



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 March 10, 2003

Contact: Andy Nielsen
515/281-5515

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

The County had local tax revenue of \$7,319,348 for the year ended June 30, 2002, which included \$599,720 in tax credits from the state. The County forwarded \$5,246,151 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,073,197 of the local tax revenue to finance County operations, an 8 percent decrease from the prior year. Other revenues included \$2,138,025 from the state, \$184,544 from the federal government and \$49,647 in interest on investments.

Expenditures for County operations totaled \$4,969,854, a less than one percent increase from the prior year. Expenditures included \$1,931,912 for roads and transportation, \$789,342 for mental health and \$644,735 for public safety.

This report contained recommendations to the Board of Supervisors and other County officials. For example, the County should investigate alternatives to eliminate the General Fund unreserved deficit balance of \$130,558. The County responded favorably to the comments.

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

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Wayne County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerry O'Dell	Board of Supervisors	Jan 2003
Donald Greenlee	Board of Supervisors	Jan 2003
Larry Andrews	Board of Supervisors	Jan 2005
Sue Ruble	County Auditor	Jan 2005
Kim Swearingin	County Treasurer	Jan 2003
Angie Horton (Appointed)	County Recorder	Nov 2002
Keith Davis	County Sheriff	Jan 2005
Alan Wilson	County Attorney	Jan 2003
Kay Middlebrook	County Assessor	Jan 2004

Wayne County



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Independent Auditor's Report

To the Officials of Wayne County:

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

The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known. Also, the County has not included materials and supplies inventory, pertaining primarily to the Special Revenue Funds, although required by U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Wayne 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 Wayne County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2003 on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group and the materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The supplemental information included in Schedules 1 through 8 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 27, 2003

Financial Statements

Wayne County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments:		
County Treasurer	\$ 1,019,345	913,730
Other County officials	-	12,389
Receivables:		
Property tax:		
Delinquent	2,276	877
Succeeding year	1,015,000	894,000
Interest and penalty on property tax	3,985	-
Accounts	4,240	1,596
Accrued interest	1,422	-
Assessments	-	-
Due from other funds (note 4)	12,433	552,627
Due from other governments	69,460	215,698
Prepaid insurance	30,984	11,941
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$ 2,159,145	2,602,858

Types	Fiduciary Fund Type	Account Group	Total (Memorandum Only)
Debt Service	Trust and Agency	General Long-Term Debt	
10,963	580,408	-	2,524,446
-	21,319	-	33,708
-	15,191	-	18,344
-	4,810,000	-	6,719,000
-	-	-	3,985
-	-	-	5,836
-	-	-	1,422
-	10,376	-	10,376
-	-	-	565,060
-	6,712	-	291,870
-	-	-	42,925
-	-	10,963	10,963
-	-	60,933	60,933
10,963	5,444,006	71,896	10,288,868

Wayne County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund	
	General	Special Revenue
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 10,021	79,156
Salaries and benefits payable	15,473	29,265
Due to other funds (note 4)	550,012	-
Due to other governments (note 5)	22,617	32,436
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	1,015,000	894,000
Other	18,079	43,976
Compensated absences	5,115	13,356
Total liabilities	1,636,317	1,092,189
Fund equity:		
Fund balances:		
Reserved for:		
Prepaid insurance	30,984	11,941
Supplemental levy purposes	622,402	-
Debt service	-	-
Unreserved	(130,558)	1,498,728
Total fund equity	522,828	1,510,669
Total liabilities and fund equity	\$ 2,159,145	2,602,858

See notes to financial statements.

Types	Fiduciary Fund Type	Account	Total (Memorandum Only)
		Group General Long-Term Debt	
Debt	Trust and		
Service	Agency		
-	48,306	-	137,483
-	6,358	-	51,096
-	15,048	-	565,060
-	5,324,327	-	5,379,380
-	30,925	-	30,925
-	-	-	1,909,000
-	-	-	62,055
-	7,621	71,896	97,988
-	5,432,585	71,896	8,232,987
-	-	-	42,925
-	-	-	622,402
10,963	-	-	10,963
-	11,421	-	1,379,591
10,963	11,421	-	2,055,881
10,963	5,444,006	71,896	10,288,868

Wayne 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	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 1,063,317	854,047
Interest and penalty on property tax	32,833	-
Intergovernmental	492,726	2,136,201
Licenses and permits	70	4,270
Charges for service	125,655	128,611
Use of money and property	63,439	408
Miscellaneous	36,410	91,798
Total revenues	1,814,450	3,215,335
Expenditures:		
Operating:		
Public safety	487,115	157,620
Court services	30,981	-
Physical health and education	285,997	18,294
Mental health	-	789,342
Social services	166,603	-
County environment	153,275	84,570
Roads and transportation	-	1,931,912
State and local government services	120,798	4,554
Interprogram services	473,438	-
Non-program	48,340	-
Debt service	65,528	-
Capital projects	-	151,459
Total expenditures	1,832,075	3,137,751
Excess (deficiency) of revenues over (under) expenditures	(17,625)	77,584
Other financing sources (uses):		
Sale of general fixed assets	752	-
Operating transfers in	130,813	465,709
Operating transfers out	(14,116)	(416,000)
Total other financing sources (uses)	117,449	49,709
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	99,824	127,293
Fund balances beginning of year	411,420	1,388,761
Increase (decrease) in reserve for prepaid insurance	11,584	(5,385)
Fund balances end of year	\$ 522,828	1,510,669

See notes to financial statements.

