	-	-	-	-	-	-
15,227	434,182	22,296	183,472	9,485	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,908,805	108
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,573	-	-	-	-	-	-
225,016	6,885,412	396,370	3,059,819	161,825	2,908,805	108
-	-	-	-	-	84,444	-
201,115	6,287,897	322,543	2,742,293	155,517	2,840,171	99
-	-	-	-	-	-	-
201,115	6,287,897	322,543	2,742,293	155,517	2,924,615	99
256,602	6,614,424	382,843	2,973,296	167,315	214,479	9

Shelby County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Emergency Management Services</u>	<u>City Special Assess- ments</u>
Assets and Liabilities			
Balance beginning of year	<u>3,199</u>	<u>187,400</u>	<u>462</u>
Additions:			
Property and other County tax	2,394	-	-
E911 surcharge	-	-	-
State tax credits	178	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	6,394
Trusts	-	-	-
Miscellaneous	-	429,410	-
Total additions	<u>2,572</u>	<u>429,410</u>	<u>6,394</u>
Deductions:			
Agency Remittances:			
To other funds	-	-	-
To other governments	2,511	359,265	5,766
Trusts paid out	-	-	-
Total deductions	<u>2,511</u>	<u>359,265</u>	<u>5,766</u>
Balance end of year	<u>3,260</u>	<u>257,545</u>	<u>1,090</u>

See accompanying independent auditor's report.

County Hospital	Solid Waste Agency	E911 Surcharge	Partial Payments	M/H/S Empowerment Area	Miscel- laneous	Total
450,056	501,118	192,912	30,780	46,140	-	11,174,128
445,217	-	-	-	-	-	10,624,510
-	-	76,761	-	-	-	76,761
32,737	-	-	-	-	-	706,460
-	-	-	-	-	-	191,728
-	-	-	-	-	-	2,908,913
-	-	-	-	-	-	6,394
-	-	-	-	-	-	52,641
-	612,243	-	152,728	253,289	5,553	1,458,768
477,954	612,243	76,761	152,728	253,289	5,553	16,026,175
-	-	-	-	-	-	191,559
470,765	568,802	106,188	137,602	226,645	5,553	14,642,708
-	-	-	-	-	-	51,060
470,765	568,802	106,188	137,602	226,645	5,553	14,885,327
457,245	544,559	163,485	45,906	72,784	-	12,314,976

Schedule 9

Shelby County

Comparison of Taxes and Intergovernmental Revenue

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 4,886,441	4,108,495	3,553,250	3,009,077
Utility tax replacement excise tax	162,117	139,043	-	-
Other	5,861	13,664	-	-
	<u>5,054,419</u>	<u>4,261,202</u>	<u>3,553,250</u>	<u>3,009,077</u>
Intergovernmental:				
State shared revenues:				
Road use tax allocation	2,688,150	2,404,661	2,245,713	2,338,475
Franchise tax	29,446	34,377	19,159	30,023
Other	520	520	1,137	1,138
State grants and reimbursements including indirect federal funding:				
Human services administrative reimbursement	27,559	23,147	20,758	20,222
Child support recovery incentives	-	449	-	11,434
HOME investment partnership program	7,220	124,730	107,299	144,321
Well testing and abandonment	17,990	-	-	-
Emergency medical service	5,901	5,901	5,901	5,901
Resource enhancement and prevention	19,072	10,053	7,281	8,615
Highway planning and construction	358,026	316,591	31,125	-
Public assistance grants	-	-	-	197,804
Social services block grant	64,672	54,718	55,225	54,684
Mental health/mental retardation allocation	80,734	85,937	74,512	74,512
MH incentive funds	-	9,039	9,068	-
MH-DD allowed growth factor adjustment	54,019	53,451	59,496	-
Other	309	2,915	2,070	66,385
DHS rate increase allocation	-	-	11,425	-
Other	23,119	21,207	36,647	23,000
State tax replacements:				
State tax credits	364,835	344,149	308,861	272,757
State allocation	107,467	114,359	114,688	114,552
Mental health property tax relief	491,216	491,215	491,215	491,215
Direct federal grants and entitlements:				
Public safety partnership and community policing grants	-	-	-	23,331
Watershed protection and flood prevention	-	78,711	356,947	175,007
Medicare and medicaid	152,788	161,132	90,816	47,127
Contributions and reimbursements from other governmental units	192,069	236,254	254,320	250,532
	<u>4,685,112</u>	<u>4,573,516</u>	<u>4,303,663</u>	<u>4,351,035</u>
Total	<u>\$ 9,739,531</u>	<u>8,834,718</u>	<u>7,856,913</u>	<u>7,360,112</u>

