



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ February 20, 2004

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Auditor of State David A. Vaudt today released an audit report on Carroll County, Iowa.

The County has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$22,806,321 for the year ended June 30, 2003, which included \$1,204,693 in tax credits from the state. The County forwarded \$17,512,838 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,293,483 of the local tax revenue to finance County operations, a three percent increase from the prior year. Other revenues included charges for service of \$1,792,830, operating grants and contributions of \$4,209,969, capital grants and contributions of \$2,004,779, unrestricted investment earnings of \$126,388 and other general revenues of \$259,702.

Expenses for County operations totaled \$12,500,440, and included \$4,125,728 for roads and transportation, \$2,521,772 for mental health and \$1,993,058 for public safety and legal services.

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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CARROLL COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	12
Statement of Activities	B	13
Governmental Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Net Assets – Proprietary Fund	G	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	H	22
Statement of Cash Flows – Proprietary Fund	I	23
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	24
Notes to Financial Statements		25-39
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		42-43
Budget to GAAP Reconciliation		44
Notes to Required Supplementary Information – Budgetary Reporting		45
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48-49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50-51
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	52-55
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	56-59
Schedule of Revenues by Source and Expenditures by Function – All Governmental Fund Types	5	60
Schedule of Expenditures of Federal Awards	6	61-62
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting		63-64
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		67-68
Schedule of Findings and Questioned Costs		69-78
Staff		79

Carroll County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Floyd B. Klocke	Board of Supervisors	Jan 2003
Neil Bock	Board of Supervisors	Jan 2003
Del McDermott	Board of Supervisors	Jan 2005
Eugene Meiners	Board of Supervisors	Jan 2005
Neil I. Trobak	Board of Supervisors	Jan 2005
Paul S. Fricke	County Auditor	Jan 2005
Peggy Weitl	County Treasurer	Jan 2003
Marilyn Dopheide	County Recorder	Jan 2003
Douglas R. Bass	County Sheriff	Jan 2005
John Werden	County Attorney	Jan 2003
Diane S. Janning	County Assessor	Jan 2004
(After January 2003)		
Del McDermott	Board of Supervisors	Jan 2005
Eugene Meiners	Board of Supervisors	Jan 2005
Neil I. Trobak	Board of Supervisors	Jan 2005
Neil Bock	Board of Supervisors	Jan 2007
Marty Danzer	Board of Supervisors	Jan 2007
Paul S. Fricke	County Auditor	Jan 2005
Peggy Weitl	County Treasurer	Jan 2007
Marilyn Dopheide	County Recorder	Jan 2007
Douglas R. Bass	County Sheriff	Jan 2005
John Werden	County Attorney	Jan 2007
Diane S. Janning	County Assessor	Jan 2010

Carroll County



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Independent Auditor's Report

To the Officials of Carroll County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County at June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13 to the financial statements, during the year ended June 30, 2003, Carroll County adopted 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; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated December 9, 2003 on our consideration of Carroll 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.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 11 and 42 through 45, respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Carroll County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group. The supplementary information included in Schedules 1 through 6, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 9, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carroll County provides this Management's Discussion and Analysis of the Carroll County fiscal year (FY)2003 financial statements. The purpose of this portion of the financial report is to discuss an overview of the activities of the year to augment the numbers presented in the balance of the report. It is hoped that this section will assist you in understanding the events that significantly affected the financial position of Carroll County as a whole.

This is the first year Carroll County is required to report all activities on a full accrual basis, as required by the reporting standards of Governmental Accounting Standards Board Statement No. 34. A comprehensive comparison to FY2002 is not possible. Efforts have been made to provide comparison to prior year data when such data is available.

FY 2003 FINANCIAL HIGHLIGHTS

- Carroll County net tax revenues increased \$170,572 or 3.33% over FY2002.
- Carroll County borrowed \$400,000 to complete a remodeling project on an office building located at 608 N. Court St. which was repaid and replaced with a loan totaling \$165,000, payable over a 5 year period. This note will be repaid through the debt service levy.
- Carroll County received proceeds of \$277,400 from the sale of equipment and buildings during FY2003.
- Interest earned on County reserves declined from FY2002 by \$76,261, due to lower interest rates and reduced cash balances.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Carroll County as a whole and present an overall view of the County's finances.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities.

Notes to Financial Statements provide additional information that is essential to a fair understanding of the data provided in the basic financial statements. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule or Expenditures of Federal Awards provides details of various federal programs benefiting the County.