Types	Fiduciary Fund Type	Total
Debt Service	Expendable Trust	(Memorandum Only)
-	-	1,917,364
-	-	32,833
-	-	2,628,927
-	-	4,340
-	-	254,266
-	-	63,847
-	290	128,498
-	290	5,030,075
-	-	644,735
-	-	30,981
-	-	304,291
-	-	789,342
-	-	166,603
-	-	237,845
-	-	1,931,912
-	-	125,352
-	-	473,438
-	-	48,340
-	-	65,528
-	28	151,487
-	28	4,969,854
-	262	60,221
-	-	752
-	166	596,688
(166,572)	-	(596,688)
(166,572)	166	752
(166,572)	428	60,973
177,535	10,993	1,988,709
-	-	6,199
10,963	11,421	2,055,881

Wayne 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	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 1,917,376	-
Interest and penalty on property tax	32,853	-
Intergovernmental	2,541,888	-
Licenses and permits	4,340	-
Charges for service	265,273	-
Use of money and property	66,542	-
Miscellaneous	168,937	13,528
Total receipts	4,997,209	13,528
Disbursements:		
Public safety	645,869	1,139
Court services	31,917	-
Physical health and education	301,263	-
Mental health	795,134	-
Social services	160,646	-
County environment	237,133	-
Roads and transportation	2,022,111	-
State and local government services	169,269	-
Interprogram services	494,165	-
Non-program	48,339	-
Debt service	-	-
Capital projects	128,434	-
Total disbursements	5,034,280	1,139
Excess (deficiency) of receipts over (under) disbursements	(37,071)	12,389
Other financing sources, net	752	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(36,319)	12,389
Balance beginning of year	2,004,640	-
Balance end of year	\$ 1,968,321	12,389

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
1,917,376	1,916,770	606	100%
32,853	-	32,853	-
2,541,888	2,769,551	(227,663)	92%
4,340	2,350	1,990	185%
265,273	264,525	748	100%
66,542	103,800	(37,258)	64%
155,409	114,263	41,146	148%
<u>4,983,681</u>	<u>5,171,259</u>	<u>(187,578)</u>	<u>97%</u>
644,730	670,312	25,582	96%
31,917	60,200	28,283	53%
301,263	338,351	37,088	89%
795,134	795,195	61	100%
160,646	318,126	157,480	50%
237,133	248,318	11,185	95%
2,022,111	2,185,149	163,038	93%
169,269	208,787	39,518	81%
494,165	521,372	27,207	95%
48,339	63,500	15,161	76%
-	176,567	176,567	0%
128,434	163,900	35,466	78%
<u>5,033,141</u>	<u>5,749,777</u>	<u>716,636</u>	<u>88%</u>
(49,460)	(578,518)		
<u>752</u>	<u>186,567</u>		
(48,708)	(391,951)		
<u>2,004,640</u>	<u>1,602,334</u>		
<u>1,955,932</u>	<u>1,210,383</u>		

Wayne County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Wayne 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, Wayne County has included all funds, organizations, account group, 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 Wayne 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.

The Wayne County Sheriff's Canine has been incorporated under Chapter 504A of the Code of Iowa to receive donations to aid the Wayne County Sheriff's office. These donations would be used to fund the training and care of a canine for law enforcement use. The financial activity of the component unit has been displayed as a Special Revenue Fund of the County.

The Wayne County Sheriff's Reserve has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Wayne County Sheriff's office. These donations would be used to fund the reserve officers who assist the County Sheriff as requested. The financial activity of this component unit has been displayed as a Special Revenue Fund of the County.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods and 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: Wayne County Assessor's Conference Board and the Wayne County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Wayne, Ringgold and Decatur County Solid Waste Commission, Ten Fifteen Regional Transit Agency Board, South Iowa Area Crime Commission, Wayne County Development Corporation Board, Chariton Valley Rural Economic Development Incorporated Board, Southeast Iowa Case Management Board, Wayne County Empowerment Board, and Southeast Iowa Response Group.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account group, 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 group 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.

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 Group

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 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmaturing 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 for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

The property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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.

Assessments Receivable – Assessments receivable represent the amounts assessed to individuals for work done which benefits their property. 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.

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 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 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 compensatory time and vacation 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 compensatory time and vacation 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 and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and 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, 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		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 1,818,058	(3,608)	1,814,450	3,178,861	36,474	3,215,335
Expenditures	1,823,474	8,601	1,832,075	3,210,778	(73,027)	3,137,751
Net	(5,416)	(12,209)	(17,625)	(31,917)	109,501	77,584
Other financing sources (uses)	117,449	-	117,449	49,709	-	49,709
Beginning fund balances	907,785	(496,365)	411,420	908,327	480,434	1,388,761
Increase (decrease) in reserve for prepaid insurance	-	11,584	11,584	-	(5,385)	(5,385)
Ending fund balances	\$ 1,019,818	(496,990)	522,828	926,119	584,550	1,510,669

	Governmental Fund Types		
	Debt Service		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ -	-	-
Expenditures	-	-	-
Net	-	-	-
Other financing sources (uses)	(166,572)	-	(166,572)
Beginning fund balances	177,535	-	177,535
Increase (decrease) in reserve for prepaid insurance	-	-	-
Ending fund balances	\$ 10,963	-	10,963

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 290	-	290	4,997,209	32,866	5,030,075
Expenditures	28	-	28	5,034,280	(64,426)	4,969,854
Net	262	-	262	(37,071)	97,292	60,221
Other financing sources (uses)	166	-	166	752	-	752
Beginning fund balances	10,993	-	10,993	2,004,640	(15,931)	1,988,709
Increase (decrease) in reserve for prepaid insurance	-	-	-	-	6,199	6,199
Ending fund balances	\$ 11,421	-	11,421	1,968,321	87,560	2,055,881

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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,327,599 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$111,555, \$101,950, and \$95,995, respectively, equal to the required contributions for each year.

