



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

David A. Vaudt, CPA  
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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ December 12, 2003

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Butler County, Iowa.

The County had local tax revenue of \$16,350,282 for the year ended June 30, 2003, which included \$1,138,019 in tax credits from the state. The County forwarded \$12,128,962 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,221,320 of the local tax revenue to finance County operations, a four percent decrease from the prior year. Other revenues included \$5,024,881 from the state, including indirect federal funding, \$545,406 from direct federal grants and entitlements and \$210,560 in interest on investments.

Expenditures for County operations totaled \$10,845,073, an eight percent increase from the prior year. Expenditures included \$3,636,570 for roads and transportation, \$1,306,388 for county environment and education, and \$1,263,978 for public safety and legal services.

The increase in expenditures is primarily due to capital projects for the human services building and the bike trail.

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

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**BUTLER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2003**

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**Butler County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Melvin Bakker	Board of Supervisors	(Deceased)
Ken Oldenburger (appointed)	Board of Supervisors	Nov 2002
Mike Creeden	Board of Supervisors	Jan 2003
Larry Backer	Board of Supervisors	Jan 2005
Holly A. Fokkena	County Auditor	Jan 2005
Louise Squires	County Treasurer	Jan 2003
Craig J. Franken	County Recorder	Jan 2003
Timothy A. Junker	County Sheriff	Jan 2005
Gregory M. Lievens	County Attorney	Jan 2003
Deborah McWhirter	County Assessor	Jan 2004
(After January 2003)		
Larry Backer	Board of Supervisors	Jan 2005
Ken Oldenburger	Board of Supervisors	Jan 2007
John Zimmerman	Board of Supervisors	Jan 2007
Holly A. Fokkena	County Auditor	Jan 2005
Louise Squires	County Treasurer	Jan 2007
Craig J. Franken	County Recorder	Jan 2007
Timothy A. Junker	County Sheriff	Jan 2005
Gregory M. Lievens	County Attorney	Jan 2007
Deborah McWhirter	County Assessor	Jan 2004

**Butler County**



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Independent Auditor's Report

To the Officials of Butler County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Butler County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Butler County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Butler County at June 30, 2003 and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Butler County for the year ended June 30, 2003.

As discussed in note 12, Butler County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. 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 include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated September 24, 2003 on our consideration of Butler 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, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 13, 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 24, 2003



**Butler County**

Butler County  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types	
	General	Special Revenue
<b>Assets and Other Debits</b>		
Cash and pooled investments:		
County Treasurer	\$ 1,499,080	5,265,234
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	5,485	4,262
Succeeding year	2,175,000	1,688,000
Interest and penalty on property tax	39,389	-
Accounts	28,136	28,368
Economic development loans (note 9)	-	45,540
E911 lease (note 11)	373,358	-
Due from other funds (note 5)	43,383	1,408
Due from other governments	168,350	431,998
Inventories	-	253,796
Prepaid insurance	73,911	56,166
Property and equipment (note 4)	-	-
Amount to be provided for retirement of general long-term debt	-	-
	\$ 4,406,092	7,774,772

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
887,204	-	-	7,651,518
161,870	-	-	161,870
29,170	-	-	38,917
11,283,000	-	-	15,146,000
-	-	-	39,389
24,059	-	-	80,563
-	-	-	45,540
-	-	-	373,358
100,000	-	-	144,791
2,020	-	-	602,368
-	-	-	253,796
-	-	-	130,077
-	10,819,241	-	10,819,241
-	-	624,113	624,113
12,487,323	10,819,241	624,113	36,111,541

Butler County  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types	
	General	Special Revenue
<b>Liabilities, Fund Equity and Other Credits</b>		
Liabilities:		
Accounts payable	\$ 48,448	92,031
Salaries and benefits payable	59,324	41,208
Due to other funds (note 5)	-	100,000
Due to other governments (note 8)	3,485	61,852
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	2,175,000	1,688,000
Other	100,855	49,645
General obligation capital loan notes (note 7)	-	-
Compensated absences	28,947	33,795
Total liabilities	2,416,059	2,066,531
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balances:		
Reserved for:		
Inventories	-	253,796
Prepaid insurance	73,911	56,166
E911 lease receivable	373,358	-
Supplemental levy purposes	157,340	-
Unreserved:		
Designated for jail and courthouse security	3,759	-
Undesignated	1,381,665	5,398,279
Total fund equity and other credits	1,990,033	5,708,241
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 4,406,092</b>	<b>7,774,772</b>

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
	59,425	-	199,904
	3,894	-	104,426
	44,791	-	144,791
	12,133,611	-	12,198,948
	79,966	-	79,966
	-	-	3,863,000
	-	-	150,500
	-	423,359	423,359
	2,847	200,754	266,343
	12,324,534	-	17,431,237
	-	10,819,241	10,819,241
	-	-	253,796
	-	-	130,077
	-	-	373,358
	-	-	157,340
	-	-	3,759
	162,789	-	6,942,733
	162,789	10,819,241	18,680,304
	12,487,323	10,819,241	36,111,541

Butler County

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

Year ended June 30, 2003

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other county tax	\$ 1,976,945	1,984,297
Interest and penalty on property tax	35,204	-
Intergovernmental	1,115,198	4,732,253
Licenses and permits	-	6,510
Charges for service	423,993	28,392
Use of money and property	249,183	54,043
Miscellaneous	158,745	55,511
Total revenues	<u>3,959,268</u>	<u>6,861,006</u>
Expenditures:		
Operating:		
Public safety and legal services	888,826	375,152
Physical health and social services	1,236,351	-
Mental health	-	1,114,443
County environment and education	317,072	989,316
Roads and transportation	-	3,636,570
Governmental services to residents	236,906	8,406
Administration	1,241,945	-
Non-program	832	-
Debt service	-	-
Capital projects	89,161	276,154
Total expenditures	<u>4,011,093</u>	<u>6,400,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,825)</u>	<u>460,965</u>
Other financing sources (uses):		
Sale of general fixed assets	-	3,800
Operating transfers in	-	1,155,914
Operating transfers out	(424,077)	(1,112,639)
Total other financing sources (uses)	<u>(424,077)</u>	<u>47,075</u>

Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
-	-	-	3,961,242
-	-	-	35,204
-	-	-	5,847,451
-	-	-	6,510
-	-	-	452,385
-	-	962	304,188
37,413	-	9,380	261,049
37,413	-	10,342	10,868,029
-	-	-	1,263,978
-	-	-	1,236,351
-	-	-	1,114,443
-	-	-	1,306,388
-	-	-	3,636,570
-	-	-	245,312
-	-	-	1,241,945
-	-	-	832
45,052	-	-	45,052
-	300,000	88,887	754,202
45,052	300,000	88,887	10,845,073
(7,639)	(300,000)	(78,545)	22,956
-	-	-	3,800
7,639	300,000	73,163	1,536,716
-	-	-	(1,536,716)
7,639	300,000	73,163	3,800

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Butler County

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

Year ended June 30, 2003

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(475,902)	508,040
Fund balances beginning of year	2,473,125	5,198,173
Increase (decrease) in reserve for:		
Inventories	-	(3,815)
Prepaid insurance	9,451	5,843
E911 lease receivable	(16,641)	-
Fund balances end of year	<u>\$ 1,990,033</u>	<u>5,708,241</u>

See notes to financial statements.



Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
-	-	(5,382)	26,756
-	-	168,171	7,839,469
-	-	-	(3,815)
-	-	-	15,294
-	-	-	(16,641)
-	-	162,789	7,861,063

Butler County

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

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 3,980,699	-
Interest and penalty on property tax	35,586	-
Intergovernmental	5,846,640	-
Licenses and permits	6,460	-
Charges for service	425,603	-
Use of money and property	319,663	-
Miscellaneous	242,894	-
Total receipts	<u>10,857,545</u>	-
Disbursements:		
Public safety and legal services	1,262,363	-
Physical health and social services	1,222,751	-
Mental health	1,137,164	-
County environment and education	1,134,726	-
Roads and transportation	3,609,421	-
Governmental services to residents	245,548	-
Administration	1,228,778	-
Non-program	832	-
Debt service	45,053	-
Capital projects	1,024,372	-
Total disbursements	<u>10,911,008</u>	-
Deficiency of receipts under disbursements	(53,463)	-
Other financing sources, net	<u>878</u>	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(52,585)	-
Balance beginning of year	<u>6,880,068</u>	1,093
Balance end of year	<u>\$ 6,827,483</u>	<u>1,093</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,980,699	3,947,340	33,359	101%
35,586	8,000	27,586	445%
5,846,640	6,045,431	(198,791)	97%
6,460	5,525	935	117%
425,603	363,510	62,093	117%
319,663	364,321	(44,658)	88%
242,894	195,924	46,970	124%
<u>10,857,545</u>	<u>10,930,051</u>	<u>(72,506)</u>	<u>99%</u>
1,262,363	1,285,578	23,215	98%
1,222,751	1,394,173	171,422	88%
1,137,164	1,148,450	11,286	99%
1,134,726	1,598,622	463,896	71%
3,609,421	3,742,000	132,579	96%
245,548	253,429	7,881	97%
1,228,778	1,302,469	73,691	94%
832	2,000	1,168	42%
45,053	45,054	1	100%
1,024,372	1,490,000	465,628	69%
<u>10,911,008</u>	<u>12,261,775</u>	<u>1,350,767</u>	<u>89%</u>
(53,463)	(1,331,724)		
<u>878</u>	<u>4,893</u>		
(52,585)	(1,326,831)		
<u>6,878,975</u>	<u>4,926,680</u>		
<u>6,826,390</u>	<u>3,599,849</u>		

Butler County

Notes to Financial Statements

June 30, 2003

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

Butler 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, Butler 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 Butler County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

A drainage district has 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 this district is legally separate from the County, it is controlled, managed and supervised by the Butler County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the individual drainage district can be obtained from the Butler County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of

Supervisors are members of or appoint representatives to the following boards and commissions: Butler County Assessor's Conference Board, Butler County Emergency Management Commission, and Butler County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Iowa Northland Regional Council of Governments, Job Training Partnership Act, Butler County Solid Waste Commission, North Iowa Juvenile Detention Services Commission, Multi-County Child Support Enforcement Office, Northeast Iowa Response Group, Allison Area Department of Human Services Cluster and North Central Iowa Network Sharing Agreement.

## B. Fund Accounting

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

### Governmental Funds

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

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

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

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

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

### Fiduciary Funds

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

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

### Account Groups

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

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

C. Measurement Focus

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

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

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

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

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

Inventories – Inventories are valued at cost using the first-in/first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets – General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service 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 represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable 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 cost of vacation expected to be liquidated currently is recorded as a liability of the Governmental Funds. 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, 2003.

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 the blended component unit 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 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and Expendable Trust Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.



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

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by function, 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	\$ 3,970,173	(10,905)	3,959,268	6,839,618	21,388	6,861,006
Expenditures	3,985,780	25,313	4,011,093	6,491,669	(91,628)	6,400,041
Net	(15,607)	(36,218)	(51,825)	347,949	113,016	460,965
Other financing sources (uses)	(427,125)	3,048	(424,077)	146,243	(99,168)	47,075
Beginning fund balances	1,941,812	531,313	2,473,125	4,771,042	427,131	5,198,173
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(3,815)	(3,815)
Prepaid insurance	-	9,451	9,451	-	5,843	5,843
E911 lease receivable	-	(16,641)	(16,641)	-	-	-
Ending fund balances	\$ 1,499,080	490,953	1,990,033	5,265,234	443,007	5,708,241

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 37,413	-	37,413	-	-	-
Expenditures	45,053	(1)	45,052	300,000	-	300,000
Net	(7,640)	1	(7,639)	(300,000)	-	(300,000)
Other financing sources (uses)	7,640	(1)	7,639	300,000	-	300,000
Beginning fund balances	-	-	-	-	-	-
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
E911 lease receivable	-	-	-	-	-	-
Ending fund balances	\$ -	-	-	-	-	-

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,341	1	10,342	10,857,545	10,484	10,868,029
Expenditures	88,506	381	88,887	10,911,008	(65,935)	10,845,073
Net	(78,165)	(380)	(78,545)	(53,463)	76,419	22,956
Other financing sources (uses)	(25,880)	99,043	73,163	878	2,924	3,800
Beginning fund balances	167,214	957	168,171	6,880,068	959,401	7,839,469
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(3,815)	(3,815)
Prepaid insurance	-	-	-	-	15,294	15,294
E911 lease receivable	-	-	-	-	-	(16,641)
Ending fund balances	\$ 63,169	99,620	162,789	6,827,483	1,050,223	7,861,063

G. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**(3) 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 and conservation employees in which case the percentages are 5.37% and 8.05% and 6.04% and 9.07% respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$209,859, \$202,257, and \$189,728, respectively, equal to the required contributions for each year.

**(4) Property and Equipment**

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 586,017	383,516	200	969,333
Buildings	1,503,324	519,007	-	2,022,331
Equipment	7,519,929	759,564	451,916	7,827,577
Total	<u>\$ 9,609,270</u>	<u>1,662,087</u>	<u>452,116</u>	<u>10,819,241</u>

**(5) Due from and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	Auto License and Use Tax	\$ 10,136
	County Recorder	33,221
	County Sheriff	26
Special Revenue:	Trust and Agency:	
County Recorder's Records Management	County Recorder	1,408
Trust and Agency:	Special Revenue:	
Conservation Land Acquisition Trust	Resource Enhancement and Protection	100,000
Total		<u>\$ 144,791</u>

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

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	General Obligation Capital Loan Notes	Compensated Absences	Total
Balance beginning of year	\$ 445,000	193,551	638,551
Additions	-	7,203	7,203
Reductions	21,641	-	21,641
Balance end of year	<u>\$ 423,359</u>	<u>200,754</u>	<u>624,113</u>

**(7) General Obligation Capital Loan Notes**

Capital Loan Notes for Urban Renewal Project – General obligation capital loan notes were issued on October 1, 1998, totaling \$60,000, for the purpose of paying costs of an urban renewal project, including a grant to Sinclair Elevator. A Special Revenue Fund, Sinclair Elevator Project TIF account has been established for the collection of tax increment financing revenues which will be used to pay off the capital loan notes.

