

WEBSTER COUNTY

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2002

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Webster County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis O'Farrell	Board of Supervisors	Jan 2003
Floyd Magnusson	Board of Supervisors	Jan 2003
Jill Kirkberg	Board of Supervisors	Jan 2005
Phil Condon	Board of Supervisors	Jan 2005
Eddie Peterson	Board of Supervisors	Jan 2005
Carol Messerly	County Auditor	Jan 2005
Janice Horton	County Treasurer	Jan 2003
Judy Cosgrove	County Recorder	Jan 2003
Charles Griggs	County Sheriff	Jan 2005
Ronald E. Robertson	County Attorney	Deceased
Timothy N. Schott (Appointed)	County Attorney	Nov 2002
Jeanette Thanupakorn	County Assessor	Jan 2004

Webster County



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

David A. Vaudt, CPA
Auditor of State

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Independent Auditor's Report

To the Officials of Webster County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Webster County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Webster 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 materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with 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 omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Webster County at June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and the expendable trust fund of Webster County for the year ended June 30, 2002.

As discussed in Note 11 to the financial statements, Webster County intends to implement Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the governmental financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated November 15, 2002 on our consideration of Webster 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 qualified opinions on those financial statements for the effects of the omission of the materials and supplies inventory, pertaining primarily to the Special Revenue Funds. 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.

November 15, 2002

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Financial Statements

Webster 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	\$ 3,608,006	6,815,521	71,905
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	36,688	14,114	2,184
Succeeding year	4,938,000	3,323,000	284,000
Interest and penalty on property tax	921	-	-
Accounts	82,264	1,679	-
Accrued interest	2,381	349	-
Special assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Drainage assessments:			
Current	-	1,135,553	-
Future	-	-	-
Due from other funds (note 3)	213,189	4,338	-
Due from other governments	219,785	495,900	-
Prepaid insurance	58,230	30,561	-
Property and equipment (note 4)	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of drainage warrants	-	-	-
Total assets and other debits	\$ 9,159,464	11,821,015	358,089

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
191,915	1,644,868	-	-	12,332,215
-	126,955	-	-	126,955
-	253,781	-	-	306,767
-	30,199,000	-	-	38,744,000
-	-	-	-	921
-	27,322	-	-	111,265
124	34	-	-	2,888
-	80,722	-	-	80,722
-	75,116	-	-	75,116
-	1,281	-	-	1,136,834
-	62,191	-	-	62,191
5,757	9,246	-	-	232,530
-	2,660	-	-	718,345
-	-	-	-	88,791
-	-	21,321,725	-	21,321,725
-	-	-	71,911	71,911
-	-	-	1,749,946	1,749,946
-	-	-	533,979	533,979
197,796	32,483,176	21,321,725	2,355,836	77,697,101

Webster 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	\$ 205,775	322,535	-
Due to other funds (note 3)	16,912	113,737	-
Due to other governments (note 5)	51,097	479,795	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	4,938,000	3,323,000	284,000
Other	88,904	1,386,852	2,178
Bonds payable (note 6)	-	-	-
Iowa Rural Community 2000 Loan (note 6)	-	-	-
Lease purchase agreements (note 6)	-	-	-
Drainage warrants payable (note 6)	-	-	-
Compensated absences	76,216	29,285	-
Total liabilities	5,376,904	5,655,204	286,178
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Prepaid insurance	58,230	30,561	-
Debt service	-	-	71,911
Supplemental levy purposes	502,412	-	-
Unreserved			
Designated for highway project	-	1,277,595	-
Designated for capital projects	-	786,000	-
Undesignated	3,221,918	4,071,655	-
Total fund equity and other credits	3,782,560	6,165,811	71,911
Total liabilities, fund equity and other credits	\$ 9,159,464	11,821,015	358,089

See notes to financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
64,436	82,084	-	-	674,830
-	101,881	-	-	232,530
-	32,165,457	-	-	32,696,349
-	29,548	-	-	29,548
-	-	-	-	8,545,000
-	-	-	-	1,477,934
-	-	-	1,410,000	1,410,000
-	-	-	44,629	44,629
-	-	-	65,926	65,926
-	-	-	533,979	533,979
-	18,260	-	301,302	425,063
64,436	32,397,230	-	2,355,836	46,135,788
-	-	21,321,725	-	21,321,725
133,360	-	-	-	133,360
-	-	-	-	88,791
-	-	-	-	71,911
-	-	-	-	502,412
-	-	-	-	1,277,595
-	-	-	-	786,000
-	85,946	-	-	7,379,519
133,360	85,946	21,321,725	-	31,561,313
197,796	32,483,176	21,321,725	2,355,836	77,697,101

Webster 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	\$ 4,844,487	3,867,238	295,125
Interest and penalty on property tax	116,397	-	-
Intergovernmental	2,920,964	4,977,250	19,628
Licenses and permits	20,233	1,025	-
Charges for service	805,686	49,890	-
Use of money and property	323,691	53,698	-
Miscellaneous	70,714	1,026,777	12,586
Total revenues	9,102,172	9,975,878	327,339
Expenditures:			
Operating:			
Public safety	2,874,787	3,579	-
Court services	407,160	-	-
Physical health and education	1,281,959	179,077	-
Mental health	-	3,776,587	-
Social services	712,089	-	-
County environment	399,460	190,151	-
Roads and transportation	-	4,405,928	-
State and local government services	506,519	5,271	-
Interprogram services	2,657,988	-	-
Non-program	71,473	305,572	300
Debt service	-	1,042,606	332,666
Capital projects	-	288,857	-
Total expenditures	8,911,435	10,197,628	332,966
Excess (deficiency) of revenues over (under) expenditures	190,737	(221,750)	(5,627)

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
-	-	9,006,850
-	-	116,397
-	-	7,917,842
-	-	21,258
-	-	855,576
2,520	-	379,909
-	18,619	1,128,696
2,520	18,619	19,426,528
-	-	2,878,366
-	-	407,160
-	-	1,461,036
-	-	3,776,587
-	-	712,089
-	-	589,611
-	-	4,405,928
-	-	511,790
-	-	2,657,988
-	-	377,345
-	-	1,375,272
-	30,531	319,388
-	30,531	19,472,560
2,520	(11,912)	(46,032)

Webster County

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

Year ended June 30, 2002

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Other financing sources (uses):			
Sale of general fixed assets	261	71,655	-
Proceeds from drainage warrants	-	251,749	-
Operating transfers in	143,893	1,714,638	-
Operating transfers (out)	(250,760)	(1,597,745)	-
Total other financing sources (uses)	<u>(106,606)</u>	<u>440,297</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	84,131	218,547	(5,627)
Fund balances beginning of year	3,692,517	5,962,679	77,538
Increase (decrease) in reserve for prepaid insurance	<u>5,912</u>	<u>(15,415)</u>	<u>-</u>
Fund balances end of year	<u>\$ 3,782,560</u>	<u>6,165,811</u>	<u>71,911</u>

See notes to financial statements.