(4) Due From and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust and Agency:	
	County Board of Supervisors	\$ 50
	County Auditor	50
	County Recorder	2,411
	County Sheriff	5,481
	Auto License and Use Tax	3,868
	Drivers License	100
	Home Health Aide Agency	473
Special Revenue:		
Rural Services	General	550,000
	Trust and Agency:	
	County Sheriff	2,500
Secondary Roads	General	12
County Recorder's		
Records Management	Trust and Agency:	
	County Recorder	115
Total		<u>\$ 565,060</u>

(5) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 22,617
Special Revenue:		
Secondary Roads	Services	744
Mental Health		31,692
		<u>32,436</u>
Trust and Agency:		
County Assessor	Collections	193,452
Schools		3,011,615
Community Colleges		162,962
Corporations and Special Assessments		854,217
Auto License and Use Tax		105,879
County Hospital		632,207
E911		183,291
All other		180,704
		<u>5,324,327</u>
Total		<u>\$ 5,379,380</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:

	Capital Lease Purchase Agreements	Compensated Absences	Total
Balance beginning of year	\$ 62,153	81,553	143,706
Additions	-	-	-
Reductions	62,153	9,657	71,810
Balance end of year	\$ -	71,896	71,896

(7) Risk Management

Wayne 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 \$84,416.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation and employee blanket bond claims in excess of \$1,000,000 and \$50,000, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts appropriated by department. During the year ended June 30, 2002, disbursements in certain departments exceeded the amounts appropriated.

(9) Financial Condition

The General Fund had an unreserved deficit fund balance of \$130,558 at June 30, 2002. The County plans to eliminate this deficit by decreasing expenditures in the General Fund.

(10) Pending Litigation

The County is a defendant in a lawsuit seeking an unspecified amount of damages. The probability and amount of loss, if any, is undeterminable.

Wayne County

Supplemental Information

Schedule 1

Wayne 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	\$ 1,010,051	
Utility tax replacement excise tax	<u>53,266</u>	\$ 1,063,317

Interest and penalty on property tax		32,833
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Intergovernmental:

State shared revenues:

Franchise tax	<u>11,032</u>	
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State grants and reimbursements including

indirect federal funding:

Human services administrative reimbursement	17,260	
Homemaker health grant	37,208	
Public health nursing grant	25,530	
Other	<u>39,177</u>	
	<u>119,175</u>	

State tax replacements:

State tax credits	93,968	
State allocation	<u>52,609</u>	
	<u>146,577</u>	

Direct federal grants and entitlements:

Medicare and medicaid	136,225	
Public safety partnership and community policing grant	<u>48,319</u>	
	<u>184,544</u>	

Contributions and reimbursements from other governmental units:

Court fees	3,570	
Election reimbursements	8,093	
Juvenile court contributions	11,525	
Other	<u>750</u>	
	<u>23,938</u>	

Payments in lieu of taxes	<u>7,460</u>	492,726
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Wayne County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Licenses and permits		70
Charges for service:		
Office fees and collections:		
County Recorder	35,406	
County Sheriff	26,045	
Auto registration, use tax, drivers license and mailing	49,689	
Nursing service	5,378	
Conservation fees	8,603	
Miscellaneous	534	125,655
		<hr/>
Use of money and property:		
Interest on investments	49,239	
Rent	14,200	63,439
		<hr/>
Miscellaneous		36,410
Total revenues		<hr/> <u>1,814,450</u>
Expenditures:		
Operating:		
Public safety		487,115
Court services		30,981
Physical health and education		285,997
Social services		166,603
County environment		153,275
State and local government services		120,798
Interprogram services		473,438
Non-program		48,340
Debt service		65,528
Total expenditures		<hr/> <u>1,832,075</u>
Deficiency of revenues under expenditures		<hr/> <u>(17,625)</u>

Schedule 1

Wayne County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Other financing sources (uses):	
Sale of general fixed assets	752
Operating transfers in (out):	
Special Revenue:	
Rural Services	(13,950)
Debt Service	130,813
Expendable Trust:	
Conservation Land Acquisition Trust	(166)
Total other financing sources (uses)	<u>117,449</u>
Excess of revenues and other financing sources over expenditures and other financing uses	99,824
Fund balance beginning of year	411,420
Increase in reserve for prepaid insurance	<u>11,584</u>
Fund balance end of year	<u><u>\$ 522,828</u></u>

See accompanying independent auditor's report.

Wayne County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Investigations	\$ 28,643	
Law enforcement communication	9,991	
Adult correctional services	22,726	
Administration	361,787	
	<u>423,147</u>	

Legal services:

Criminal prosecution	50,762	
Medical examinations	9,757	
	<u>60,519</u>	

Emergency services:

Emergency management	<u>3,449</u>	\$ 487,115
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Court Services Service Area:

Court proceedings:

Juries and witnesses	17,975	
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Juvenile justice administration:

Juvenile victim restitution	<u>13,006</u>	30,981
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Physical Health and Education Service Area:

Physical health services:

Health administration	270,997	
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Educational services:

Fair and 4-H clubs	<u>15,000</u>	285,997
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Social Services Service Area:

Services to the poor:

Administration	22,399	
General welfare services	29,712	
	<u>52,111</u>	

Schedule 2

Wayne County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area (continued):

Services to military veterans:

Administration	5,090	
General services to veterans	4,036	
	<u>9,126</u>	

Children's and family services:

Youth guidance	32,225	
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Services to other adults:

Services to the elderly	56,872	
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Chemical dependency:

Treatment services	16,269	166,603
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County Environment Service Area:

Environmental quality:

Environmental restoration	1,125	
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Conservation and recreation services:

Administration	42,010	
Maintenance and operations	97,299	
	<u>139,309</u>	

County development:

Economic development	12,841	153,275
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State and Local Government Services Service Area:

Representation services:

Elections administration	14,849	
Local elections	6,883	
	<u>21,732</u>	

State administrative services:

Motor vehicle registrations and licensing	37,366	
Recording of public documents	61,700	
	<u>99,066</u>	120,798

Interprogram Services Service Area:

Policy and administration:

General County management	89,457	
Administrative management services	71,887	
Treasury management services	76,150	
Other policy and administration	17,960	
	<u>255,454</u>	

Wayne County
 General Fund
 Statement of Expenditures
 Year ended June 30, 2002

Interprogram Services Service Area (continued):

Central services:		
General services	113,014	
Data processing services	39,686	
	<u>152,700</u>	
 Risk management services:		
Safety of workplace	63,850	
Fidelity of public officials	1,434	
	<u>65,284</u>	473,438
 Non-program Service Area:		
County farm operations	439	
Other county enterprises	47,901	
	<u>48,340</u>	48,340
 Debt Service Service Area:		
Capital lease principal paid	62,153	
Interest paid	3,375	
	<u>65,528</u>	65,528
 Total		<u><u>\$ 1,832,075</u></u>

See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
Assets				
Cash and pooled investments:				
County Treasurer	\$ 76,897	445,649	329,802	19,301
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	376	-	501	-
Succeeding year	658,000	-	236,000	-
Accounts	-	-	1,394	-
Due from other funds	552,500	12	-	-
Due from other governments	-	215,524	-	174
Prepaid insurance	-	11,941	-	-
Total assets	\$ 1,287,773	673,126	567,697	19,475
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 1,194	55,077	22,509	-
Salaries and benefits payable	1,199	23,624	4,442	-
Due to other governments	-	744	31,692	-
Deferred revenue:				
Succeeding year property tax	658,000	-	236,000	-
Other	376	43,099	501	-
Compensated absences	49	12,593	714	-
Total liabilities	660,818	135,137	295,858	-
Fund equity:				
Fund balances:				
Reserved for prepaid insurance	-	11,941	-	-
Unreserved	626,955	526,048	271,839	19,475
Total fund equity	626,955	537,989	271,839	19,475
Total liabilities and fund equity	\$ 1,287,773	673,126	567,697	19,475

See accompanying independent auditor's report.

County Recorder's Records Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
7,433	26,623	8,025	-	-	913,730
-	-	-	6,140	6,249	12,389
-	-	-	-	-	877
-	-	-	-	-	894,000
-	-	202	-	-	1,596
115	-	-	-	-	552,627
-	-	-	-	-	215,698
-	-	-	-	-	11,941
7,548	26,623	8,227	6,140	6,249	2,602,858
62	-	314	-	-	79,156
-	-	-	-	-	29,265
-	-	-	-	-	32,436
-	-	-	-	-	894,000
-	-	-	-	-	43,976
-	-	-	-	-	13,356
62	-	314	-	-	1,092,189
-	-	-	-	-	11,941
7,486	26,623	7,913	6,140	6,249	1,498,728
7,486	26,623	7,913	6,140	6,249	1,510,669
7,548	26,623	8,227	6,140	6,249	2,602,858

Wayne County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax:			
Property tax	\$ 595,895	-	222,484
Utility tax replacement excise tax	23,935	-	11,733
	<u>619,830</u>	<u>-</u>	<u>234,217</u>
Intergovernmental:			
State shared revenues:			
Road use tax	-	1,656,565	-
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	49,637
Well closing grant	9,822	-	-
Public safety partnership and community policing grant	20,849	-	-
Other	-	2,730	-
	<u>30,671</u>	<u>2,730</u>	<u>49,637</u>
State tax replacements:			
State tax credits	41,167	-	20,698
Mental health property tax relief	-	-	209,430
	<u>41,167</u>	<u>-</u>	<u>230,128</u>
Contributions and reimbursements from other governmental units	<u>36,296</u>	<u>75,022</u>	<u>-</u>
Payments in lieu of taxes	-	-	59
	<u>108,134</u>	<u>1,734,317</u>	<u>279,824</u>
Licenses and permits	<u>3,940</u>	<u>330</u>	<u>-</u>
Charges for service:			
Resident care	-	-	126,091
Document management fee	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>126,091</u>

Resource Enhancement and Protection	County Recorder's Records Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
-	-	-	-	-	-	818,379
-	-	-	-	-	-	35,668
-	-	-	-	-	-	854,047
-	-	-	-	-	-	1,656,565
-	-	-	-	-	-	49,637
-	-	-	-	-	-	9,822
-	-	-	-	-	-	20,849
6,176	-	-	-	-	-	8,906
6,176	-	-	-	-	-	89,214
-	-	-	-	-	-	61,865
-	-	-	-	-	-	209,430
-	-	-	-	-	-	271,295
-	-	-	7,750	-	-	119,068
-	-	-	-	-	-	59
6,176	-	-	7,750	-	-	2,136,201
-	-	-	-	-	-	4,270
-	-	-	-	-	-	126,091
-	1,644	-	-	-	-	1,644
-	-	-	876	-	-	876
-	1,644	-	876	-	-	128,611