A summary of the County's June 30, 2003 general obligation capital loan note indebtedness for this issue is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2004	4.80%	\$ 10,000	2,400	12,400
2005	4.80	10,000	1,920	11,920
2006	4.80	10,000	1,440	11,440
2007	4.80	10,000	960	10,960
2008	4.80	10,000	480	10,480
Total		<u>\$ 50,000</u>	<u>7,200</u>	<u>57,200</u>

During the year ended June 30, 2003, notes totaling \$5,000 were retired.

Capital Loan Note for E911 Service Board Equipment – A general obligation capital loan note was issued on December 3, 2001, totaling \$390,000, for the purpose of paying costs of acquiring replacement equipment for use by the Butler County E911 Service Board. The note is to be paid from the General Fund in 30 equal semi-annual payments of \$18,707, including interest of 5% per annum. The final payment is payable on January 1, 2017. The balance of the note at June 30, 2003 totaled \$373,359.

**(8) 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. 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	\$ 3,485
Special Revenue:		
Rural Services	Services	2,025
Secondary Roads		196
Mental Health		59,631
		<u>61,852</u>
Trust and Agency:		
County Assessor	Collections	402,205
Schools		8,010,456
Community Colleges		394,290
Corporations		2,510,805
Auto License and Use Tax		281,769
E911 Service Board		62,403
All other		471,683
		<u>12,133,611</u>
Total		<u>\$ 12,198,948</u>

**(9) Butler County Economic Development Revolving Loan Fund**

Butler County has six economic development loans receivable, totaling \$45,540 at June 30, 2003, due from businesses located in Butler County. The loans were made to the businesses to promote economic development.

The loans are to be repaid to Butler County in monthly and quarterly installments over periods ranging from four to five years, with interest at rates ranging from 5.00% to 7.00% per annum. The loan repayments from the businesses remain in the Butler County Economic Development Revolving Loan Fund for future loans to other businesses.

**(10) Risk Management**

Butler County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$130,077.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance 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 \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) E911 Lease Receivable**

The County entered into a lease agreement with the E911 Service Board. Under the agreement, the E911 Service Board is to make semi-annual payments of \$18,707 to the County, an amount equal to the semi-annual payment required by the capital loan note, as detailed in Note 7 of the notes to financial statements. The payments from the E911 Service Board of the semi-annual payments of principal and interest are credited to and paid from the General Fund. The following is a schedule of the future minimum lease payments to be received by the County, including interest of 5% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2003:

Year Ending June 30,	Total
2004	\$ 37,414
2005	37,414
2006	37,414
2007	37,414
2008	37,414
2009-2017	<u>336,711</u>
Total minimum lease payments	523,781
Less amount representing interest	<u>(150,422)</u>
Present value of net minimum lease payments	<u>\$ 373,359</u>

The assets and liabilities of the E911 Service Board Fund, an Agency Fund, are reported on the modified accrual basis. Accordingly, the E911 equipment leased from the County and capital lease purchase agreement payable by the E911 Service Board to the County have not been reported in the E911 Service Board Fund.

**(12) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of County’s financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the County’s financial activities.

**Supplemental Information**

**Schedule 1**

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## Butler County

## General Fund

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

Year ended June 30, 2003

## Revenues:

Property and other county tax:		
Property tax	\$ 1,913,534	
Utility tax replacement excise tax	62,233	
Other	<u>1,178</u>	\$ 1,976,945
Interest and penalty on property tax		35,204
Intergovernmental:		
State shared revenues:		
Franchise tax	30,284	
Liquor licenses	<u>1,918</u>	
	<u>32,202</u>	
State tax replacements:		
State tax credits	148,612	
State allocation	<u>50,867</u>	
	<u>199,479</u>	
State and federal pass-thru revenues:		
Human services administrative reimbursement	73,723	
Childhood lead poisoning	<u>409</u>	
	<u>74,132</u>	
Contributions from other governmental units:		
Elections	13,325	
Board and care of prisoners	12,250	
Administration	38,568	
District court fees/revenues	3,216	
Physical health and social services	7,920	
Other	<u>4,707</u>	
	<u>79,986</u>	
State grants and entitlements:		
Emergency medical services	19,612	
Homemaker health grant	44,652	
Public health nursing grant	16,251	
Other	<u>103,478</u>	
	<u>183,993</u>	
Federal grants and entitlements:		
Medicare and medicaid	359,637	
COPS grant	52,000	
Parish nurses grant	<u>133,769</u>	
	<u>545,406</u>	1,115,198



## Butler County

## General Fund

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

Year ended June 30, 2003

Revenues (continued):		
Charges for service:		
Office fees and collections	145,038	
Auto registration, use tax and postage	107,731	
Health fees	141,321	
Camping fees	24,348	
Other	5,555	423,993
		<hr/>
Use of money and property:		
Interest on investments	197,681	
Conservation and farmland rent	51,502	249,183
		<hr/>
Miscellaneous		158,745
Total revenues		<u>3,959,268</u>
Expenditures:		
Operating:		
Public safety and legal services		888,826
Physical health and social services		1,236,351
County environment and education		317,072
Government services to residents		236,906
Administration		1,241,945
Non-program		832
Capital projects		89,161
Total expenditures		<u>4,011,093</u>
Deficiency of revenues under expenditures		<u>(51,825)</u>
Other financing sources (uses):		
Operating transfers in (out):		
Special Revenue:		
Secondary Roads		(50,000)
Sesquicentennial Memorial		(914)
Capital Projects		(300,000)
Expendable Trust:		
Conservation Land Acquisition Trust		(73,163)
Total other financing sources (uses)		<u>(424,077)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(475,902)
Fund balance beginning of year		2,473,125
Increase (decrease) in reserve for:		
Prepaid insurance		9,451
E911 lease receivable		(16,641)
		<hr/>
Fund balance end of year		<u>\$ 1,990,033</u>

See accompanying independent auditor's report.

**Schedule 2**

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Butler County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:

Law enforcement:

Investigations	\$ 125,675
Law enforcement communication	150,396
Adult correctional services	177,776
Administration	263,435
	<u>717,282</u>

Legal services:

Criminal prosecution	110,668
Medical examinations	12,626
	<u>123,294</u>

Emergency services:

Emergency management	<u>23,402</u>
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Assistance to district court system:

Physical operations	630
Research and other assistance	14,094
	<u>14,724</u>

Court proceedings:

Juries and witnesses	256
Court costs	1,663
Service of civil papers	385
	<u>2,304</u>

Juvenile justice administration:

Juvenile representation services	4,110
Court-appointed attorneys and court costs for juveniles	3,710
	<u>7,820</u>

\$ 888,826

Physical health and social services:

Physical health services:

Personal and family health services	<u>1,016,818</u>
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Services to the poor:

Administration	89,604
General welfare services	17,722
	<u>107,326</u>

## Butler County

## General Fund

## Statement of Expenditures

Year ended June 30, 2003

## Physical health and social services (continued):

Services to military veterans:		
Administration	17,517	
General services to veterans	7,950	
	<u>25,467</u>	
Children and family services:		
Family protective services	11,025	
Services to other adults:		
Services to the elderly	8,011	
Other social services	38,052	
	<u>46,063</u>	
Chemical dependency:		
Preventive services	29,652	1,236,351
County environment and education:		
Conservation and recreation services:		
Administration	230,267	
Maintenance and operations	30,903	
Recreation and environment education services	3,902	
	<u>265,072</u>	
County development:		
Economic development	30,000	
Educational services:		
Historic preservation	2,000	
Fair and 4-H clubs	20,000	
	<u>22,000</u>	317,072
Government services to residents:		
Representation services:		
Elections administration	49,808	
Local elections	9,599	
	<u>59,407</u>	
State administrative services:		
Motor vehicle registrations and licensing	78,964	
Recording of public documents	98,535	
	<u>177,499</u>	236,906