Fund Financial Statements

The fund financial statements provide detailed information about individual significant funds. Some funds are required to be established by Iowa law. The County may establish other funds to help it control and manage money for particular purposes.

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that is available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) Other. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides.

2) The proprietary fund accounts for the County's internal service fund for health insurance. The internal service fund is used to accumulate and allocate costs internally among the County's various functions.

3) Fiduciary funds are used to report assets held in trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

The financial statements required for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Carroll County's net assets for FY2003 totaled approximately \$28.7 million. This compares to FY2002 of \$27.5 million.

<u>Net Assets of Governmental Activities</u>	
<u>(Expressed in Thousands)</u>	
	<u>June 30, 2003</u>
Current and other assets	\$ 11,559
Capital assets	23,543
Total assets	<u>35,102</u>
Long-term debt outstanding	398
Other liabilities	5,972
Total liabilities	<u>6,370</u>
Net assets:	
Invested in capital assets, net of related debt	23,176
Restricted	3,130
Unrestricted	2,426
Total net assets	<u>\$ 28,732</u>

The largest portion of the County's net assets is the invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted assets represent

resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted assets can be used to finance the day-to-day operations without constraints.

<u>Changes in Net Assets of Governmental Activities</u>	
	<u>Year Ended June 30, 2003</u>
Revenues:	
Program revenues:	
Charges for service	\$ 1,792,830
Operating grants and contributions	4,209,969
Capital grants and contributions	2,004,779
General revenues:	
Property tax	5,015,069
State tax credits	278,414
Grants and contributions not restricted to specific purposes	229,935
Unrestricted investment earnings	126,388
Loss on disposal of capital assets	(39,103)
Miscellaneous	68,870
Total revenues	<u>13,687,151</u>
Program expenses:	
Public safety and legal services	1,993,058
Physical health and social services	1,096,521
Mental health	2,521,772
County environment and education	866,532
Roads and transportation	4,125,728
Governmental services to residents	358,980
Administration	1,061,539
Non-program	468,524
Interest on long-term debt	7,786
Total expenses	<u>12,500,440</u>
Increase in net assets	1,186,711
Net assets beginning of year	<u>27,545,094</u>
Net assets end of year	<u>\$ 28,731,805</u>

Carroll County increased the General Fund property tax levy rates by \$.28453 per \$1000 of property valuation and increased the Mental Health property tax levy rate by \$.02426 per \$1000 of property valuation. The Rural Services property tax levy was decreased by \$.13000 per \$1000 of property valuation. The total county valuation was \$790,639,343 for all property.

INDIVIDUAL MAJOR FUND ANALYSIS

The General Fund, the operating fund for Carroll County, ended FY2003 with a cash balance totaling \$1,323,695. This was a decrease from FY2002 which ended at \$1,755,514. The levy rate increased in FY2003 to \$4.75926 per \$1000 of property valuation from FY2002's rate of \$4.47473 per \$1000 of property valuation.

The Mental Health Fund FY2003 ending cash balance was \$852,632, a decrease from \$897,310 for FY2002. Carroll County does not levy at the maximum allowed. The County has levied approximately 65% of the \$1,800,630 maximum available dollars.

The Rural Services Fund ended FY2003 with a cash balance of \$337,102 which is up from the FY2002 balance of \$293,922. The levy rate was decreased from \$3.47 per \$1000 of property valuation in FY2002 to \$3.34 per \$1000 of property valuation in FY2003. There will be a significant change in this fund effective January 1, 2004, when the local option sales and services tax is implemented. The Rural Services Fund will receive 50% of the revenue as tax reduction.

The Secondary Roads Fund ended FY2003 with a cash balance of \$1,332,355. The County continues to upgrade its equipment to larger units for more efficient use of manpower. The Secondary Roads Department maintains over 900 miles of county roads that include both paved, gravel, level "B", and a few miles of dirt roads. The County also maintains over 250 bridges of all shapes and sizes. The bridges continue to be a concern as many are posted with weight limits. In FY2004, the Secondary Roads Department will replace two employees due to retirements. The actual cash balance in the Secondary Roads Fund remains in a strong position and leaves room for continued construction of roads, bridges and culverts in the future.