Wayne County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues (continued):			
Use of money and property:			
Interest on investments	-	-	-
Miscellaneous:			
Refunds and reimbursements	-	8,695	1,421
Sales of property and materials	-	61,632	-
Miscellaneous	75	5,872	575
	75	76,199	1,996
Total revenues	731,979	1,810,846	642,128
Expenditures:			
Operating:			
Public Safety Service Area:			
Law enforcement program:			
Uniformed patrol services	127,799	-	-
Investigations	21,509	-	-
Administration	7,173	-	-
	156,481	-	-
Physical Health and Education Service Area:			
Physical health services program:			
Sanitation	9,312	-	-
Educational services:			
Libraries	8,982	-	-
	18,294	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
General administration	-	-	6,767
Treatment services	-	-	62,814
Licensed or certified living arrangements	-	-	3,033
Institutional, hospital, and commitment services	-	-	7,624
	-	-	80,238

Resource Enhancement and Protection	County Recorder's Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
295	113	-	-	-	-	408
-	-	-	-	-	-	10,116
-	-	-	-	-	-	61,632
-	-	-	-	6,563	6,965	20,050
-	-	-	-	6,563	6,965	91,798
6,471	1,757	-	8,626	6,563	6,965	3,215,335
-	-	-	-	-	-	127,799
-	-	-	-	-	-	21,509
-	-	-	-	423	716	8,312
-	-	-	-	423	716	157,620
-	-	-	-	-	-	9,312
-	-	-	-	-	-	8,982
-	-	-	-	-	-	18,294
-	-	-	-	-	-	6,767
-	-	-	-	-	-	62,814
-	-	-	-	-	-	3,033
-	-	-	-	-	-	7,624
-	-	-	-	-	-	80,238

Wayne County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with chronic mental illness:			
General administration	-	-	70,930
Coordination services	-	-	1,961
Personal and environmental support	-	-	4,257
Treatment services	-	-	2,227
Vocational and day services	-	-	7,796
Licensed or certified living arrangements	-	-	60,141
Institutional, hospital, and commitment services	-	-	38,566
	<u>-</u>	<u>-</u>	<u>185,878</u>
Persons with mental retardation:			
General administration	-	-	155,504
Coordination services	-	-	6,615
Personal and environmental support	-	-	48,826
Treatment services	-	-	2,364
Vocational and day services	-	-	126,140
Licensed or certified living arrangements	-	-	179,333
Institutional, hospital, and commitment services	-	-	4,444
	<u>-</u>	<u>-</u>	<u>523,226</u>
	<u>-</u>	<u>-</u>	<u>789,342</u>
County Environment Service Area:			
Environmental quality:			
Natural resources conservation	17,406	-	-
Solid waste disposal	21,680	-	-
Environmental restoration	37,362	-	-
	<u>76,448</u>	<u>-</u>	<u>-</u>

Resource Enhancement and Protection	County Recorder's Records Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
-	-	-	-	-	-	70,930
-	-	-	-	-	-	1,961
-	-	-	-	-	-	4,257
-	-	-	-	-	-	2,227
-	-	-	-	-	-	7,796
-	-	-	-	-	-	60,141
-	-	-	-	-	-	38,566
-	-	-	-	-	-	185,878
-	-	-	-	-	-	155,504
-	-	-	-	-	-	6,615
-	-	-	-	-	-	48,826
-	-	-	-	-	-	2,364
-	-	-	-	-	-	126,140
-	-	-	-	-	-	179,333
-	-	-	-	-	-	4,444
-	-	-	-	-	-	523,226
-	-	-	-	-	-	789,342
-	-	-	-	-	-	17,406
-	-	-	-	-	-	21,680
-	-	-	-	-	-	37,362
-	-	-	-	-	-	76,448

Wayne County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
County Environment Service Area:			
Conservation and recreation services:			
Maintenance and operations	-	-	-
County development:			
Economic development	7,409	-	-
	<u>83,857</u>	<u>-</u>	<u>-</u>
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	-	318,632	-
Engineering	-	118,750	-
	<u>-</u>	<u>437,382</u>	<u>-</u>
Roadway maintenance:			
Bridges and culvert	-	77,336	-
Roads	-	621,668	-
Snow and ice control	-	31,965	-
Traffic controls	-	7,269	-
Road clearing	80,692	63,126	-
	<u>80,692</u>	<u>801,364</u>	<u>-</u>
General roadway expenditures:			
Equipment	-	230,554	-
Equipment operation	-	309,535	-
Tools, materials, and supplies	-	52,537	-
Real estate and buildings	-	19,848	-
	<u>-</u>	<u>612,474</u>	<u>-</u>
	<u>80,692</u>	<u>1,851,220</u>	<u>-</u>

Resource Enhancement and Protection	County Recorder's Records Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
-	-	-	713	-	-	713
-	-	-	-	-	-	7,409
-	-	-	713	-	-	84,570
-	-	-	-	-	-	318,632
-	-	-	-	-	-	118,750
-	-	-	-	-	-	437,382
-	-	-	-	-	-	77,336
-	-	-	-	-	-	621,668
-	-	-	-	-	-	31,965
-	-	-	-	-	-	7,269
-	-	-	-	-	-	143,818
-	-	-	-	-	-	882,056
-	-	-	-	-	-	230,554
-	-	-	-	-	-	309,535
-	-	-	-	-	-	52,537
-	-	-	-	-	-	19,848
-	-	-	-	-	-	612,474
-	-	-	-	-	-	1,931,912