**Schedule 2**

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Butler County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Administration:

Policy and administration:

General county management	88,226	
Administrative management services	102,455	
Treasury management services	101,903	
Other policy and administration	25,971	
	<u>318,555</u>	

Central services:

General services	668,517	
Data processing services	151,270	
	<u>819,787</u>	

Risk management services:

Safety of the workplace	102,757	
Fidelity of public officials	846	
	<u>103,603</u>	1,241,945

Non-program:

County farm operations		832
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Capital projects:

Human services building		<u>89,161</u>
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Total		<u>\$ 4,011,093</u>
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See accompanying independent auditor's report.

**Butler County**

Butler County  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Assets</b>				
Cash and pooled investments	\$ 1,200,179	3,762,628	13,366	6,163
Receivables:				
Property tax:				
Delinquent	3,514	-	-	-
Succeeding year	1,311,000	-	-	-
Accounts	-	370	-	-
Economic development loans	-	-	-	-
Due from other funds	-	-	-	1,408
Due from other governments	35,983	225,916	170,099	-
Inventories	-	253,796	-	-
Prepaid insurance	-	56,166	-	-
<b>Total assets</b>	<b>\$ 2,550,676</b>	<b>4,298,876</b>	<b>183,465</b>	<b>7,571</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 2,037	41,845	-	-
Salaries and benefits payable	7,336	33,560	172	-
Due to other funds	-	-	100,000	-
Due to other governments	2,025	196	-	-
Deferred revenue:				
Succeeding year property tax	1,311,000	-	-	-
Other	3,407	-	-	-
Compensated absences	2,544	31,251	-	-
Total liabilities	1,328,349	106,852	100,172	-
Fund equity:				
Fund balance:				
Reserved for:				
Inventories	-	253,796	-	-
Prepaid insurance	-	56,166	-	-
Unreserved	1,222,327	3,882,062	83,293	7,571
Total fund equity	1,222,327	4,192,024	83,293	7,571
<b>Total liabilities and fund equity</b>	<b>\$ 2,550,676</b>	<b>4,298,876</b>	<b>183,465</b>	<b>7,571</b>

See accompanying independent auditor's report.

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesqui- centennial Memorial	Total
5,479	1,093	108,306	90	143,373	23,626	931	5,265,234
-	-	748	-	-	-	-	4,262
-	-	363,000	-	-	14,000	-	1,688,000
62	-	-	27,936	-	-	-	28,368
-	-	-	-	45,540	-	-	45,540
-	-	-	-	-	-	-	1,408
-	-	-	-	-	-	-	431,998
-	-	-	-	-	-	-	253,796
-	-	-	-	-	-	-	56,166
5,541	1,093	472,054	28,026	188,913	37,626	931	7,774,772
-	-	44,473	3,676	-	-	-	92,031
-	-	140	-	-	-	-	41,208
-	-	-	-	-	-	-	100,000
-	-	59,631	-	-	-	-	61,852
-	-	363,000	-	-	14,000	-	1,688,000
-	-	698	-	45,540	-	-	49,645
-	-	-	-	-	-	-	33,795
-	-	467,942	3,676	45,540	14,000	-	2,066,531
-	-	-	-	-	-	-	253,796
-	-	-	-	-	-	-	56,166
5,541	1,093	4,112	24,350	143,373	23,626	931	5,398,279
5,541	1,093	4,112	24,350	143,373	23,626	931	5,708,241
5,541	1,093	472,054	28,026	188,913	37,626	931	7,774,772

Butler County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Commissary and Telephone
<b>Revenues:</b>					
Property and other County tax:					
Property tax	\$1,376,619	-	-	-	-
Local option sales tax	140,915	140,915	-	-	-
Utility tax replacement excise tax	40,184	-	-	-	-
Other	561	-	-	-	-
	<u>1,558,279</u>	<u>140,915</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Intergovernmental:</b>					
State shared revenues:					
Road use tax	-	3,009,752	-	-	-
	<u>-</u>	<u>3,009,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
State tax replacements:					
State tax credits	91,125	-	-	-	-
State allocation	-	50,867	-	-	-
Mental health property tax relief	-	-	-	-	-
	<u>91,125</u>	<u>50,867</u>	<u>-</u>	<u>-</u>	<u>-</u>
State and federal pass-thru revenues:					
Social services block grant	-	-	-	-	-
Community development block grant	-	-	-	-	-
Highway planning and construction	-	-	245,000	-	-
	<u>-</u>	<u>-</u>	<u>245,000</u>	<u>-</u>	<u>-</u>
State grants and entitlements:					
MH-DD community service fund allocation	-	-	-	-	-
MH-DD allowed growth factor adjustment	-	-	-	-	-
Resource enhancement and protection program	-	-	120,028	-	-
Well testing grants	8,813	-	-	-	-
	<u>8,813</u>	<u>-</u>	<u>120,028</u>	<u>-</u>	<u>-</u>
Contributions and reimbursements from other governmental units:					
Engineer salary reimbursements	-	48,182	-	-	-
Contract law enforcement	96,750	-	-	-	-
Other	-	52,243	-	-	-
	<u>96,750</u>	<u>100,425</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>196,688</u>	<u>3,161,044</u>	<u>365,028</u>	<u>-</u>	<u>-</u>



Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesquicentennial Memorial	Community Development Block Grant	Total
-	261,147	-	-	15,184	-	-	1,652,950
-	-	-	-	-	-	-	281,830
-	8,497	-	-	-	-	-	48,681
-	275	-	-	-	-	-	836
-	269,919	-	-	15,184	-	-	1,984,297
-	-	-	-	-	-	-	3,009,752
-	20,289	-	-	52	-	-	111,466
-	-	-	-	-	-	-	50,867
-	440,837	-	-	-	-	-	440,837
-	461,126	-	-	52	-	-	603,170
-	60,469	-	-	-	-	-	60,469
-	-	-	-	-	-	381,298	381,298
-	-	-	-	-	-	-	245,000
-	60,469	-	-	-	-	381,298	686,767
-	60,138	-	-	-	-	-	60,138
-	46,410	-	-	-	-	-	46,410
-	-	-	-	-	-	-	120,028
-	-	-	-	-	-	-	8,813
-	106,548	-	-	-	-	-	235,389
-	-	-	-	-	-	-	48,182
-	-	-	-	-	-	-	96,750
-	-	-	-	-	-	-	52,243
-	-	-	-	-	-	-	197,175
-	628,143	-	-	52	-	381,298	4,732,253