In the past, the Debt Service Fund has been used for the solid waste bonds. Those bonds were redeemed in early FY2004 and will no longer be a part of the Debt Service Fund. In FY2003 the County acquired debt for a remodeling project of a property at 608 N. Court Street in Carroll. The amount of the debt at June 30, 2003 is \$165,000 and during FY2004, a debt service levy was established to pay this debt.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget documents present functional disbursements by fund, the legal level is at the function level, not at the fund or type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Over the course of the year, Carroll County amended the operating budget four times. The first amendment was for a building remodeling loan and ambulance purchase. The second amendment was for a special election, an increase for insurance premiums and to show the proceeds from the sale of a building and equipment. The third amendment was done to show additional election, conservation, and mental health revenues, the purchase of scanning equipment, election expense, and gravel in the roads and transportation function. The fourth amendment was to show additional loan proceeds, capital project payments and additional legal services for union negotiations. The amendments made in 2003 should not impact the fiscal year 2004 budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2003, Carroll County had approximately \$23.5 million, net of accumulated depreciation, invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. The County plans to upgrade roads and bridges in FY2004 and in the future. Additional information about the County's capital assets is included in Note 5 to the financial statements.

Long-Term Debt

Carroll County acquired a building for office space. The County borrowed \$165,000 to complete the remodeling. Additional information about the County's long-term debt is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Carroll County's elected and appointed officials considered many factors when setting the fiscal year 2004 budget, tax levy rates, and fees that finance the various County services. One of those factors is the economy. Carroll County's unemployment rate has remained very low compared to national rates, and Carroll County's population did not change.

Carroll County increased levies for FY2004 in the General Fund to the \$3.50 per \$1000 of property valuation limit. This was done to meet all budget requests and to maintain the level of service County residents expect. FY2004 will see financial help from the local option sales tax. The County expects to receive about \$670,000.

Carroll County did not add any additional programs for FY2004.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This report is designed to provide citizens, taxpayers, customers and creditors with a general overview of Carroll County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6th St., Carroll, Iowa 51401.

Exhibit A

Carroll County
Statement of Net Assets
June 30, 2003

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,454,077
Receivables:	
Property tax:	
Delinquent	9,514
Succeeding year	5,116,000
Interest and penalty on property tax	46,549
Accounts (net of allowance for doubtful accounts of \$117,926)	358,787
Accrued interest	14,290
Due from other governments	486,150
Inventories	979,138
Prepaid insurance	94,266
Capital assets (net of accumulated depreciation) (note 5)	23,542,793
Total assets	<u>35,101,564</u>
Liabilities	
Accounts payable	328,356
Salaries and benefits payable	20,442
Due to other governments	340,344
Deferred revenue:	
Succeeding year property tax	5,116,000
Long-term liabilities (notes 7 and 12):	
Portion due or payable within one year:	
General obligation notes	33,000
Compensated absences	133,153
Portion due or payable after one year:	
General obligation notes	132,000
Iowa Natural Heritage Foundation loan	202,065
Compensated absences	64,399
Total liabilities	<u>6,369,759</u>
Net Assets	
Invested in capital assets, net of related debt	23,175,728
Restricted for:	
Mental health purposes	596,026
Secondary roads purposes	2,518,421
Debt service	101
Other purposes	15,575
Unrestricted	2,425,954
Total net assets	<u>\$ 28,731,805</u>

See notes to financial statements.

Carroll County
 Statement of Activities
 Year ended June 30, 2003

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants and Contributions		Capital Grants and Contributions
Functions / Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,993,058	753,781	90,153	-	(1,149,124)
Physical health and social services	1,096,521	220,867	436,937	-	(438,717)
Mental health	2,521,772	-	1,105,407	-	(1,416,365)
County environment and education	866,532	96,550	179,563	162,750	(427,669)
Roads and transportation	4,125,728	220,904	2,267,963	1,721,191	84,330
Governmental services to residents	358,980	318,946	12,000	-	(28,034)
Administration	1,061,539	63,553	-	-	(997,986)
Non-program	468,524	118,229	117,946	120,838	(111,511)
Interest on long-term debt	7,786	-	-	-	(7,786)
Total	\$ 12,500,440	1,792,830	4,209,969	2,004,779	(4,492,862)
General Revenues:					
Property and other county tax levied for general purposes					5,015,069
State tax credits					278,414
Grants and contributions not restricted to specific purpose					229,935
Unrestricted investment earnings					126,388
Loss on disposal of capital assets					(39,103)
Miscellaneous					68,870
Total general revenues					5,679,573
Change in net assets					1,186,711
Net assets beginning of year, as restated (note 13)					27,545,094
Net assets end of year					\$ 28,731,805

See notes to financial statements.