Wayne County
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
State and Local Government Services Service Area:			
Representation services:			
Township officials	3,380	-	-
State administrative services:			
Recording of public documents	-	-	-
	<u>3,380</u>	<u>-</u>	<u>-</u>
Capital Projects Service Area:			
Roadway construction	-	138,976	-
Conservation land acquisition and development	-	-	-
	<u>-</u>	<u>138,976</u>	<u>-</u>
Total expenditures	<u>342,704</u>	<u>1,990,196</u>	<u>789,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>389,275</u>	<u>(179,350)</u>	<u>(147,214)</u>
Other financing sources (uses):			
Operating transfers in (out):			
General	13,950	-	-
Special Revenue:			
Rural Services	-	416,000	-
Secondary Roads	(416,000)	-	-
Debt Service	23,000	12,759	-
Total other financing sources (uses)	<u>(379,050)</u>	<u>428,759</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,225	249,409	(147,214)
Fund balances beginning of year	616,730	293,965	419,053
Decrease in reserve for prepaid insurance	-	(5,385)	-
Fund balances end of year	<u>\$ 626,955</u>	<u>537,989</u>	<u>271,839</u>

See accompanying independent auditor's report.

Resource Enhancement and Protection	County Recorder's Records Management	Conservation Wetlands	Bobwhite State Park	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Total
-	-	-	-	-	-	3,380
-	1,174	-	-	-	-	1,174
-	1,174	-	-	-	-	4,554
-	-	-	-	-	-	138,976
7,267	-	5,216	-	-	-	12,483
7,267	-	5,216	-	-	-	151,459
7,267	1,174	5,216	713	423	716	3,137,751
(796)	583	(5,216)	7,913	6,140	6,249	77,584
-	-	-	-	-	-	13,950
-	-	-	-	-	-	416,000
-	-	-	-	-	-	(416,000)
-	-	-	-	-	-	35,759
-	-	-	-	-	-	49,709
(796)	583	(5,216)	7,913	6,140	6,249	127,293
20,271	6,903	31,839	-	-	-	1,388,761
-	-	-	-	-	-	(5,385)
19,475	7,486	26,623	7,913	6,140	6,249	1,510,669

Wayne County

Wayne County

Debt Service Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:			
None			\$ -
Expenditures:			
None			<u>-</u>
Excess of revenues over expenditures			-
Other financing uses:			
Operating transfers out:			
General	\$ (130,813)		
Special Revenue:			
Rural Services	(23,000)		
Secondary Roads	<u>(12,759)</u>	<u>(166,572)</u>	
Deficiency of revenues under expenditures and other financing uses			(166,572)
Fund balance beginning of year			<u>177,535</u>
Fund balance end of year			<u><u>\$ 10,963</u></u>

See accompanying independent auditor's report.

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

	Expendable Trust Fund				
	Conservation Land Acquisition Trust	County Offices			
		Board of Supervisors	County Auditor	County Recorder	County Sheriff
Assets					
Cash and pooled investments:					
County Treasurer	\$ 11,421	-	-	-	-
Other County officials	-	8,557	50	4,681	8,031
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 11,421	8,557	50	4,681	8,031
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	50	50	2,526	7,981
Due to other governments	-	-	-	2,155	50
Trusts payable	-	8,507	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	-	8,557	50	4,681	8,031
Fund equity:					
Unreserved fund balance	11,421	-	-	-	-
Total liabilities and fund equity	\$ 11,421	8,557	50	4,681	8,031

Agency Funds				
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations and Special Assessments
1,318	143,123	67,577	3,633	18,563
-	-	-	-	-
114	226	6,038	329	7,278
54,000	104,000	2,938,000	159,000	818,000
-	-	-	-	10,376
-	-	-	-	-
55,432	247,349	3,011,615	162,962	854,217
-	46,157	-	-	-
-	119	-	-	-
-	-	-	-	-
55,432	193,452	3,011,615	162,962	854,217
-	-	-	-	-
-	7,621	-	-	-
55,432	247,349	3,011,615	162,962	854,217
-	-	-	-	-
55,432	247,349	3,011,615	162,962	854,217

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

	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	County Hospital
Assets				
Cash and pooled investments:				
County Treasurer	3,320	109,747	526	13,072
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	69	-	2	1,135
Succeeding year	118,000	-	1,000	618,000
Assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	121,389	109,747	1,528	632,207
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	-	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	3,868	-	-
Due to other governments	121,389	105,879	1,528	632,207
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	121,389	109,747	1,528	632,207
Fund equity:				
Unreserved fund balance	-	-	-	-
Total liabilities and fund equity	121,389	109,747	1,528	632,207

See accompanying independent auditor's report.

Agency Funds

Advance Tax	Tax Sale Redemption	E911	Anatomical Gift	Drivers License	Home Health Aide Agency	Total
1,874	20,544	185,440	17	233	-	580,408
-	-	-	-	-	-	21,319
-	-	-	-	-	-	15,191
-	-	-	-	-	-	4,810,000
-	-	-	-	-	-	10,376
-	-	-	-	-	6,712	6,712
1,874	20,544	185,440	17	233	6,712	5,444,006
-	-	2,149	-	-	-	48,306
-	-	-	-	-	6,239	6,358
-	-	-	-	100	473	15,048
-	-	183,291	17	133	-	5,324,327
1,874	20,544	-	-	-	-	30,925
-	-	-	-	-	-	7,621
1,874	20,544	185,440	17	233	6,712	5,432,585
-	-	-	-	-	-	11,421
1,874	20,544	185,440	17	233	6,712	5,444,006