Butler County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Commissary and Telephone
Revenues (continued):					
Licenses and permits	4,695	1,815	-	-	-
Charges for service:					
Document management fee	-	-	-	4,852	-
Other	597	21,266	-	-	1,006
	597	21,266	-	4,852	1,006
Use of money and property:					
Interest on investment	-	-	1,638	82	-
Interest and loan repayments	-	-	-	-	-
Land rent	-	1,784	-	-	-
Sale of seized property	-	-	-	-	-
	-	1,784	1,638	82	-
Miscellaneous:					
Sale of commodities	-	24,606	-	-	-
Other	3,898	27,007	-	-	-
	3,898	51,613	-	-	-
Total revenues	1,764,157	3,378,437	366,666	4,934	1,006
Expenditures:					
Operating					
Public safety and legal services:					
Law enforcement:					
Administration	-	-	-	-	-
Uniformed patrol services	283,673	-	-	-	-
Contract law enforcement	79,643	-	-	-	-
	363,316	-	-	-	-
Emergency services:					
Ambulance services	7,050	-	-	-	-
Fire protection services	350	-	-	-	-
	7,400	-	-	-	-
	370,716	-	-	-	-

Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesquicentennial Memorial	Community Development Block Grant	Total
-	-	-	-	-	-	-	6,510
-	-	-	-	-	-	-	4,852
-	671	-	-	-	-	-	23,540
-	671	-	-	-	-	-	28,392
-	-	-	2,537	-	17	-	4,274
-	-	-	19,749	-	-	-	19,749
-	-	-	-	-	-	-	1,784
-	-	28,236	-	-	-	-	28,236
-	-	28,236	22,286	-	17	-	54,043
-	-	-	-	-	-	-	24,606
-	-	-	-	-	-	-	30,905
-	-	-	-	-	-	-	55,511
-	898,733	28,236	22,286	15,236	17	381,298	6,861,006
-	-	4,436	-	-	-	-	4,436
-	-	-	-	-	-	-	283,673
-	-	-	-	-	-	-	79,643
-	-	4,436	-	-	-	-	367,752
-	-	-	-	-	-	-	7,050
-	-	-	-	-	-	-	350
-	-	-	-	-	-	-	7,400
-	-	4,436	-	-	-	-	375,152

Butler County  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Commissary and Telephone
Expenditures (continued):					
Operating:					
Mental health:					
Persons with mental health problems - mental illness:					
Information and education services	-	-	-	-	-
General administration	-	-	-	-	-
Personal and environmental support	-	-	-	-	-
Treatment services	-	-	-	-	-
Vocational and day services	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-
	-	-	-	-	-
Persons with chronic mental illness:					
Coordination services	-	-	-	-	-
Personal and environmental support	-	-	-	-	-
Treatment services	-	-	-	-	-
Vocational and day services	-	-	-	-	-
Licensed or certified living arrangements	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-
	-	-	-	-	-
Persons with mental retardation:					
Coordination services	-	-	-	-	-
Personal and environmental support	-	-	-	-	-
Treatment services	-	-	-	-	-
Vocational and day services	-	-	-	-	-
Licensed or certified living arrangements	-	-	-	-	-
Institutional, hospital, and commitment services	-	-	-	-	-
	-	-	-	-	-
Persons with other developmental disabilities:					
Coordination services	-	-	-	-	-
Personal and environmental support	-	-	-	-	-
Treatment services	-	-	-	-	-
Vocational and day services	-	-	-	-	-
Licensed or certified living arrangements	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesquicentennial Memorial	Community Development Block Grant	Total
-	18,035	-	-	-	-	-	18,035
-	29,176	-	-	-	-	-	29,176
-	477	-	-	-	-	-	477
-	55,097	-	-	-	-	-	55,097
-	661	-	-	-	-	-	661
-	3,375	-	-	-	-	-	3,375
-	106,821	-	-	-	-	-	106,821
-	1,144	-	-	-	-	-	1,144
-	45,274	-	-	-	-	-	45,274
-	5,007	-	-	-	-	-	5,007
-	7,926	-	-	-	-	-	7,926
-	67,947	-	-	-	-	-	67,947
-	6,817	-	-	-	-	-	6,817
-	134,115	-	-	-	-	-	134,115
-	16,366	-	-	-	-	-	16,366
-	30,041	-	-	-	-	-	30,041
-	287	-	-	-	-	-	287
-	246,529	-	-	-	-	-	246,529
-	441,818	-	-	-	-	-	441,818
-	81,025	-	-	-	-	-	81,025
-	816,066	-	-	-	-	-	816,066
-	1,657	-	-	-	-	-	1,657
-	5,204	-	-	-	-	-	5,204
-	63	-	-	-	-	-	63
-	26,861	-	-	-	-	-	26,861
-	23,656	-	-	-	-	-	23,656
-	57,441	-	-	-	-	-	57,441
-	1,114,443	-	-	-	-	-	1,114,443

Butler County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Commissary and Telephone
Expenditures (continued):					
Operating:					
County environment and education:					
Environmental quality:					
Natural resources conservation	3,240	-	317,926	-	-
Solid waste disposal	194,573	-	-	-	-
	<u>197,813</u>	<u>-</u>	<u>317,926</u>	<u>-</u>	<u>-</u>
Educational services:					
Libraries	56,650	-	-	-	-
County development:					
Economic development	-	-	-	-	-
Land use and building controls	24,531	-	-	-	-
	<u>81,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>278,994</u>	<u>-</u>	<u>317,926</u>	<u>-</u>	<u>-</u>
Roads and transportation:					
Secondary roads administration and engineering:					
Administration	-	147,795	-	-	-
Engineering	-	375,387	-	-	-
	<u>-</u>	<u>523,182</u>	<u>-</u>	<u>-</u>	<u>-</u>
Roadway maintenance:					
Bridges and culverts	-	95,965	-	-	-
Roads	-	1,500,942	-	-	-
Snow and ice control	-	118,762	-	-	-
Traffic controls	-	127,469	-	-	-
Road clearing	6,878	184,365	-	-	-
	<u>6,878</u>	<u>2,027,503</u>	<u>-</u>	<u>-</u>	<u>-</u>
General roadway:					
Equipment	-	352,770	-	-	-
Equipment operations	-	568,666	-	-	-
Tools, materials, and supplies	-	100,387	-	-	-
Real estate and buildings	-	57,184	-	-	-
	<u>-</u>	<u>1,079,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,878</u>	<u>3,629,692</u>	<u>-</u>	<u>-</u>	<u>-</u>

Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesquicentennial Memorial	Community Development Block Grant	Total
-	-	-	-	-	-	-	321,166
-	-	-	-	-	-	-	194,573
-	-	-	-	-	-	-	515,739
-	-	-	-	-	-	-	56,650
-	-	-	11,097	-	-	381,299	392,396
-	-	-	-	-	-	-	24,531
-	-	-	11,097	-	-	381,299	416,927
-	-	-	11,097	-	-	381,299	989,316
-	-	-	-	-	-	-	147,795
-	-	-	-	-	-	-	375,387
-	-	-	-	-	-	-	523,182
-	-	-	-	-	-	-	95,965
-	-	-	-	-	-	-	1,500,942
-	-	-	-	-	-	-	118,762
-	-	-	-	-	-	-	127,469
-	-	-	-	-	-	-	191,243
-	-	-	-	-	-	-	2,034,381
-	-	-	-	-	-	-	352,770
-	-	-	-	-	-	-	568,666
-	-	-	-	-	-	-	100,387
-	-	-	-	-	-	-	57,184
-	-	-	-	-	-	-	1,079,007
-	-	-	-	-	-	-	3,636,570