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
-	-	71,916
-	-	251,749
-	26,656	1,885,187
(36,682)	-	(1,885,187)
(36,682)	26,656	323,665
(34,162)	14,744	277,633
34,162	71,202	9,838,098
-	-	(9,503)
-	85,946	10,106,228

Webster 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	\$ 8,482,152	-
Local option sales tax	559,902	-
Interest and penalty on property tax	115,679	-
Intergovernmental	8,059,442	89,926
Licenses and permits	20,563	-
Charges for service	863,944	-
Use of money and property	390,053	-
Fines, forfeitures and defaults	420	-
Miscellaneous	1,138,199	973,150
Total receipts	19,630,354	1,063,076
Disbursements:		
Public safety	3,038,998	-
Court services	421,712	-
Physical health and education	1,452,023	-
Mental health	3,661,438	-
Social services	736,029	-
County environment	613,693	-
Roads and transportation	4,608,879	-
State and local government services	506,690	-
Interprogram services	2,659,815	-
Non-program	381,853	270,756
Debt service	1,375,272	1,055,192
Capital projects	551,309	-
Total disbursements	20,007,711	1,325,948
Deficiency of receipts under disbursements	(377,357)	(262,872)
Other financing sources, net	323,665	251,749
Deficiency of receipts and other financing sources under disbursements and other financing uses	(53,692)	(11,123)
Balance beginning of year	10,643,040	212,251
Balance end of year	\$ 10,589,348	201,128

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
8,482,152	8,545,038	(62,886)	99%
559,902	655,272	(95,370)	85%
115,679	82,500	33,179	140%
7,969,516	8,953,164	(983,648)	89%
20,563	14,700	5,863	140%
863,944	595,775	268,169	145%
390,053	753,710	(363,657)	52%
420	-	420	
165,049	37,956	127,093	435%
<u>18,567,278</u>	<u>19,638,115</u>	<u>(1,070,837)</u>	<u>95%</u>
3,038,998	3,227,285	188,287	94%
421,712	526,039	104,327	80%
1,452,023	1,504,391	52,368	97%
3,661,438	4,303,558	642,120	85%
736,029	786,108	50,079	94%
613,693	654,145	40,452	94%
4,608,879	4,640,834	31,955	99%
506,690	522,133	15,443	97%
2,659,815	2,716,097	56,282	98%
111,097	180,500	69,403	62%
320,080	320,580	500	100%
551,309	1,698,412	1,147,103	32%
<u>18,681,763</u>	<u>21,080,082</u>	<u>2,398,319</u>	<u>89%</u>
(114,485)	(1,441,967)		
<u>71,916</u>	-		
(42,569)	(1,441,967)		
<u>10,430,789</u>	<u>7,887,182</u>		
<u>10,388,220</u>	<u>6,445,215</u>		

Exhibit D

Webster County
Statement of Revenues, Expenses and
Changes in Retained Earnings
Proprietary Fund Type
Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,327,563
Miscellaneous		2,841
Total operating revenues		<u>1,330,404</u>
Operating expenses:		
Insurance premiums	\$ 1,259,611	
Medical claims	<u>73,819</u>	<u>1,333,430</u>
Operating loss		(3,026)
Non-operating revenues:		
Interest on investments		<u>18,024</u>
Net income		14,998
Retained earnings beginning of year		<u>118,362</u>
Retained earnings end of year		<u><u>\$ 133,360</u></u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund contributions	\$ 1,458,336
Cash received from miscellaneous operating activities	2,841
Cash payments for insurance premiums	(1,259,611)
Cash payments for medical claims	(61,277)
Net cash provided by operating activities	140,289
Cash flows from investing activities:	
Interest on investments	18,496
Net increase in cash and cash equivalents	158,785
Cash and cash equivalents at beginning of year	33,130
Cash and cash equivalents at end of year	\$ 191,915
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (3,026)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in asset and liabilities:	
Decrease in amounts due from other funds	130,773
Increase in accounts payable	12,542
Net cash provided by operating activities	\$ 140,289

See notes to financial statements.

Webster County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

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

These financial statements present Webster 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.

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

Jointly Governed Organizations - The County also 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: Webster County Assessor's Conference Board, Webster County Emergency Management Commission and Webster 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 Webster County Solid Waste Commission, the Webster County Telecommunications Board, Central Iowa Juvenile Detention Center, Region V Narcotic Task Force, Mid-Iowa Development Association Council of Governments, Hazardous Materials Response Commission and Local Emergency Planning Commission jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa. In addition, the County also participates in the following jointly governed organizations: Second Judicial District Department of Correctional Services Board, Iowa Central Industries, Your Own Limited Resources, Inc., the North Central Alcoholism Research Foundation, Webster County Economic Development Corporation and North Central Mental Health Center.

B. Fund Accounting

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

Proprietary Fund

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

Fiduciary Funds

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

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

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.

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

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

D. Basis of Accounting

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

All Governmental Funds and 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.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and expenses are recognized when they are incurred.

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

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds became 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 collected in July and August of 2001.

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

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

Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Current and future drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

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

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 the 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 the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid from the annual debt service tax levies.

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of 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 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 costs of vacation payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

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

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects fund and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service 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, with the cash basis budget, which is legally controlled by service area, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 9,036,319	65,853	9,102,172	10,245,562	(269,684)	9,975,878
Expenditures	9,161,585	(250,150)	8,911,435	10,498,189	(300,561)	10,197,628
Net	(125,266)	316,003	190,737	(252,627)	30,877	(221,750)
Other financing sources (uses)	(113,196)	6,590	(106,606)	439,986	311	440,297
Beginning fund balances	3,846,468	(153,951)	3,692,517	6,628,162	(665,483)	5,962,679
Increase (decrease) in reserve for prepaid insurance	-	5,912	5,912	-	(15,415)	(15,415)
Ending fund balances	\$ 3,608,006	174,554	3,782,560	6,815,521	(649,710)	6,165,811

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 327,334	5	327,339	2,520	-	2,520
Expenditures	332,966	-	332,966	-	-	-
Net	(5,632)	5	(5,627)	2,520	-	2,520
Other financing sources (uses)	-	-	-	(36,682)	-	(36,682)
Beginning fund balances	77,537	1	77,538	34,162	-	34,162
Increase (decrease) in reserve for prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 71,905	6	71,911	-	-	-

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	\$ 18,619	-	18,619	19,630,354	(203,826)	19,426,528
Expenditures	14,971	15,560	30,531	20,007,711	(535,151)	19,472,560
Net	3,648	(15,560)	(11,912)	(377,357)	331,325	(46,032)
Other financing sources (uses)	33,557	(6,901)	26,656	323,665	-	323,665
Beginning fund balances	56,711	14,491	71,202	10,643,040	(804,942)	9,838,098
Increase (decrease) in reserve for prepaid insurance	-	-	-	-	(9,503)	(9,503)
Ending fund balances	\$ 93,916	(7,970)	85,946	10,589,348	(483,120)	10,106,228

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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1 which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities trade on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2002 are as follows:

Type	Fair Value
U.S. government securities	<u>\$ 20,993</u>

In addition, the county had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$2,686,224 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) 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	Special Revenue:	
	Secondary Roads	\$ 1,599
	Mental Health	112,138
	Trust and Agency:	
	County Auditor	75
	County Recorder	61,859
	County Sheriff	17,567
	Auto License and Use Tax	19,951
Special Revenue:		
County Recorder's Records Management	Trust and Agency:	
	County Recorder	2,429
Mental Health	General	1,909
Internal Service:		
Employee Group Health	Special Revenue:	
	Secondary Roads	5,757
Expendable Trust:		
Conservation Land Acquisition Trust	General	<u>9,246</u>
Total		<u><u>\$ 232,530</u></u>

(4) 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 and buildings	\$ 14,980,606	53,742	-	15,034,348
Equipment	5,917,340	702,173	332,136	6,287,377
Total	\$ 20,897,946	755,915	332,136	21,321,725

Equipment includes \$327,503 of assets acquired under capital leases.

(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:

Fund	Description	Amount
General	Services	\$ 51,097
Special Revenue:		
Rural Services	Services	100
Secondary Roads		3,897
Mental Health		475,798
		479,795
Trust and Agency:		
County Recorder	Collections	15,606
Agricultural Extension Education		167,713
County Assessor		464,498
Schools		17,875,912
Community Colleges		792,502
Corporations		11,442,728
Townships		284,036
Auto License and Use Tax		644,688
Tax Sale Redemption		32,198
Special Districts		186,516
E911		127,703
Emergency Management Commission		80,901
All other		50,456
		32,165,457
Total		\$ 32,696,349

(6) Changes in Long-Term Debt

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

	General Obligation Bonds	Iowa Rural Community 2000 Loan	Lease Purchase Agreements	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$1,710,000	54,490	125,318	1,182,881	211,308	3,283,997
Additions	-	-	-	251,749	89,994	341,743
Reductions	300,000	9,861	59,392	900,651	-	1,269,904
Balance end of year	<u>\$1,410,000</u>	<u>44,629</u>	<u>65,926</u>	<u>533,979</u>	<u>301,302</u>	<u>2,355,836</u>

Bonds Payable

Annual debt service requirements for the County's June 30, 2002 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Courthouse Renovation General Obligation County Courthouse Bonds		
	Interest Rates	Principal	Interest
2003	4.50%	\$ 255,000	64,055
2004	4.50	270,000	52,580
2005	4.50	280,000	40,430
2006	4.60	295,000	27,830
2007	4.60	310,000	14,260
Total		<u>\$1,410,000</u>	<u>199,155</u>

During the year ended June 30, 2002, the County retired \$300,000 of bonds, which includes \$55,000 of E911 general obligation corporate purpose bonds.