Wayne County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			
	Board of Supervisors	County Auditor	County Recorder	County Sheriff
Assets and Liabilities				
Balances beginning of year	\$ 9,031	50	5,586	9,771
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	65,135	58,541
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	139,241	-	-	20,494
Miscellaneous	-	-	-	-
Total additions	139,241	-	65,135	79,035
Deductions:				
Agency remittances:				
To other funds	-	-	37,115	60,778
To other governments	-	-	28,925	295
Trusts paid out	139,715	-	-	19,702
Total deductions	139,715	-	66,040	80,775
Balances end of year	\$ 8,557	50	4,681	8,031

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations and Special Assessments	Townships
54,405	276,500	2,823,568	151,055	892,415	110,687
54,455	104,417	2,941,725	229,419	735,098	117,932
4,725	9,318	243,533	12,984	118,954	7,422
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,520	-
-	-	-	-	-	-
14	2,184	720	39	-	593
59,194	115,919	3,185,978	242,442	857,572	125,947
-	-	-	-	-	-
58,167	145,070	2,997,931	230,535	895,770	115,245
-	-	-	-	-	-
58,167	145,070	2,997,931	230,535	895,770	115,245
55,432	247,349	3,011,615	162,962	854,217	121,389

Wayne County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	County Hospital
Assets and Liabilities			
Balances beginning of year	99,512	1,026	543,877
Additions:			
Property and other County tax	-	992	618,226
State tax credits	-	88	46,863
Drivers license fees	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	1,318,744	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	134
Total additions	1,318,744	1,080	665,223
Deductions:			
Agency remittances:			
To other funds	46,677	-	-
To other governments	1,261,832	578	576,893
Trusts paid out	-	-	-
Total deductions	1,308,509	578	576,893
Balances end of year	109,747	1,528	632,207

See accompanying independent auditor's report.

Advance Tax	Tax Sale Redemption	E911	Anatomical Gift	Drivers License	Home Health Aide Agency	Total
2,666	3,726	205,232	34	169	-	5,189,310
-	-	-	-	-	-	4,802,264
-	-	-	-	-	-	443,887
-	-	-	-	15,135	-	15,135
-	-	-	-	-	-	123,676
-	-	-	-	-	-	1,318,744
-	-	-	-	-	-	3,520
-	95,973	-	-	-	-	255,708
-	-	15,689	45	-	162,581	181,999
-	95,973	15,689	45	15,135	162,581	7,144,933
-	-	-	-	-	-	144,570
-	-	35,481	62	15,071	155,869	6,517,724
792	79,155	-	-	-	-	239,364
792	79,155	35,481	62	15,071	155,869	6,901,658
1,874	20,544	185,440	17	233	6,712	5,432,585

Schedule 8

Wayne County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 1,828,430	1,963,722	2,012,612	2,004,680
Utility tax replacement excise tax	88,934	97,771	-	-
	<u>1,917,364</u>	<u>2,061,493</u>	<u>2,012,612</u>	<u>2,004,680</u>
Intergovernmental:				
State shared revenues:				
Road use tax	1,656,565	1,588,507	1,611,603	1,534,504
Other	11,032	9,696	13,058	11,352
State grants and reimbursements including indirect federal funding:				
Mental health/mental retardation allocation	-	62,158	62,158	58,765
Social services block grant	49,637	52,867	53,359	52,838
Resources enhancement and protection grant	6,176	9,123	8,443	7,297
Public health nursing grant	25,530	27,218	22,122	25,658
Well closing grant	9,822	11,501	19,504	17,707
Homemaker health grants	37,208	51,465	42,853	40,058
Human services administrative reimbursement	17,260	25,580	15,211	13,290
Highway planning and construction grant	-	55,629	138,366	-
Other	62,756	110,836	87,852	43,254
State tax replacements:				
State tax credits	155,833	181,374	183,473	162,433
State allocation	52,609	55,772	55,932	58,807
Mental health property tax relief	209,430	209,429	209,429	209,429
Mental health allowed growth factor adjustment	-	66,445	41,572	25,958
Other	-	-	-	589
Direct federal grants and entitlements:				
Medicaid and medicare	136,225	148,590	122,966	108,341
Other	48,319	8,728	27,317	28,949
Contributions and reimbursements from other governmental units:				
Juvenile court contributions	11,525	23,427	10,247	-
Other	131,481	5,147	21,947	24,637
Payments in lieu of taxes	7,519	2,401	2,933	2,840
	<u>2,628,927</u>	<u>2,705,893</u>	<u>2,750,345</u>	<u>2,426,706</u>
Total	<u>\$ 4,546,291</u>	<u>4,767,386</u>	<u>4,762,957</u>	<u>4,431,386</u>

See accompanying independent auditor's report.



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
and on Internal Control over Financial Reporting

To the Officials of Wayne County:

We have audited the general purpose financial statements of Wayne County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated January 27, 2003. Our report expressed a qualified opinion on the financial statements due to the omission of the general fixed assets account group and materials and supplies inventory, pertaining primarily to Special Revenue Funds. 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 Wayne County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items (2) and (10).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne 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 Wayne 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 as items (A) through (D) in the accompanying Schedule of Findings.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wayne County and other parties to whom Wayne 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 Wayne 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 27, 2003

Wayne County
 Schedule of Findings
 Year ended June 30, 2002

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

	Applicable Offices
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Sheriff, County Care Facility/Venture Group Home
(2) The collection, deposit preparation and reconciliation functions should be performed by an individual who does not record and account for cash receipts.	Recorder, County Care Facility/Venture Group Home
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Auditor, Recorder, County Care Facility/Venture Group Home

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.

Wayne County

Schedule of Findings

Year ended June 30, 2002

Response -

County Auditor - We will review the operating procedures of our office and change the outline of duties and request some assistance from other departments.