Butler County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management	Sheriff's Commissary and Telephone
Expenditures (continued):					
Operating:					
Government services to residents:					
Representation services:					
Township officials	7,359	-	-	-	-
State administrative services:					
Recording of public documents	-	-	-	1,047	-
	<u>7,359</u>	<u>-</u>	<u>-</u>	<u>1,047</u>	<u>-</u>
Capital projects:					
Roadway construction	-	276,154	-	-	-
Total expenditures	<u>663,947</u>	<u>3,905,846</u>	<u>317,926</u>	<u>1,047</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,100,210</u>	<u>(527,409)</u>	<u>48,740</u>	<u>3,887</u>	<u>1,006</u>
Other financing sources (uses):					
Sale of general fixed assets	-	3,800	-	-	-
Operating transfers in (out):					
General	-	50,000	-	-	-
Special Revenue:					
Rural Services	-	1,105,000	-	-	-
Secondary Roads	(1,105,000)	-	-	-	-
Debt Service	-	-	-	-	-
Total other financing sources (uses)	<u>(1,105,000)</u>	<u>1,158,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,790)</u>	<u>631,391</u>	<u>48,740</u>	<u>3,887</u>	<u>1,006</u>
Fund balances beginning of year	1,227,117	3,558,605	34,553	3,684	4,535
Increase (decrease) in reserve for:					
Inventories	-	(3,815)	-	-	-
Prepaid insurance	-	5,843	-	-	-
Fund balances end of year	<u>\$1,222,327</u>	<u>4,192,024</u>	<u>83,293</u>	<u>7,571</u>	<u>5,541</u>

See accompanying independent auditor's report.



Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Sesquicentennial Memorial	Community Development Block Grant	Total
-	-	-	-	-	-	-	7,359
-	-	-	-	-	-	-	1,047
-	-	-	-	-	-	-	8,406
-	-	-	-	-	-	-	276,154
-	1,114,443	4,436	11,097	-	-	381,299	6,400,041
-	(215,710)	23,800	11,189	15,236	17	(1)	460,965
-	-	-	-	-	-	-	3,800
-	-	-	-	-	914	-	50,914
-	-	-	-	-	-	-	1,105,000
-	-	-	-	-	-	-	(1,105,000)
-	-	-	-	(7,639)	-	-	(7,639)
-	-	-	-	(7,639)	914	-	47,075
-	(215,710)	23,800	11,189	7,597	931	(1)	508,040
1,093	219,822	550	132,184	16,029	-	1	5,198,173
-	-	-	-	-	-	-	(3,815)
-	-	-	-	-	-	-	5,843
1,093	4,112	24,350	143,373	23,626	931	-	5,708,241

**Schedule 5**

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Butler County

Debt Service Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance

Year ended June 30, 2003

Revenues:		
Miscellaneous:		
Reimbursements for E911 equipment		<u>\$ 37,413</u>
Expenditures:		
Debt service:		
E911 equipment capital loan note:		
Principal redeemed	\$ 16,641	
Interest paid	<u>20,772</u>	37,413
Urban renewal capital loan notes:		
Principal redeemed	5,000	
Interest paid	<u>2,639</u>	<u>7,639</u>
Total expenditures		<u>45,052</u>
Deficiency of revenues under expenditures		(7,639)
Other financing sources:		
Operating transfers in:		
Special Revenue:		
Sinclair Elevator Project - TIF		<u>7,639</u>
Excess of revenues and other financing sources over expenditures		-
Fund balance beginning of year		<u>-</u>
Fund balance end of year		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

## Butler County

## Capital Projects Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2003

Revenues:		
None		\$ -
Expenditures:		
Capital projects:		
Human services building		<u>300,000</u>
Deficiency of revenues under expenditures		(300,000)
Other financing sources:		
Operating transfers in:		
General		<u>300,000</u>
Excess of revenues and other financing sources over expenditures		-
Fund balance beginning of year		<u>-</u>
Fund balance end of year		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

**Schedule 7**

Butler County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2003

	<u>Expendable</u>		
	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 63,169	824,035	887,204
Other county officials	-	161,870	161,870
Receivables:			
Property tax:			
Delinquent	-	29,170	29,170
Succeeding year	-	11,283,000	11,283,000
Accounts	-	24,059	24,059
Due from other funds	100,000	-	100,000
Due from other governments	-	2,020	2,020
<b>Total assets</b>	<b>\$ 163,169</b>	<b>12,324,154</b>	<b>12,487,323</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 380	59,045	59,425
Salaries and benefits payable	-	3,894	3,894
Due to other funds	-	44,791	44,791
Due to other governments	-	12,133,611	12,133,611
Trusts payable	-	79,966	79,966
Compensated absences	-	2,847	2,847
Total liabilities	380	12,324,154	12,324,534
Fund equity:			
Unreserved fund balance	162,789	-	162,789
<b>Total liabilities and fund equity</b>	<b>\$ 163,169</b>	<b>12,324,154</b>	<b>12,487,323</b>

See accompanying independent auditor's report.

Butler County  
Expendable Trust Funds  
Combining Balance Sheet  
June 30, 2003

	Conservation Land Acquisition Trust	Conservation Trust	Total
<b>Assets</b>			
Cash and pooled investments	\$ 15,690	47,479	63,169
Due from other funds	100,000	-	100,000
<b>Total assets</b>	<b>\$ 115,690</b>	<b>47,479</b>	<b>163,169</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 380	-	380
Fund equity:			
Unreserved fund balance	115,310	47,479	162,789
<b>Total liabilities and fund equity</b>	<b>\$ 115,690</b>	<b>47,479</b>	<b>163,169</b>

See accompanying independent auditor's report.

**Schedule 9**

## Butler County

## Expendable Trust Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Conservation Land Acquisition Trust	Conservation Trust	Total
Revenues:			
Use of money and proeprty:			
Interest on investments	\$ -	962	962
Miscellaneous:			
Donations	-	550	550
Other	-	8,830	8,830
Total revenues	-	10,342	10,342
Expenditures:			
Capital projects:			
Conservation land acquisition and development	40,962	47,925	88,887
Deficiency of revenues under expenditures	(40,962)	(37,583)	(78,545)
Other financing sources:			
Operating transfers in:			
General	73,163	-	73,163
Excess (deficiency) of revenues and other financing sources over (under) expenditures	32,201	(37,583)	(5,382)
Fund balances beginning of year	83,109	85,062	168,171
Fund balances end of year	\$ 115,310	47,479	162,789

See accompanying independent auditor's report.