Iowa Rural Community 2000 Loan

Webster County was awarded an Iowa Rural Community 2000 low interest loan for \$129,000 to construct two sewage lagoons. During the year ended June 30, 1990, the principal amount of \$129,000 was loaned to the County by the Iowa Department of Economic Development. In accordance with a 28E agreement entered into between the County and the Savage Sanitary Sewer District, dated August 8, 1989, the District agreed to make principal and interest payments to the County on the promissory note executed by the County to the State of Iowa. The County in turn makes annual payments to the Iowa Department of Economic Development. Details of the loan at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	5.00%	\$ 10,354	2,232	12,586
2004	5.00	10,872	1,714	12,586
2005	5.00	11,416	1,170	12,586
2006	5.00	11,987	599	12,586
Total		<u>\$ 44,629</u>	<u>5,715</u>	<u>50,344</u>

Lease Purchase Agreements

The County has entered into lease purchase agreement for a communication tower and radio equipment at an annual rate of interest of 5.985%, respectively. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreements in effect at June 30, 2002:

<u>Year ending June 30,</u>	<u>Amount</u>
2002	\$ 35,951
2003	35,951
Total minimum lease payments	<u>71,902</u>
Less amount representing interest	<u>(5,976)</u>
Present value of net minimum lease payments	<u>\$ 65,926</u>

Payments under capital lease purchase agreements for the year ended June 30, 2002 totaled \$67,459.

Drainage Warrants

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

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

(7) 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 contributions to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$391,785, \$381,519, and \$365,442, respectively, equal to the required contributions for each year.

(8) Risk Management

Webster 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 to an 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 \$106,056.

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 are also reinsured on an individual-member basis.

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$250,000 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 the past fiscal years.

(9) Employee Group Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County’s group health insurance benefit plan. The plan is funded by County contributions and Webster County has entered into a Wellmark health insurance plan with Alliance. In addition to the benefits provided by that policy, Webster County also reimburses employees directly for their portion of the deductible and co-insurance.

The payments for plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds at the time of the payment to the Internal Service, Employee Group Health Fund maintained by the County Treasurer. Premiums and claim payments are made from the Internal Service, Employee Group Health Fund. The County’s contribution to the fund for the year ended June 30, 2002 was \$1,327,563.

The amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2002 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(10) Restatement of Beginning Balances

The beginning balance of the following Agency Fund has been retroactively restated at July 1, 2001:

Fund	Beginning Balance, as previously reported at June 30, 2001	Adjustment	Beginning Balance at July 1, 2001, as restated
Special Districts	\$ 580,319	(453,130)	127,189

Special assessments receivable were reduced by \$453,130 for city assessments on agricultural land that are deferred until such time as the land is not used and assessed as agricultural property in accordance with Chapter 384.62 of the Code of Iowa.

(11) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

(12) Special Investigation

As a result of the nature of certain disbursements identified during the audit of Webster County's financial statements for the year ended June 30, 2002, a special investigation of the Webster County Sheriff's Office was conducted. The special investigation identified \$10,004 of improper disbursements approved by the Sheriff. The Sheriff has repaid \$358 of this amount.

Copies of the Auditor of State's special investigation report have been filed with the Webster County Attorney's Office, the Division of Criminal Investigation and the Attorney General's Office.

Supplemental Information

Schedule 1

Webster 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	\$ 4,590,172	
Utility tax replacement excise tax	247,332	
Other	<u>6,983</u>	\$ 4,844,487

Interest and penalty on property tax

116,397

Intergovernmental:

State shared revenues:

Franchise tax	11,644	
Other	<u>3,315</u>	
	<u>14,959</u>	

State grants and reimbursements including indirect federal funding:

Home care aid grant	115,493	
Juvenile justice county base reimbursement	2,269	
Public health nursing grant	57,171	
Human services administrative reimbursements	66,234	
Child support recovery enforcement	447,687	
Emergency medical service	8,594	
Crime victim's assistance grant	19,206	
Well testing and abandonment	14,859	
Well elderly clinic grants	20,217	
Adoption grant	10,319	
Maternal and child health services block grant	97,355	
Special supplemental nutrition program for women, infants and children	271,699	
Community development block grant	33,918	
Community development funding grant	37,500	
Medicaid administration claiming	31,402	
Rent reimbursements	24,602	
District court fees	45,992	
Other	<u>37,879</u>	
	<u>1,342,396</u>	

State tax replacements:

State tax credits	329,558	
State allocation	<u>224,276</u>	
	<u>553,834</u>	

Webster County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):

Intergovernmental:

Direct federal grants and entitlements:

Medicare and medicaid	826,237	
Other	5,477	
	<u>831,714</u>	

Contributions and reimbursements from other governmental units:

Contributions	17,810	
Rent reimbursements	30,656	
Contract law enforcement	11,863	
Uniform law enforcement	35,837	
HIV-AIDS coalition contributions	16,325	
Elections	38,773	
Other	26,797	
	<u>178,061</u>	2,920,964

Licenses and permits

20,233

Charges for service:

Office fees and collections	328,962	
Auto license, use tax and postage	243,982	
Camping fees	89,567	
Health fees	113,643	
Other	29,532	
	<u>805,686</u>	805,686

Use of money and property:

Interest on investments	294,927	
Net decrease in fair value of investments	(5,486)	
Rents	34,250	
	<u>323,691</u>	323,691

Miscellaneous

70,714

Total revenues

9,102,172

Schedule 1

Webster County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Expenditures:		
Operating:		
Public safety		2,874,787
Court services		407,160
Physical health and education		1,281,959
Social services		712,089
County environment		399,460
State and local government services		506,519
Interprogram services		2,657,988
Non-program		71,473
Total expenditures		<u>8,911,435</u>
Excess of revenues over expenditures		<u>190,737</u>
Other financing sources (uses):		
Sale of general fixed assets		261
Operating transfers in (out):		
Special Revenue:		
Secondary Roads	(222,195)	
Federal Revenue Sharing Trust	107,211	
Mental Health	(1,909)	
Capital Projects	36,682	
Expendible Trust:		
Conservation Land Acquisition Trust	(26,656)	(106,867)
Total other financing sources (uses)		<u>(106,606)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		84,131
Fund balance beginning of year		3,692,517
Increase in reserve for prepaid insurance		5,912
Fund balance end of year		<u><u>\$ 3,782,560</u></u>

See accompanying independent auditor's report.

Webster County

Schedule 2

Webster County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:			
Law enforcement:			
Uniformed patrol services	\$	706,129	
Investigations		124,310	
Law enforcement communication		109,893	
Adult correction services		605,764	
Administration		265,872	
		<u>1,811,968</u>	
Legal services:			
Criminal prosecution		506,393	
Medical examinations		41,171	
Child support recovery		433,968	
		<u>981,532</u>	
Emergency services:			
Emergency management		<u>81,287</u>	\$ 2,874,787
Court Services Service Area:			
Assistance to district court system:			
Physical operations		19,709	
Research and other assistance		13,799	
		<u>33,508</u>	
Court proceedings:			
Juries and witnesses		3,653	
Detention services		20,053	
Court costs		12,849	
Service of civil papers		48,721	
		<u>85,276</u>	
Juvenile justice administration:			
Juvenile victim restitution		264,583	
Court-appointed attorneys and court costs for juveniles		23,793	
		<u>288,376</u>	407,160
Physical Health and Education Service Area:			
Physical health services:			
Personal and family health services		312,434	
Sanitation		50,861	
Health administration		869,664	
		<u>1,232,959</u>	
Educational services:			
Fair and 4-H clubs		<u>49,000</u>	1,281,959