Recorder - We will work on having checks and balances between the two staff members in the office as much as possible.

Sheriff - Mail has been opened by an employee that is not authorized nor responsible for entries to the accounting records. This employee did make a listing of cash and checks received. There was a breakdown in the list of checks and cash received being compared with the receipt records of entries. This will be corrected although once the list has been made a comparison can be made at any future date and discrepancies located.

Care Facility/Venture Group Home - In the future, we will have the cook or housekeeper open and record on a receipt all cash/checks that are received at the County Care Facility.

Conclusion - Response accepted. The County Care Facility should also have an independent person compare the listings of cash/checks to the cash receipt records.

(B) Fixed Assets Records - A record of fixed assets is not maintained.

Recommendation - A complete record of fixed assets should be maintained and kept current to facilitate the proper insurance, maintenance, safeguarding and reporting of these assets. An inventory of all property and equipment should be taken at least once each year and compared to the fixed assets records. Also, identifying information should be promptly placed on the assets when received.

Response - We will be meeting with staff and working on developing a plan to keep our fixed assets up to date.

Conclusion - Response accepted.

(C) County Sheriff - The County Sheriff received forfeited and confiscated property monies. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

Also, certain expenditures were paid from the County Sheriff's commissary account and have not been included in the County's budget or annual financial reports.

The cash on hand for the drug buy cash funds did not agree with the established amount.

Wayne County

Schedule of Findings

Year ended June 30, 2002

Recommendation – This activity should be included in the County's annual budget and financial statements. Proceeds are accepted by the County with the understanding that they are for additional law enforcement efforts. This means that monies so designated are not to replace those already budgeted. The receipt and disbursement of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Also, all expenditures for the County Sheriff's office should be paid by claims approved by the Board of Supervisors and reflected in the County's accounting system, County budget and annual financial statements.

Periodic independent cash counts should be performed on the drug buy cash funds to verify amounts on hand. More than one person should be involved when funds are taken out and a record should be maintained of how funds were used.

Response – The forfeited and confiscated property monies are in a separate account. Proceeds are used for additional law enforcement efforts and expenses are documented. It is our belief that Sheriff's offices across Iowa use the same procedure. The recommendation will be taken under advisement and discussed with the Board of Supervisors and the South Iowa Area Crime Commission.

Expenditures from the commissary account were for the corrections facility needs and statutory requirements were met. Recommendation will be taken under advisement.

The drug buy cash money was handled by a former employee and the shortage will be investigated by the appropriate authorities. There have been measures taken for a better accounting of the funds and more control as to access.

Conclusion – Response acknowledged. Forfeited property monies should be remitted to the County Treasurer as recommended. In addition, all expenditures for the County Sheriff's office should be paid by claims approved by the Board of Supervisors and reflected in the County's accounting records and financial reports.

(D) Electronic Data Processing Systems – The County does not have written policies for:

- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring passwords remain confidential between department heads and staff.

Also, the County does not use a screen saver password or automatic log off when a terminal is left unattended. The County does not have a written disaster recovery plan.

Wayne County

Schedule of Findings

Year ended June 30, 2002

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A disaster recovery plan should be developed. Screen saver password or automatic log off should be utilized.

Response – We are working with our software provider to address these issues and correct them.

Conclusion – Response accepted.

Wayne County

Schedule of Findings

Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted.

Disbursements in one department exceeded the amount appropriated. Also, although the Board of Supervisors acted to amend appropriations, disbursements in certain departments exceeded the appropriations prior to amendment.

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

Response - We will work on keeping more informed on the day to day operations of each department and make increases and decreases in appropriations before the appropriations are exceeded.

Conclusion - Response accepted.

- (3) Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions - No business transactions between the County and County officials were noted.
- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

Wayne County

Schedule of Findings

Year ended June 30, 2002

- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) Financial Condition - The Special Revenue, Secondary Roads Fund had deficit cash balances during the year ended June 30, 2002. This appears to violate Chapter 331.476 of the Code of Iowa.

Although the General Fund had a positive cash balance at June 30, 2002, on a modified accrual basis, an unreserved fund balance deficit of \$130,558 was reported.

Also, a \$550,000 interfund loan between the Special Revenue, Rural Services Fund and the General Fund that was outstanding at June 30, 1998 was not retired during the fiscal year ended June 30, 2002. This non-current debt does not appear to have been issued in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation - Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other county funds, or other formal short-term debt instruments or obligations. Noncurrent debt should be authorized in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

The County should continue to investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response - We will review fund balances much closer and not issue warrants on funds that have no balance.

We will work on the budgeting process to decrease expenditures in the General Fund so that we may be able to transfer funds back to the Special Revenue, Rural Services Fund and decrease the interfund loan.

Conclusion - Response accepted.

- (11) Chart of Accounts - The County included expenditures for supplies and other operating expenditures in the Capital Projects Service Area for the Special Revenue, Conservation Wetlands and Resource Enhancement and Protection Funds. This activity does not meet the definition of capital projects.

Recommendation - Operating expenditures for the Conservation Board should be reported in the County Environment Service Area rather than the Capital Projects Service Area.

Response - We will review this matter with the County Conservation Board.

Conclusion - Response accepted.

Wayne County

Schedule of Findings

Year ended June 30, 2002

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

Disbursements during the year ended June 30, 2002 for the County Extension Office did not exceed the amount budgeted.

Wayne County

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager
Katherine L. Rupp, CPA, Senior Auditor II
Tammy L. Mason, CPA, Staff Auditor
Kip M. Druecker, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State