Carroll County
Balance Sheet
Governmental Funds

June 30, 2003

	Special Revenue		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,323,695	852,632	337,102
Receivables:			
Property tax:			
Delinquent	6,513	2,718	182
Succeeding year	2,749,000	1,111,000	1,217,000
Interest and penalty on property tax	46,549	-	-
Accounts (net of allowance for doubtful accounts \$117,926)	355,644	149	-
Accrued interest	14,290	-	-
Due from other funds	-	-	-
Due from other governments	172,436	-	-
Inventories	-	-	-
Prepaid insurance	89,453	-	-
Total assets	\$ 4,757,580	1,966,499	1,554,284
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 98,573	75,737	200
Salaries and benefits payable	20,442	-	-
Due to other funds	3,808	-	-
Due to other governments	155,949	183,736	-
Deferred revenue:			
Succeeding year property tax	2,749,000	1,111,000	1,217,000
Other	229,023	2,708	181
Total liabilities	3,256,795	1,373,181	1,217,381
Fund balances:			
Reserved for:			
Inventories	-	-	-
Prepaid insurance	89,453	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Conservation Education Center	183,334	-	-
Unreserved, reported in:			
General fund	1,227,998	-	-
Special revenue funds	-	593,318	336,903
Capital projects fund	-	-	-
Total fund balances	1,500,785	593,318	336,903
Total liabilities and fund balances	\$ 4,757,580	1,966,499	1,554,284

See notes to financial statements.

Secondary Roads	Other Nonmajor Governmental	Total
1,332,355	255,120	4,100,904
-	101	9,514
-	39,000	5,116,000
-	-	46,549
2,994	-	358,787
-	-	14,290
3,808	-	3,808
313,395	319	486,150
979,138	-	979,138
4,813	-	94,266
2,636,503	294,540	11,209,406
36,170	1,912	212,592
-	-	20,442
-	-	3,808
659	-	340,344
-	39,000	5,116,000
-	101	232,013
36,829	41,013	5,925,199
979,138	-	979,138
4,813	-	94,266
-	29,900	29,900
-	-	183,334
-	-	1,227,998
1,615,723	123,934	2,669,878
-	99,693	99,693
2,599,674	253,527	5,284,207
2,636,503	294,540	11,209,406

Exhibit D

Carroll County
Reconciliation of the Balance Sheet-
Governmental Funds to the Statement of Net Assets
June 30, 2003

Total governmental fund balances (page 15) \$ 5,284,207

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$39,431,118 and the accumulated depreciation is \$15,888,325. 23,542,793

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 232,013

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 237,409

Long-term liabilities, including notes payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (564,617)

Net assets of governmental activities (page 12) \$ 28,731,805

See notes to financial statements.

Carroll County

Carroll County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2003

	General	Special Mental Health
Revenues:		
Property and other county tax	\$ 2,351,751	1,334,931
Interest and penalty on property tax	35,207	-
Intergovernmental	1,146,759	1,177,807
Licenses and permits	77,705	-
Charges for service	1,221,820	5,048
Use of money and property	195,701	-
Miscellaneous	25,569	219
Total revenues	<u>5,054,512</u>	<u>2,518,005</u>
Expenditures:		
Operating:		
Public safety and legal services	1,978,593	-
Physical health and social services	1,099,460	-
Mental health	-	2,522,514
County environment and education	650,812	-
Roads and transportation	-	-
Governmental services to residents	343,115	-
Administration	1,032,052	-
Non-program	235,699	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>5,339,731</u>	<u>2,522,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(285,219)</u>	<u>(4,509)</u>
Other financing sources (uses):		
Sale of capital assets	251,400	-
Operating transfers in	-	-
Operating transfers out	(376,500)	-
General obligation notes issued	-	-
Total other financing sources (uses)	<u>(125,100)</u>	<u>-</u>
Net change in fund balances	(410,319)	(4,509)
Fund balances beginning of year, as restated (note 13)	1,901,951	597,827
Increase (decrease) in reserve for:		
Inventories	-	-
Prepaid insurance	9,153	-
Fund balances end of year	<u>\$ 1,500,785</u>	<u>593,318</u>

See notes to financial statements.