**Butler County**

Butler County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2003

	County Offices			
	County Auditor	County Recorder	County Sheriff	County Conservator
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	-	-	-
Other county officials	78,955	39,941	41,963	1,011
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 78,955</b>	<b>39,941</b>	<b>41,963</b>	<b>1,011</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	41,937	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	34,629	26	-
Due to other governments	-	5,312	-	-
Trusts payable	78,955	-	-	1,011
Compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>\$ 78,955</b>	<b>39,941</b>	<b>41,963</b>	<b>1,011</b>



Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Townships	Auto License and Use Tax
1,884	137,603	119,830	6,229	29,995	3,100	291,905
-	-	-	-	-	-	-
336	788	20,626	1,061	5,810	523	-
102,000	269,000	7,870,000	387,000	2,475,000	178,000	-
-	1,050	-	-	-	-	-
-	-	-	-	-	-	-
104,220	408,441	8,010,456	394,290	2,510,805	181,623	291,905
-	232	-	-	-	-	-
-	3,427	-	-	-	-	-
-	-	-	-	-	-	10,136
104,220	402,205	8,010,456	394,290	2,510,805	181,623	281,769
-	-	-	-	-	-	-
-	2,577	-	-	-	-	-
104,220	408,441	8,010,456	394,290	2,510,805	181,623	291,905

Butler County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2003

	Brucellosis and Tuberculosis Eradication	Empower- ment Board	Emergency Management Services
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	34	160,344	14,138
Other county officials	-	-	-
Receivables:			
Property tax:			
Delinquent	6	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Due from other governments	-	-	2,020
<b>Total assets</b>	<b>2,040</b>	<b>160,344</b>	<b>16,158</b>
<b>Liabilities</b>			
Accounts payable	-	16,420	-
Salaries and benefits payable	-	-	419
Due to other funds	-	-	-
Due to other governments	2,040	143,924	15,469
Trusts payable	-	-	-
Compensated absences	-	-	270
<b>Total liabilities</b>	<b>2,040</b>	<b>160,344</b>	<b>16,158</b>

See accompanying independent auditor's report.

City Special Assess- ments	Kesley Lighting	Flexible Benefits	E911 Service Board	Anatomical Gift Donations	Total
2,765	9,564	7,225	39,394	25	824,035
-	-	-	-	-	161,870
-	20	-	-	-	29,170
-	-	-	-	-	11,283,000
-	-	-	23,009	-	24,059
-	-	-	-	-	2,020
<b>2,765</b>	<b>9,584</b>	<b>7,225</b>	<b>62,403</b>	<b>25</b>	<b>12,324,154</b>
-	-	456	-	-	59,045
-	-	48	-	-	3,894
-	-	-	-	-	44,791
2,765	9,584	6,721	62,403	25	12,133,611
-	-	-	-	-	79,966
-	-	-	-	-	2,847
<b>2,765</b>	<b>9,584</b>	<b>7,225</b>	<b>62,403</b>	<b>25</b>	<b>12,324,154</b>

Butler County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	County Offices			
	County Auditor	County Recorder	County Sheriff	County Conservator
<b>Assets and Liabilities</b>				
Balance beginning of year	\$ 77,941	33,058	12,950	687
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Office fees and collections	1,224	223,759	23,252	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	3,691	-	102,756	15,539
Miscellaneous	-	-	-	-
Total additions	4,915	223,759	126,008	15,539
Deductions:				
Agency remittances:				
To other funds	1,224	103,252	29,376	-
To other governments	-	113,624	340	-
Trusts paid out	2,677	-	67,279	15,215
Total deductions	3,901	216,876	96,995	15,215
Balance end of year	\$ 78,955	39,941	41,963	1,011

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
123,003	382,988	7,720,335	403,523	2,442,157	189,351
102,138	269,316	7,875,530	388,007	2,432,986	179,247
-	-	-	-	-	-
9,098	21,351	576,946	30,045	228,155	12,183
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	10,216	-	-	4,221	-
111,236	300,883	8,452,476	418,052	2,665,362	191,430
-	-	-	-	-	-
130,019	275,430	8,162,355	427,285	2,596,714	199,158
-	-	-	-	-	-
130,019	275,430	8,162,355	427,285	2,596,714	199,158
104,220	408,441	8,010,456	394,290	2,510,805	181,623

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Butler County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Empower- ment Board
<b>Assets and Liabilities</b>			
Balance beginning of year	276,535	2,042	187,804
Additions:			
Property and other county tax	-	2,153	-
E911 surcharge	-	-	-
State tax credits	-	163	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	3,178,070	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	329,862
Total additions	3,178,070	2,316	329,862
Deductions:			
Agency remittances:			
To other funds	103,203	-	-
To other governments	3,059,497	2,318	357,322
Trusts paid out	-	-	-
Total deductions	3,162,700	2,318	357,322
Balance end of year	291,905	2,040	160,344

See accompanying independent auditor's report.

Emergency Management Services	City Special Assessments	Kesley Lighting	Flexible Benefits	E911 Service Board	Anatomical Gift Donations	Total
11,120	2,790	8,654	-	94,706	27	11,969,671
-	-	1,644	-	-	-	11,251,021
-	-	-	-	104,054	-	104,054
-	-	-	-	-	-	877,941
-	-	-	-	-	-	248,235
-	-	-	-	-	-	3,178,070
-	106,688	-	-	-	-	106,688
-	-	-	-	-	-	121,986
24,590	-	-	22,240	-	128	391,257
24,590	106,688	1,644	22,240	104,054	128	16,279,252
-	-	-	-	-	-	237,055
19,552	106,713	714	15,015	-	130	15,466,186
-	-	-	-	136,357	-	221,528
19,552	106,713	714	15,015	136,357	130	15,924,769
16,158	2,765	9,584	7,225	62,403	25	12,324,154

**Schedule 12**

Butler County  
Comparison of Taxes and Intergovernmental Revenue

	Years ended June 30,			
	2003	2002	2001	2000
<b>Taxes:</b>				
Property tax	\$ 3,566,485	3,685,501	3,541,464	3,466,241
Local option sales tax	281,830	292,752	311,276	123,838
Utility tax replacement excise tax	110,914	122,007	120,342	-
Other	2,013	2,619	1,305	1,475
	<u>3,961,242</u>	<u>4,102,879</u>	<u>3,974,387</u>	<u>3,591,554</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	3,009,752	3,046,074	2,921,076	2,963,559
Franchise tax	30,284	7,894	19,945	20,478
Liquor Licenses	1,918	910	1,461	2,160
State tax replacements:				
State tax credits	260,078	315,103	339,015	327,079
State allocation	101,734	107,192	115,236	115,568
Mental health property tax relief	440,837	440,836	440,837	440,837
State and federal pass-thru revenues:				
Human services administrative reimbursements and block grant	134,192	79,804	105,313	106,955
Juvenile justice	-	-	-	1,639
Community development block grant	381,298	218,702	-	-
Federal emergency management agency	-	-	7,452	280,824
Empowerment grant	-	-	-	40,961
Highway planning and construction	245,000	-	-	-
Other	409	-	-	-
Contributions and reimbursements from other governmental units:				
Contract law enforcement	96,750	60,895	44,750	54,500
Election reimbursements	13,325	10,770	2,851	6,340
Prisoner care	12,250	12,620	58,120	84,490
Department of Human Services cluster	-	17,051	13,537	14,148
Engineer salary reimbursements	48,182	52,364	62,475	50,569
Landfill labor reimbursements	-	2,304	7,620	26,934
Other	69,858	78,609	51,515	28,163
State grants and entitlements:				
Homemaker health grant	44,652	47,946	59,390	56,921
Public health nursing grant	16,251	17,104	19,373	18,841
State substance abuse	6,604	-	-	10,000
Emergency medical services	19,612	9,634	8,179	8,179
Resources enhancement and protection	120,028	6,957	10,688	10,585
MH/DD community service allocaton	60,138	15,949	107,684	95,518
MH-DD allowed growth factor adjustment	46,410	7,300	156,486	97,934
Decategorization reimbursement	37,812	52,007	52,981	49,834
Other	104,670	158,873	132,083	149,707
Federal grants and entitlements:				
Public safety partnership and community policing grant	52,000	16,786	-	44,313
Medicare and medicaid	359,637	541,852	551,619	358,797
Rural health outreach	-	126,601	68,929	-
Other	133,770	17,149	1,971	3,818
	<u>5,847,451</u>	<u>5,469,286</u>	<u>5,360,586</u>	<u>5,469,651</u>
Total	<u>\$ 9,808,693</u>	<u>9,572,165</u>	<u>9,334,973</u>	<u>9,061,205</u>

See accompanying independent auditor's report.