Webster County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:		
Services to the poor:		
Administration	77,210	
General welfare services	150,123	
	<u>227,333</u>	
Services to military veterans:		
Administration	31,837	
General services to veterans	30,081	
	<u>61,918</u>	
Children and family services:		
Family protection services	75,000	
Services to other adults:		
Services to the elderly	272,043	
Chemical dependency:		
Treatment services	67,395	
Preventive services	8,400	
	<u>75,795</u>	712,089
County Environment Service Area:		
Conservation and recreation services:		
Administration	258,039	
Maintenance and operations	82,330	
	<u>340,369</u>	
Animal control:		
Animal shelter	22,056	
County development:		
Land use and building controls	19,035	
Economic development	18,000	
	<u>37,035</u>	399,460
State and Local Government Services Service Area:		
Representation services:		
Elections administration	34,640	
Local elections	37,850	
Township officials	4,286	
	<u>76,776</u>	
State administrative services:		
Motor vehicle registrations and licensing	235,518	
Recording of public documents	194,225	
	<u>429,743</u>	506,519

Schedule 2

Webster County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Interprogram Services Service Area:

Policy and administration:

General County management	308,014	
Administrative management services	240,934	
Treasury management services	196,356	
Other policy and administration	857,174	
	<u>1,602,478</u>	

Central services:

General services	652,204	
Data processing services	301,799	
	<u>954,003</u>	

Risk management services:

Tort liability	61,296	
Safety of workplace	26,662	
Fidelity of public officials	1,955	
Unemployment compensation	11,594	
	<u>101,507</u>	2,657,988

Non-program Service Area:

Other county enterprises		<u>71,473</u>
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Total \$ 8,911,435

See accompanying independent auditor's report.

Webster County

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

	Rural Services	Secondary Roads	Federal Revenue Sharing Trust	Mental Health	Supplemental Environment Project
Assets					
Cash and pooled investments	\$ 710,406	2,675,415	304	3,093,370	17,979
Receivables:					
Property tax:					
Delinquent	1,762	-	-	12,352	-
Succeeding year	1,677,000	-	-	1,646,000	-
Accounts	-	-	-	1,679	-
Accrued interest	-	321	5	-	-
Drainage assessments	-	-	-	-	-
Due from other funds	-	-	-	1,909	-
Due from other governments	-	478,070	-	17,492	-
Prepaid insurance	1,221	28,626	-	714	-
Total assets	\$ 2,390,389	3,182,432	309	4,773,516	17,979
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 1,666	178,993	-	100,805	-
Due to other funds	-	1,599	-	112,138	-
Due to other governments	100	3,897	-	475,798	-
Deferred revenue:					
Succeeding year property tax	1,677,000	-	-	1,646,000	-
Other	1,762	240,776	-	12,318	-
Compensated absences	220	27,702	-	1,363	-
Total liabilities	1,680,748	452,967	-	2,348,422	-
Fund equity:					
Fund balances:					
Reserved for prepaid insurance	1,221	28,626	-	714	-
Unreserved:					
Designated for highway project	-	1,277,595	-	-	-
Designated for capital projects	-	-	-	786,000	-
Undesignated	708,420	1,423,244	309	1,638,380	17,979
Total fund equity	709,641	2,729,465	309	2,425,094	17,979
Total liabilities and fund equity	\$ 2,390,389	3,182,432	309	4,773,516	17,979

See accompanying independent auditor's report.

Public Health Resources	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Property Monies	Attorney Confiscated Property Monies	Drainage Districts	Total
7,506	32,381	63,227	11,206	2,599	201,128	6,815,521
-	-	-	-	-	-	14,114
-	-	-	-	-	-	3,323,000
-	-	-	-	-	-	1,679
-	8	15	-	-	-	349
-	-	-	-	-	1,135,553	1,135,553
-	2,429	-	-	-	-	4,338
-	-	338	-	-	-	495,900
-	-	-	-	-	-	30,561
7,506	34,818	63,580	11,206	2,599	1,336,681	11,821,015
-	-	-	-	-	41,071	322,535
-	-	-	-	-	-	113,737
-	-	-	-	-	-	479,795
-	-	-	-	-	-	3,323,000
-	-	-	-	-	1,131,996	1,386,852
-	-	-	-	-	-	29,285
-	-	-	-	-	1,173,067	5,655,204
-	-	-	-	-	-	30,561
-	-	-	-	-	-	1,277,595
-	-	-	-	-	-	786,000
7,506	34,818	63,580	11,206	2,599	163,614	4,071,655
7,506	34,818	63,580	11,206	2,599	163,614	6,165,811
7,506	34,818	63,580	11,206	2,599	1,336,681	11,821,015

Webster County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Federal Revenue Sharing Trust	Mental Health
Revenues:				
Property and other County tax:				
Property tax	\$ 1,627,735	-	-	1,544,824
Local option tax	-	524,594	-	-
Utility tax replacement excise tax	83,379	-	-	83,271
Other	1,084	-	-	2,351
	<u>1,712,198</u>	<u>524,594</u>	<u>-</u>	<u>1,630,446</u>
Intergovernmental:				
State shared revenues:				
Road use tax allocation	-	2,877,004	-	-
State grants and reimbursements including indirect federal funding:				
Social services block grant	-	-	-	210,160
Resource enhancement and protection	-	-	-	-
Federal emergency management assistance	-	3,589	-	-
State sales and use tax refunds	-	26,448	-	-
Other	-	15,881	-	-
	<u>-</u>	<u>45,918</u>	<u>-</u>	<u>210,160</u>
State tax replacements:				
State tax credits	117,089	-	-	110,954
Mental health property tax relief allocation	-	-	-	1,275,868
	<u>117,089</u>	<u>-</u>	<u>-</u>	<u>1,386,822</u>
Direct federal grants and entitlements:				
Medicare and medicaid	-	-	-	225,996
Contributions and reimbursements from other governmental units				
	-	-	-	775
	<u>117,089</u>	<u>2,922,922</u>	<u>-</u>	<u>1,823,753</u>
Licenses and permits				
	-	1,025	-	-
Charges for service				
	-	478	-	39,451
Use of money and property:				
Rents	6,922	-	-	-
Interest on investments	-	41,327	1,695	-
	<u>6,922</u>	<u>41,327</u>	<u>1,695</u>	<u>-</u>
Miscellaneous:				
Drainage assessments	-	-	-	-
Other	-	47,079	-	1,573
	<u>-</u>	<u>47,079</u>	<u>-</u>	<u>1,573</u>
Total revenues	<u>1,836,209</u>	<u>3,537,425</u>	<u>1,695</u>	<u>3,495,223</u>

Supplemental Environment Project	Public Health Resources	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Property Monies	Attorney Confiscated Property Monies	Drainage Districts	Total
-	-	-	-	-	-	-	3,172,559
-	-	-	-	-	-	-	524,594
-	-	-	-	-	-	-	166,650
-	-	-	-	-	-	-	3,435
-	-	-	-	-	-	-	3,867,238
-	-	-	-	-	-	-	2,877,004
-	-	-	-	-	-	-	210,160
-	-	-	11,233	-	-	-	11,233
-	-	-	-	-	-	1,676	5,265
-	-	-	-	-	-	-	26,448
17,500	2,067	-	-	-	-	-	35,448
17,500	2,067	-	11,233	-	-	1,676	288,554
-	-	-	-	-	-	-	228,043
-	-	-	-	-	-	-	1,275,868
-	-	-	-	-	-	-	1,503,911
-	-	-	-	-	-	-	225,996
-	-	-	-	-	-	81,010	81,785
17,500	2,067	-	11,233	-	-	82,686	4,977,250
-	-	-	-	-	-	-	1,025
-	-	9,961	-	-	-	-	49,890
-	-	-	-	-	-	-	6,922
479	-	1,012	1,843	420	-	-	46,776
479	-	1,012	1,843	420	-	-	53,698
-	-	-	-	-	-	964,105	964,105
-	1,732	-	9,786	-	2,502	-	62,672
-	1,732	-	9,786	-	2,502	964,105	1,026,777
17,979	3,799	10,973	22,862	420	2,502	1,046,791	9,975,878