See accompanying independent auditor's report.

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative			
Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program			
	10.561		<u>3,654</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction			
	20.205	401-HBRRS-004	248,667
Highway Planning and Construction			
	20.205	01-HBRR-058	<u>138,100</u>
			<u>386,767</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management Performance Grants			
	83.552		33,596
Hazard Mitigation Grants			
	83.548		<u>11,851</u>
			<u>45,447</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance to Needy Families			
	93.558		<u>5,768</u>
Refugee and Entrant Assistance - State			
Administered Programs			
	93.566		<u>27</u>
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund			
	93.596		732
Foster Care - Title IV-E			
	93.658		<u>1,919</u>
Adoption Assistance			
	93.659		<u>647</u>
Medical Assistance Program			
	93.778		<u>5,842</u>
Social Services Block Grant			
	93.667		<u>3,791</u>
Social Services Block Grant			
	93.667		<u>64,672</u>
			<u>68,463</u>
Total indirect			<u>519,266</u>
Total			<u>\$ 519,266</u>

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

Shelby County



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

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

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

To the Officials of Shelby County:

We have audited the general purpose financial statements of Shelby County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 9, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Shelby 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 all been resolved except for item IV-B-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shelby 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 9, 2003



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Shelby County:

Compliance

We have audited the compliance of Shelby County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. Shelby 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 Shelby County's management. Our responsibility is to express an opinion on Shelby 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, and 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 noncompliance 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 the Shelby 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 Shelby County's compliance with those requirements.

In our opinion, Shelby 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 Shelby 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 Shelby County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 9, 2003

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

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

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were identified.

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

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

Shelby County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

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.

Response - We will be more diligent in keeping track of those end of the year expenditures that sometimes throw us over budget.

Conclusion - Response accepted.

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

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

IV-E-02 Business Transactions - The following business transaction between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Richard Burmeister, Conservation Board, Owner of Burmeister Farm Store	Chemicals and brush spray for Conservation department	\$ 6,399

Recommendation - This transaction may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa. The County should consult legal counsel to determine the disposition of this matter.

Response - That particular Board Member has resigned from the Conservation Board. We hope that this takes care of that issue.

Conclusion - Response acknowledged. The County should consult with legal counsel to determine the disposition of this matter.

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

Shelby County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

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

IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-02 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002 for the County Extension Office exceeded the amount budgeted.

Certain minutes of the County Agricultural Extension Council were not signed as required by Chapter 176A.14(3) of the Code of Iowa.

The notice of budget hearing for the Agricultural Extension budget was not published 10 days prior to the hearing in accordance with Chapter 331.434(2) of the Code of Iowa.

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. Also, the minutes should be signed to authenticate the record and publications made as required.

Response - We will watch the budget more closely in the future. The unsigned minutes were due to the transition to a new director. This also will be watched more closely. Also, we will try, in the future, to watch that publications are made as required.

Conclusion - Response accepted.

IV-K-02 E911 Service Board - Disbursements during the year ended June 30, 2002 for the E911 Service Board exceeded the amount budgeted.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will be more diligent in keeping track of those expenditures that sometimes throw us over budget.

Conclusion - Response accepted.

Shelby County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Gina L. Cunningham, CPA, Senior Auditor
Gary D. Van Lengen, CPA, Staff Auditor
Scott D. Bantz, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State