Butler County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	2001SHWX0412	\$ 74,150
U.S. Department of Health and Human Services:			
Rural Health Outreach	93.912A	4 D04 RH 00196-03-01	13,214
Rural Health Outreach	93.912A	5 D04 RH 00196-03	114,834
			<u>128,048</u>
Total direct			<u>202,198</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants			
for Food Stamp Program	10.561		<u>10,375</u>
U. S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants / State's Program	14.228	01-WS-010	<u>381,299</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Local Law Enforcement Block Grants Program	16.592	01LE-0158	<u>6,342</u>
U. S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-E-C012(46)--8V-12	<u>246,500</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State Emergency Management Division:			
Emergency Management Performance Grants	83.552		<u>8,475</u>
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and			
Technical Assistance	93.283	5883BT14	3,282
Centers for Disease Control and Prevention - Investigations and			
Technical Assistance	93.283	5883BT113	1,080
Centers for Disease Control and Prevention - Investigations and			
Technical Assistance	93.283	5883EHC2	<u>8,879</u>
			<u>13,241</u>
Hancock County Nursing Services:			
Centers for Disease Control and Prevention - Investigations and			
Technical Assistance	93.283	5883BT203	<u>17,222</u>

**Schedule 13**

Butler County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
State Rural Hospital Flexibility Program	93.241	5883EM11	3,441
Worth County Public Health Nursing Department:			
Immunization Grants	93.268	5882I411	1,476
Immunization Grants	93.268	5883I411	1,913
			3,389
Cooperative Agreements for State - Based Comprehensive			
Breast and Cervical Cancer Early Detection Programs	93.919	5882NB03	3,760
Cooperative Agreements for State-Based Comprehensive			
Breast and Cervical Cancer Early Detection Programs	93.919	5883NB03	8,712
			12,472
Cerro Gordo County Health Department:			
Childhood Lead Poisoning Prevention Projects - State and Community - Based Childhood Lead Poisoning	93.197	5583LP03	409
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778		14,797
Temporary Assistance for Needy Families	93.558		14,789
Foster Care - Title IV-E	93.658		5,127
Refugee and Entrant Assistance-State Administered Programs	93.566		54
Adoption Assistance	93.659		1,666
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,888
U. S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Social Services Block Grant	93.667		9,931
Social Services Block Grant	93.667		60,469
			70,400
Total indirect			812,886
Total			\$ 1,015,084

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Butler 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**

David A. Vaudt, CPA  
Auditor of State

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

To the Officials of Butler County:

We have audited the general purpose financial statements of Butler County as of and for the year ended June 30, 2003, and have issued our report thereon dated September 24, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 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 Butler 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 Butler 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, we do not believe that the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for item II-A-03.

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

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 24, 2003



**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 Butler County:

Compliance

We have audited the compliance of Butler, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Butler 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 Butler County's management. Our responsibility is to express an opinion on Butler 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 Butler 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 Butler County's compliance with those requirements.

In our opinion, Butler 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, 2003.

Internal Control Over Compliance

The management of Butler 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 Butler 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 Butler County and other parties to whom Butler 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.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 24, 2003

Butler County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2003

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses in internal control over financial reporting were noted.
- (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 noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number – 14.228 – Community Development Block Grants / State's Program
  - CFDA Number 20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Butler County did not qualify as a low-risk auditee.

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

II-A-03 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

---

Applicable  
Offices

---

Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Recorder, Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses:

County Recorder – Craig or Janice will try to reconcile bank statements.

County Treasurer – The reconciliation will be checked by two people.

Conclusion – Responses accepted.

II-B-03 County Board of Supervisors – Detailed capital asset records are maintained. However, additions and deletions are not always supported by written documentation.

Recommendation – A system to provide written documentation for additions and deletions should be developed. Information should include appropriate details to ensure the assets are properly included or deleted from the capital assets records.

Response – In the future, department heads will be required to sign off on all additions or deletions to the capital asset records.

Conclusion – Response accepted.



Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.

Although the Board of Supervisors acted to increase appropriations to several departments, the amendment changes were made after the disbursements had exceeded the appropriations.

Recommendation – Chapter 331.435 of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by decreasing or increasing the appropriation of another office or department as long as the function level budget is not increased. Such increases or decreases should be made before expenditures are allowed to exceed the appropriation.

Response – More attention will be placed on appropriation balances in the future.

Conclusion – Response accepted.

IV-C-03 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-03 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tamara Fleshner, Nursing Department employee	CPR training	\$ 410
Northview Apartments, owned by County Auditor's husband	Rental of office space	3,500
Cody Neuendorf, son of County Auditor	Painting of County Offices	270
Dix Electric, Plumbing & Heating, husband of Ag Extension employee	Ag Extension building improvements	1,145

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

In accordance with Chapter 331.342(10) of the Code of Iowa, the above transactions under \$1,500 do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year.

The County Attorney has opined that no conflict existed at the time the lease was executed for the Northview Apartments.

- IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- IV-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-03 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-03 Partially Funded Self-Insurance Plan – The County provides employees with health insurance benefits through a partially self-insured benefit plan to provide for lower deductibles for full time employees. 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 – Butler County is now in the process of securing an actuarial opinion.

Conclusion – Response accepted.

- IV-K-03 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, 2003 for the County Extension Office exceeded the amount budgeted.

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

A resolution naming an official depository has been adopted the County Agricultural Extension Council. The maximum deposit amount stated in the resolution for Lincoln Savings Bank of \$100,000 was exceeded during the year ended June 30, 2003.

Recommendations – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budgets. A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Extension Council in a timely manner.

Responses – The Extension Council will ensure the budget is amended before disbursements are exceeded. The Extension Council will raise the maximum authorized deposit.

Conclusion – Response accepted.

IV-L-03 Economic Development – During the year ended June 30, 2003, the County paid \$30,000 to the Butler County Economic Development Corporation, which may not be an appropriate expenditure of public funds since the benefits to be derived have not been clearly documented.

According to Chapter 15A of the Code of Iowa and an Attorney General’s opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises that the governing body should evaluate the public benefits to be obtained and discusses specific criteria to be considered in documenting the public purpose.

Recommendation – The Board should evaluate and document the public purpose served by the expenditure before authorizing further payments and should require documentation of how the funds were used to accomplish economic development activities.

Response – Evaluation of the program and public purpose will be made prior to the next fiscal year budget process.

Conclusion – Response accepted.

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Butler County

Staff

This audit was performed by:

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