Webster County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Federal Revenue Sharing Trust	Mental Health
Expenditures:				
Operating:				
Public Safety Service Area:				
Law enforcement:				
Administration	-	-	-	-
Physical Health and Education Service Area:				
Educational services:				
Libraries	179,077	-	-	-
Mental Health Service Area:				
Persons with mental health problems - mental illness:				
Information and education	-	-	-	6,417
General administration	-	-	-	194,298
Coordination services	-	-	-	29,554
Personal and environmental support	-	-	-	7,123
Treatment services	-	-	-	89,320
Institutional, hospital, and commitment services	-	-	-	33,639
	-	-	-	360,351
Persons with chronic mental illness:				
Information and education	-	-	-	8
Coordination services	-	-	-	104,069
Personal and environmental support	-	-	-	148,689
Treatment services	-	-	-	54,053
Vocational and day services	-	-	-	135,879
Licensed or certified living arrangements	-	-	-	177,790
Institutional, hospital, and commitment services	-	-	-	79,710
	-	-	-	700,198
Persons with mental retardation:				
Coordination services	-	-	-	223,383
Personal and environmental support	-	-	-	46,281
Treatment services	-	-	-	1,536
Vocational and day services	-	-	-	475,774
Licensed or certified living arrangements	-	-	-	1,581,651
Institutional, hospital, and commitment services	-	-	-	290,727
	-	-	-	2,619,352
Persons with other developmental disabilities:				
Coordination services	-	-	-	1,711
Personal and environmental support	-	-	-	392
Treatment services	-	-	-	1,016
Vocational and day services	-	-	-	28,022
Licensed or certified living arrangements	-	-	-	65,328
Institutional, hospital, and commitment services	-	-	-	217
	-	-	-	96,686
	-	-	-	3,776,587

Supplemental Environment Project	Public Health Resources	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Property Monies	Attorney Confiscated Property Monies	Drainage Districts	Total
-	-	-	-	3,579	-	-	3,579
-	-	-	-	-	-	-	179,077
-	-	-	-	-	-	-	6,417
-	-	-	-	-	-	-	194,298
-	-	-	-	-	-	-	29,554
-	-	-	-	-	-	-	7,123
-	-	-	-	-	-	-	89,320
-	-	-	-	-	-	-	33,639
-	-	-	-	-	-	-	360,351
-	-	-	-	-	-	-	8
-	-	-	-	-	-	-	104,069
-	-	-	-	-	-	-	148,689
-	-	-	-	-	-	-	54,053
-	-	-	-	-	-	-	135,879
-	-	-	-	-	-	-	177,790
-	-	-	-	-	-	-	79,710
-	-	-	-	-	-	-	700,198
-	-	-	-	-	-	-	223,383
-	-	-	-	-	-	-	46,281
-	-	-	-	-	-	-	1,536
-	-	-	-	-	-	-	475,774
-	-	-	-	-	-	-	1,581,651
-	-	-	-	-	-	-	290,727
-	-	-	-	-	-	-	2,619,352
-	-	-	-	-	-	-	1,711
-	-	-	-	-	-	-	392
-	-	-	-	-	-	-	1,016
-	-	-	-	-	-	-	28,022
-	-	-	-	-	-	-	65,328
-	-	-	-	-	-	-	217
-	-	-	-	-	-	-	96,686
-	-	-	-	-	-	-	3,776,587

Webster County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Federal Revenue Sharing Trust	Mental Health
Expenditures (continued):				
Operating:				
County Environment Service Area:				
Environmental quality:				
Natural resources conservation	5,222	-	-	-
Weed eradication	99,796	-	-	-
Solid waste disposal	75,347	-	-	-
	<u>180,365</u>	-	-	-
Conservation and recreation services:				
Administration	-	-	-	-
	<u>180,365</u>	-	-	-
Roads and Transportation Service Area:				
Secondary roads administration and engineering:				
Administration	-	145,350	-	-
Engineering	-	303,150	-	-
	-	<u>448,500</u>	-	-
Roadway maintenance:				
Bridges and culverts	-	43,242	-	-
Roads	-	1,980,782	-	-
Snow and ice control	-	160,606	-	-
Traffic controls	-	56,649	-	-
Road clearing	-	101,890	-	-
	-	<u>2,343,169</u>	-	-
General roadway:				
Equipment	-	494,827	-	-
Equipment operations	-	953,794	-	-
Tools, materials, and supplies	-	19,627	-	-
Real estate and buildings	-	146,011	-	-
	-	<u>1,614,259</u>	-	-
	-	<u>4,405,928</u>	-	-
State and Local Governments Service Area:				
State administrative services:				
Recording of public documents	-	-	-	-
Non-program Service Area:				
Drainage district construction and repair	-	-	-	-
Debt Service Service Area:				
Drainage district warrants paid	-	-	-	-
Interest paid	-	-	-	-
	-	-	-	-
Capital Projects Service Area:				
Roadway construction	-	288,857	-	-
Total expenditures	<u>359,442</u>	<u>4,694,785</u>	-	<u>3,776,587</u>

Supplemental Environment Project	Public Health Resources	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Property Monies	Attorney Confiscated Property Monies	Drainage Districts	Total
-	-	-	-	-	-	-	5,222
-	-	-	-	-	-	-	99,796
-	-	-	-	-	-	-	75,347
-	-	-	-	-	-	-	180,365
-	-	-	9,786	-	-	-	9,786
-	-	-	9,786	-	-	-	190,151
-	-	-	-	-	-	-	145,350
-	-	-	-	-	-	-	303,150
-	-	-	-	-	-	-	448,500
-	-	-	-	-	-	-	43,242
-	-	-	-	-	-	-	1,980,782
-	-	-	-	-	-	-	160,606
-	-	-	-	-	-	-	56,649
-	-	-	-	-	-	-	101,890
-	-	-	-	-	-	-	2,343,169
-	-	-	-	-	-	-	494,827
-	-	-	-	-	-	-	953,794
-	-	-	-	-	-	-	19,627
-	-	-	-	-	-	-	146,011
-	-	-	-	-	-	-	1,614,259
-	-	-	-	-	-	-	4,405,928
-	-	5,271	-	-	-	-	5,271
-	-	-	-	-	-	305,572	305,572
-	-	-	-	-	-	900,651	900,651
-	-	-	-	-	-	141,955	141,955
-	-	-	-	-	-	1,042,606	1,042,606
-	-	-	-	-	-	-	288,857
-	-	5,271	9,786	3,579	-	1,348,178	10,197,628

Webster County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Federal Revenue Sharing Trust	Mental Health
Excess (deficiency) of revenues over (under) expenditures	1,476,767	(1,157,360)	1,695	(281,364)
Other financing sources (uses):				
Sale of general fixed assets	-	71,655	-	-
Proceeds from drainage warrants	-	-	-	-
Operating transfers in (out):				
General	-	222,195	(107,211)	1,909
Special Revenue:				
Rural Services	-	1,597,745	-	-
Secondary Roads	(1,597,745)	-	-	-
Total other financing sources (uses)	(1,597,745)	1,891,595	(107,211)	1,909
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(120,978)	734,235	(105,516)	(279,455)
Fund balances beginning of year	829,993	2,011,985	105,825	2,703,835
Increase (decrease) in reserve for prepaid insurance	626	(16,755)	-	714
Fund balances end of year	\$ 709,641	2,729,465	309	2,425,094

See accompanying independent auditor's report.

Supplemental Environment Project	Public Health Resources	County Recorder's Records Management	Resource Enhancement and Protection	Confiscated Property Monies	Attorney Confiscated Property Monies	Drainage Districts	Total
17,979	3,799	5,702	13,076	(3,159)	2,502	(301,387)	(221,750)
-	-	-	-	-	-	-	71,655
-	-	-	-	-	-	251,749	251,749
-	-	-	-	-	-	-	116,893
-	-	-	-	-	-	-	1,597,745
-	-	-	-	-	-	-	(1,597,745)
-	-	-	-	-	-	251,749	440,297
17,979	3,799	5,702	13,076	(3,159)	2,502	(49,638)	218,547
-	3,707	29,116	50,504	14,365	97	213,252	5,962,679
-	-	-	-	-	-	-	(15,415)
17,979	7,506	34,818	63,580	11,206	2,599	163,614	6,165,811

Schedule 5

Webster 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	\$ 279,987		
Utility tax replacement excise tax	14,722		
Other	<u>416</u>	\$ 295,125	
Intergovernmental:			
State tax replacements:			
State tax credits			19,628
Miscellaneous:			
Savage sanitary sewer remittance			<u>12,586</u>
Total revenues			<u>327,339</u>
Expenditures:			
Non-program Service Area:			
Other expenditures			<u>300</u>
Debt Service Service Area:			
Iowa Rural Community 2000 Loan:			
Principal			9,861
Interest			<u>2,725</u>
			<u>12,586</u>
General Obligation County Courthouse Bonds:			
Principal			245,000
Interest			<u>75,080</u>
			<u>320,080</u>
			<u>332,666</u>
Total expenditures			<u>332,966</u>
Deficiency of revenues under expenditures			(5,627)
Fund balance beginning of year			<u>77,538</u>
Fund balance end of year		\$	<u><u>71,911</u></u>

See accompanying independent auditor's report.

Webster County

Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

	<u>Courthouse Renovation Project</u>
Revenues:	
Use of money and property:	
Interest on investments	\$ 2,520
Expenditures:	
None	<u>-</u>
Excess of revenues over expenditures	2,520
Other financing uses:	
Operating transfers out:	
General	<u>(36,682)</u>
Deficiency of revenues under expenditures and other financing uses	(34,162)
Fund balance beginning of year	<u>34,162</u>
Fund balance end of year	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

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

	Expendable Trust Fund			
	Conservation Land Acquisition Trust	County Offices		
		County Auditor	County Recorder	County Sheriff
Assets				
Cash and pooled investments:				
County Treasurer	\$ 93,916	-	-	-
Other County officials	-	75	79,689	47,191
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	205	-
Accrued interest	-	-	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments:				
Current	-	-	-	-
Future	-	-	-	-
Due from other funds	9,246	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 103,162	75	79,894	47,191
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 17,216	-	-	-
Due to other funds	-	75	64,288	17,567
Due to other governments	-	-	15,606	76
Trusts payable	-	-	-	29,548
Compensated absences	-	-	-	-
Total liabilities	17,216	75	79,894	47,191
Fund equity:				
Unreserved fund balance	85,946	-	-	-
Total liabilities and fund equity	\$ 103,162	75	79,894	47,191

Agency Funds						
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
2,534	165,339	257,881	11,260	181,266	3,824	664,639
-	-	-	-	-	-	-
1,179	2,536	119,031	5,242	125,462	212	-
164,000	314,000	17,499,000	776,000	11,136,000	280,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
167,713	481,875	17,875,912	792,502	11,442,728	284,036	664,639
-	1,152	-	-	-	-	-
-	-	-	-	-	-	19,951
167,713	464,498	17,875,912	792,502	11,442,728	284,036	644,688
-	-	-	-	-	-	-
-	16,225	-	-	-	-	-
167,713	481,875	17,875,912	792,502	11,442,728	284,036	664,639
-	-	-	-	-	-	-
167,713	481,875	17,875,912	792,502	11,442,728	284,036	664,639

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

	Brucellosis and Tuberculosis Eradication	Drainage Districts	Special Districts	Agency Tax Sale Redemp- tion
Assets				
Cash and pooled investments:				
County Treasurer	1,153	7,631	5,606	32,198
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	47	-	72	-
Succeeding year	5,000	-	25,000	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments:				
Delinquent	-	-	80,722	-
Succeeding year	-	-	75,116	-
Drainage assessments:				
Current	-	1,281	-	-
Future	-	62,191	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	6,200	71,103	186,516	32,198
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	-	61,478	-	-
Due to other funds	-	-	-	-
Due to other governments	6,200	9,625	186,516	32,198
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	6,200	71,103	186,516	32,198
Fund equity:				
Unreserved fund balance	-	-	-	-
Total liabilities and fund equity	6,200	71,103	186,516	32,198

See accompanying independent auditor's report.

Funds					
E911	State Tax Credit	Emergency Manage- ment Commission	Advance Tax	Future Property Tax Collections	Total
103,379	3,670	79,687	4,146	26,739	1,644,868
-	-	-	-	-	126,955
-	-	-	-	-	253,781
-	-	-	-	-	30,199,000
27,117	-	-	-	-	27,322
34	-	-	-	-	34
-	-	-	-	-	80,722
-	-	-	-	-	75,116
-	-	-	-	-	1,281
-	-	-	-	-	62,191
-	-	-	-	-	9,246
-	-	2,660	-	-	2,660
130,530	3,670	82,347	4,146	26,739	32,483,176
1,618	-	620	-	-	82,084
-	-	-	-	-	101,881
127,703	3,670	80,901	4,146	26,739	32,165,457
-	-	-	-	-	29,548
1,209	-	826	-	-	18,260
130,530	3,670	82,347	4,146	26,739	32,397,230
-	-	-	-	-	85,946
130,530	3,670	82,347	4,146	26,739	32,483,176

Webster County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
Assets and Liabilities				
Balance beginning of year, as restated (note 10)	\$ 75	83,941	33,582	159,386
Additions:				
Property and other County tax	-	-	-	163,998
E911 surcharge	-	-	-	-
State tax credits	-	-	-	10,595
State allocation	-	-	-	-
Office fees and collections	-	456,830	68,603	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	408,246	-
Miscellaneous	-	-	-	-
Total additions	-	456,830	476,849	174,593
Deductions:				
Agency Remittances:				
To other funds	-	268,558	61,205	-
To other governments	-	192,319	772	166,266
Trusts paid out	-	-	401,263	-
Total deductions	-	460,877	463,240	166,266
Balance end of year	\$ 75	79,894	47,191	167,713

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
454,732	16,183,717	709,047	10,523,131	282,019	610,253	6,477
313,358	17,480,586	775,272	11,000,768	279,491	-	5,174
-	-	-	-	-	-	-
22,779	1,071,108	47,088	605,987	19,580	-	419
6,628	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	7,786,084	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,282	-	-	-	-	-	-
344,047	18,551,694	822,360	11,606,755	299,071	7,786,084	5,593
-	-	-	-	-	248,606	-
316,904	16,859,499	738,905	10,687,158	297,054	7,483,092	5,870
-	-	-	-	-	-	-
316,904	16,859,499	738,905	10,687,158	297,054	7,731,698	5,870
481,875	17,875,912	792,502	11,442,728	284,036	664,639	6,200

Webster County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Drainage Districts</u>	<u>Special Districts</u>	<u>Tax Sale Redemp- tion</u>	<u>E911</u>
Assets and Liabilities				
Balance beginning of year, as restated (note 10)	<u>42,026</u>	<u>127,189</u>	<u>17,125</u>	<u>110,083</u>
Additions:				
Property and other County tax	-	25,350	-	-
E911 surcharge	-	-	-	139,039
State tax credits	-	1,835	-	-
State allocation	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	56,301	80,668	-	-
Trusts	-	-	457,951	-
Miscellaneous	19,936	-	-	57,125
Total additions	<u>76,237</u>	<u>107,853</u>	<u>457,951</u>	<u>196,164</u>
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	47,160	48,526	442,878	175,717
Trusts paid out	-	-	-	-
Total deductions	<u>47,160</u>	<u>48,526</u>	<u>442,878</u>	<u>175,717</u>
Balance end of year	<u>71,103</u>	<u>186,516</u>	<u>32,198</u>	<u>130,530</u>

See accompanying independent auditor's report.

State Tax Credit	Emergency Manage- ment Commission	Advance Tax	State General Fund	Future Property Tax Collections	Total
3,670	68,255	4,146	-	11,390	29,430,244
-	-	-	4,267	-	30,048,264
-	-	-	-	-	139,039
-	-	-	-	-	1,779,391
-	-	-	-	-	6,628
-	-	-	-	-	525,433
-	-	-	-	-	7,786,084
-	-	-	-	-	136,969
-	-	-	-	28,450	894,647
-	54,247	-	-	-	132,590
-	54,247	-	4,267	28,450	41,449,045
-	-	-	-	-	578,369
-	40,155	-	4,267	-	37,506,542
-	-	-	-	13,101	414,364
-	40,155	-	4,267	13,101	38,499,275
3,670	82,347	4,146	-	26,739	32,380,014

Schedule 9

Webster County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 8,042,718	7,689,078	7,823,946	8,002,028
Local option sales tax	524,594	327,636	-	-
Utility tax replacement excise tax	428,704	426,361	-	-
Other	10,834	10,553	10,498	10,207
	<u>9,006,850</u>	<u>8,453,628</u>	<u>7,834,444</u>	<u>8,012,235</u>
Intergovernmental:				
State shared revenues:				
Franchise tax	11,644	37,255	52,143	51,630
Road use tax allocation	2,877,004	2,758,876	2,798,995	2,927,898
Other	3,315	845	3,031	2,080
State grants and reimbursements including indirect federal funding:				
Home care aid grant	115,493	128,955	125,473	125,157
Juvenile justice county base reimbursement	2,269	12,613	8,317	40,229
Public health nursing grant	57,171	67,168	42,152	38,606
Human services administrative reimbursements	66,234	113,100	100,554	97,455
MH-DD community services fund allocation	-	277,741	251,062	251,062
Social services block grant	210,160	215,655	213,684	208,029
Resource enhancement and protection program	11,233	16,834	16,672	16,026
Child support enforcement	447,687	408,882	402,746	313,174
Maternal and child health services block grant	97,355	115,095	94,143	91,054
Special supplemental nutrition program for women, infants and children	271,699	250,753	284,594	261,898
Community development block grant	33,918	116,629	139,270	204,692
Rent reimbursements	24,602	27,399	37,445	42,697
Other	293,129	319,435	263,678	246,497
State tax replacements:				
State tax credits	577,229	600,670	606,504	593,757
State allocation	224,276	231,662	235,037	232,054
Mental health property tax relief allocation	1,275,868	1,275,867	1,275,867	1,275,867
MH-DD allowed growth factor adjustment allocation	-	189,860	194,651	204,613

Webster County
Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Intergovernmental (continued):				
Direct federal grants and entitlements:				
Medicare and medicaid	1,052,233	909,454	837,177	579,281
Other	5,477	10,884	10,602	6,513
Contributions and reimbursements from other governmental units:				
Rent reimbursement	30,656	25,273	26,742	53,269
Child support enforcement	-	-	599	60,797
Election reimbursements	38,773	10,809	40,179	32,709
Other	190,417	151,622	131,388	114,098
	<u>7,917,842</u>	<u>8,273,336</u>	<u>8,192,705</u>	<u>8,071,142</u>
 Total	 <u>\$ 16,924,692</u>	 <u>16,726,964</u>	 <u>16,027,149</u>	 <u>16,083,377</u>

See accompanying independent auditor's report.

Schedule 10

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A050	75,971
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5882A050	<u>195,141</u>
			<u>271,112</u>
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1191-99-50	<u>586</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Programs	14.228	00-CRL-001	<u>33,918</u>
U.S. Department of Justice			
Iowa Department of Justice			
Crime Victim Assistance	16.575		<u>19,206</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO94(3)-8J-94	<u>152,937</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State Emergency Management Division:			
Public Assistance Grants	83.544	FEMA-1367-DR-IA	<u>10,475</u>
Emergency Management Performance Grant Program	83.552		<u>14,247</u>

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative			
Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>15,157</u>
Temporary Assistance for Needy Families	93.558		<u>23,720</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>108</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>3,079</u>
Foster Care - Title IV-E	93.658		<u>7,958</u>
Adoption Assistance	93.659		<u>2,697</u>
Medical Assistance Program	93.778		<u>24,094</u>
Social Services Block Grant	93.667		<u>15,587</u>
Social Services Block Grant	93.667		<u>210,160</u>
			<u>225,747</u>
Iowa Department of Public Health:			
Cerro Gordo County Public Health Department:			
Childhood Lead Poisoning Prevention Projects- State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5882LP05	<u>7,466</u>
Immunization Grants	93.268	5880I448	<u>2,049</u>
Immunization Grants	93.268	5881I404	<u>1,492</u>
			<u>3,541</u>
Center for Disease Control Investigations and Technical Assistance	93.283	5882BT71	<u>3,168</u>
Family Support Payments to States - Assistance Payments	93.560	5882V094	<u>600</u>
State Children's Insurance Program	93.767	MED-02-098	<u>3,327</u>
Rural Health Services Outreach	93.912	5882CO94	<u>8,652</u>
HIV Care Formula Grants	93.917	5881HC14	<u>11,512</u>
HIV Care Formula Grants	93.917	5882HC14	<u>4,746</u>
			<u>16,258</u>

Schedule 10

Webster County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Calhoun County Department of Health:			
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5881NB04	3,280
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5882NB04	8,320
			11,600
Preventive Health and Health Services Block Grant	93.991	5881RR08	4,575
Preventive Health and Health Services Block Grant	93.991	5882RR08	4,988
			9,563
Maternal and Child Health Services Block Grant to the States	93.994	5880A050	18,533
Maternal and Child Health Services Block Grant to the States	93.994	5881A050	52,025
			70,558
Total			\$ 939,774

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Webster 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.



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

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

To the Officials of Webster County:

We have audited the general purpose financial statements of Webster County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 15, 2002. Our report expressed a qualified opinion on the financial statements due to the omission of the materials and supplies inventory, pertaining primarily to Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. 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 Webster 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 an instance of non-compliance that, although not material to the financial statements, is required to be reported under Government Auditing Standards and which is described in Part IV of the accompanying Schedule of Findings and Questioned Costs. In addition, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

Internal Control Over Financial Reporting

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

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

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

November 15, 2002

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

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

Webster County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Webster County:

Compliance

We have audited the compliance of Webster 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 each of its major federal programs for the year ended June 30, 2002. Webster County's major federal programs are 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 each of its major federal programs is the responsibility of Webster County's management. Our responsibility is to express an opinion on Webster County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Webster 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 Webster County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Webster 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 Webster 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 Webster County and other parties to whom the 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.

November 15, 2002

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

- (a) A qualified opinion was issued on the financial statements due to the omission of materials and supplies inventory, pertaining primarily to the Special Revenue Funds.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Webster County did not qualify as a low-risk auditee.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Segregation of Duties - During our review of the internal control, the existing control activities 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 these offices may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(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.	Treasurer, Sheriff
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	Treasurer, Recorder, Sheriff
(3) Bank reconciliations should be reviewed periodically by an independent person for propriety.	Treasurer, Recorder
(4) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash.	Recorder, Sheriff

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by the reviewer's initials or signature and date of review.

Webster County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response:

County Treasurer -We are working on it.

County Recorder - We are trying to do this as much as possible with limited staff. The people in my office are cross-trained so that when one is gone the others can step in and take over their responsibilities, so on these occasions different people are doing the bank reconciliations, etc.

County Sheriff - All incoming mail is opened by Chief Deputy or Sheriff and neither make entries in the Civil Accounts Records. A test list of mail receipts will be prepared on a periodic basis by the Chief Deputy and traced to the cash receipt record. I changed the bank reconciliations to a person whom does not sign check or records cash in the civil book. Due to limited number of employees we all accept money over the counter from people who come to our office. A receipt is given at that time. We will try to utilize the office personnel in the best way possible.

Conclusion - Responses accepted.

II-B-02 Improper Disbursements - The special investigation of the Webster County Sheriff's Office referred to in note 12 to the financial statements identified improper disbursements that were initiated and approved by the Sheriff. Disbursements should be approved by an individual other than the individual that initiates the transactions.

Recommendation - Support for disbursements should document who initiated the transaction and who approved it. The staff of the County Auditor's Office should review claims to ensure that disbursements are reasonable and supported by adequate documentation. Any questionable claims should be brought to the attention of the Board of Supervisors for its review prior to approval for payment.

Response - Prior audits have not addressed this concern. The County Auditor's Office has questioned claims in the past with the department heads and the Board of Supervisors. In the future, such flagged claims will be documented showing the appropriate contacts were made.

Conclusion - Response accepted.

II-C-02 Payment of Claims - Claims submitted by the County Sheriff's Office for purchases from discount stores with which the Office had a charge account were supported by either store receipts or charge receipts.

Recommendation - For vendors that provide more than one copy of a receipt for a single purchase, the County Auditor's Office should establish a policy that identifies which receipt(s) are required to be attached to the claim for payment. Requiring departments to submit both the original merchandise receipt and

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Schedule of Findings and Questioned Costs

Year ended June 30, 2002

the County's copy of the original charge receipt when paying these vendors, would help prevent duplicate payment of a single purchase.

Response – Prior audits have not addressed this concern. In these situations we will require both original store receipt and the County's copy. In most situations the store receipts are attached to the monthly statement.

Conclusion – Response accepted.

- II-D-02 Board of Supervisors – Identifying tags are not placed on all fixed assets. Additionally, not all building and land additions were added to the fixed assets records. Subsequently the additions were included on the fixed assets records.

Recommendation – Identification tags should be placed on all fixed assets.

Response – Efforts are being made to achieve this goal within this fiscal year.

Conclusion – Response accepted.

- II-E-02 County Treasurer – Receipts were not deposited intact.

Recommendation – Receipts should be deposited intact.

Response – Maybe someday. We get started and get busy then forget it.

Conclusion – Response acknowledged. Receipts should be deposited intact.

- II-F-02 Electronic Data Processing Systems – The County has a written policy for logging off unattended terminals. However, there is not a time out and/or log off function to protect a terminal if left unattended. The County does not use a screen saver password to protect a terminal if left unattended. Passwords are changed, but are not changed at least every 60 to 90 days. Also, the County does not have a written disaster recovery plan.

Recommendation – The County should insure that the written policies addressing the logging off of unattended terminals are being followed to improve the County's control over computer based systems and implement the use of a time out and/or log off function or a screen saver password. Passwords should be changed every 60 to 90 days. A written disaster recovery plan should be developed.

Response – Screen saver password functions will be in place at the start of January 2003. The written disaster recovery plan will be in place before fiscal year end. By January 1, 2003 all computers will be changed to force passwords to be changed every 90 days or that computer would be locked out of the system.

Conclusion – Response accepted.

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II-G-02 County Sheriff - The Sheriff maintains a jail inmate/commissary account. However, since a complete check register is not maintained, a book balance is not documented. Also, a monthly reconciliation is not prepared, including an outstanding check listing. In addition, monthly ledger balances for individual inmate accounts were not totaled and reconciled to the commissary bank account balance.

Jail commissary profits have been accumulating in this account and have not been remitted to the County Treasurer. Also, expenditures other than for commissary resale items have been made from the account, but were not charged against the budget.

The County Sheriff receives appearance bonds from inmates coming into the jail. However, the County Sheriff does not obtain a receipt from the County Clerk of Court when the bonds are remitted to the Clerk.

Recommendation - A complete check register, including a book balance should be maintained. Also, a monthly reconciliation should be prepared, including a list of outstanding checks and other reconciling items. In addition, individual inmate accounts at the end of the month should be listed, retained and reconciled to the commissary bank account balance.

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

The County Sheriff should receive a receipt from the County Clerk of Court for each appearance bond remitted to the Clerk.

Response - We now have records to balance with from the Commissary program on our computer. We can now reconcile monthly and get a balance of funds. A monthly reconciliation will be prepared and retained.

Jail commissary profits will be remitted to Webster County Treasurers Office and deposited into the General Fund. Copies of the receipts will be retained by the jail.

Jail will maintain a receipt book. Every receipt will have name and amount posted. Jail staff giving money (to Clerks staff) will sign and Clerk staff will sign receiving money. Clerk will keep one copy and two copies will be kept at the jail. The Clerk of Court will make a copy of the Clerks receipt for the Sheriff on every bond received. Those receipts will be attached to the receipt at the jail.

Conclusion - Response accepted.

II-H-02 Public Health Nurse Receivables - Accounts receivable listings were not retained at the end of each month. Also, amounts billed for medicare, medicaid and other reimbursements were not reconciled to collections and accounts receivable. Bad debts written off during the year were not approved by the Local Board of Health.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation - Accounts receivable listings should be retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response - Beginning July 1, 2002, the accounts receivable listings will be retained and a reconciliation of billings, collections and accounts receivable will be prepared monthly. The Board of Health will review and approve all write-offs of uncollectible accounts.

Conclusion - Response accepted.

II-I-02 Inventory - Inventory balances were not maintained and reported as required by U.S. generally accepted accounting principles.

Recommendation - Inventory balances at the end of the fiscal year should be available based on either a perpetual or periodic inventory system and reported in the financial statements.

Response - The Webster County Secondary Roads Department has an inventory balance for general supplies and materials, which was taken at the end of the fiscal year ended June 30, 2002. This inventory consists of the quantities of shop/yard supplies such as grader blades, signs, sign posts, filters, fuel, salt, or salt/sand mixture, etc. as well as stockpiled quantities of granular surfacing material (gravel or rock) at various locations in the County.

I plan to continue to this type of inventory each and every June 30th. In addition, our shop does maintain a regular accounting of supplies on a computer program. This information will be available to include in the financial statements.

Conclusion - Response accepted.

II-J-02 Timesheets - Salaried personnel of the County do not prepare and file timesheets.

Recommendation - Timesheets should be prepared by all personnel in all departments, salaried as well as hourly, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours, and personal days.

Response - We will take under advisement.

Conclusion - Response acknowledged.

Webster 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.

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Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-02 Official Depositories - Resolutions naming official depositories have been adopted by the Board. The maximum deposit amounts stated in the resolutions were not exceeded during the year ended June 30, 2002.
- IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed amounts budgeted.
- IV-C-02 Questionable Expenditures - A special investigation of the Webster County Sheriff's Office identified \$10,004 of improper disbursements approved by the County Sheriff. The County Sheriff has repaid \$358 of this amount. See note 12 to the financial statements. Certain expenditures were identified during the special investigation that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Through a program established for law enforcement agencies and sponsored by the Harley Davidson Corporation, the County Sheriff's Office leased a motorcycle for one year for a dollar. The County Sheriff's Office purchased and installed equipment on the motorcycle. The equipment totaled \$1,377.53 and included items such as lights, sirens and two helmets.

According to the County Sheriff's staff the motorcycle was used only to represent the County Sheriff's Office in local parades and was not used for patrol or investigative purposes. After the one-year lease expired, the equipment was removed from the motorcycle and is currently in the County storage facility.

Recommendation - According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

The County Sheriff's Office should determine and document the public purpose served by these types of expenditures before authorizing any similar purchases.

Response - The motorcycle was leased for one year, several other counties did the same. The Department entered into this with the hope of utilizing the motorcycle for patrol, but I would only allow the motorcycle to be used on patrol when there were two marked patrol cars on duty and during daylight hours. This was for safety reasons. The motorcycle was also used at some parades and at a law enforcement booth (tent) for public viewing. The motorcycle did attract the public when it was out, which resulted in a lot of public interaction with the Deputy. As for the helmet, we purchased one. The bill states two but was in error and that was worked out with Zylstra Cycle. I did not feel that it was worth entering into a lease the next year, but do think that the interaction with the public and the Department were worthwhile.

Conclusion - Response acknowledged. The County Sheriff's Office should document the public purpose served by these types of expenditures before authorizing any similar purchases.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2002

- IV-D-02 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-02 Business Transactions – No business transactions between the County and County officials or employees were noted:
- IV-F-02 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-02 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not:
- IV-H-02 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-I-02 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-J-02 Health Insurance – The County provides employees health insurance and other benefits through partial self funding of the County’s health insurance plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.
- Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.
- Response – It was our prior understanding that this requirement didn’t apply. The County will obtain an actuarial opinion within this fiscal year.
- Conclusion – Response accepted.
- IV-K-02 Deficit Treasurer’s Drainage Balance – Twenty drainage districts under the control of the Board of Supervisors have deficit Treasurer’s Balances. Chapter 468.54 of the Code of Iowa does not permit expenditures on behalf of any district in excess of its share of the Special Revenue, Drainage Districts Fund.
- Recommendation – The County Treasurer should not permit any drainage district to have a deficit Treasurer’s balance.
- Response – I am sorry that happened. It is getting better – I am training a new person for drainage districts. I have been very careful checking balances before drainage warrants are paid.
- Conclusion – Response accepted.

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Year ended June 30, 2002

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

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

Webster County

Staff

This audit was performed by:

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