Revenue		Other	
Rural Services	Secondary Roads	Nonmajor Governmental	Total
1,309,591	-	-	4,996,273
-	-	-	35,207
64,643	2,504,108	118,511	5,011,828
-	285	-	77,990
-	-	6,350	1,233,218
-	950	15,605	212,256
-	194,996	241,607	462,391
<u>1,374,234</u>	<u>2,700,339</u>	<u>382,073</u>	<u>12,029,163</u>
-	-	-	1,978,593
-	-	-	1,099,460
-	-	-	2,522,514
121,944	-	12,505	785,261
13,000	3,083,413	-	3,096,413
-	-	41,000	384,115
-	-	-	1,032,052
-	-	37,894	273,593
-	-	525,732	525,732
-	565,341	581,854	1,147,195
<u>134,944</u>	<u>3,648,754</u>	<u>1,198,985</u>	<u>12,844,928</u>
<u>1,239,290</u>	<u>(948,415)</u>	<u>(816,912)</u>	<u>(815,765)</u>
-	26,000	-	277,400
-	1,326,500	405,570	1,732,070
(1,196,000)	-	(159,570)	(1,732,070)
-	-	565,000	565,000
<u>(1,196,000)</u>	<u>1,352,500</u>	<u>-</u>	<u>842,400</u>
43,290	404,085	(5,912)	26,635
293,613	2,202,998	259,439	5,255,828
-	(12,222)	-	(12,222)
-	4,813	-	13,966
<u>336,903</u>	<u>2,599,674</u>	<u>253,527</u>	<u>5,284,207</u>

Carroll County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement
of Activities

Year ended June 30, 2003

Net change in fund balances - Total governmental funds (page 19) \$ 26,635

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay and assets contributed exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,371,198	
Capital assets contributed by the Iowa Department of Transportation	1,544,917	
Depreciation expense	(1,272,117)	1,643,998

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. (316,503)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.

Property tax	(62,946)	
Other	7,461	(55,485)

Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt issues exceeded debt repayments as follows:

Notes issued	(565,000)	
Principal payments	400,000	(165,000)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (34,768)

Prepaid insurance and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities reports these items as expenses in the period the corresponding net asset is exhausted. 1,744

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 86,090

Change in net assets of governmental activities (page 13) \$ 1,186,711

See notes to financial statements.

Carroll County
Statement of Net Assets
Proprietary Fund
June 30, 2003

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 353,173
Liabilities	
Accounts payable	<u>115,764</u>
Net Assets	
Unrestricted	<u><u>\$ 237,409</u></u>

See notes to financial statements.

Carroll County
Statement of Revenues, Expenses and Changes
in Fund Net Assets

Proprietary Fund

Year ended June 30, 2003

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds		\$ 806,570
Reimbursements from employees		32,706
Total operating revenues		<u>839,276</u>
Operating expenses:		
Medical claims	\$ 582,588	
Administrative fees	173,841	756,429
Operating income		<u>82,847</u>
Non-operating revenues:		
Interest on investments		3,243
Net income		<u>86,090</u>
Net assets beginning of year		<u>151,319</u>
Net assets end of year		<u><u>\$ 237,409</u></u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2003

	Internal Service
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 806,570
Cash received from employees	32,706
Cash payments to suppliers for services	(706,753)
Net cash provided by operating activities	132,523
Cash flows from investing activities:	
Interest on investments	3,243
Net increase in cash and cash equivalents	135,766
Cash and cash equivalents beginning of year	217,407
Cash and cash equivalents end of year	\$ 353,173
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 82,847
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	49,676
Net cash provided by operating activities	\$ 132,523

See notes to financial statements.

Carroll County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

Assets

Cash and pooled investments:	
County Treasurer	\$ 856,790
Other county officials	6,161
Receivables:	
Property tax:	
Delinquent	114,227
Succeeding year	16,718,000
Accounts	30,723
Accrued interest	1,182
Due from other governments	32,554
Total assets	<u>17,759,637</u>

Liabilities

Accounts payable	32,457
Due to other governments	17,717,444
Trusts payable	6,155
Compensated absences	3,581
Total liabilities	<u>17,759,637</u>

Net assets \$ -

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

Carroll 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.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carroll County has included all funds, organizations, 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 Carroll County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

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

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

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail, the Conservation Education Center, and the Four Corner Park and were not included in the County's budget. The financial transactions of this component unit have been reported in the Special Revenue and Capital Projects Funds.

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: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and Carroll 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 the Agency Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll Area Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), SYNERGY and Resource, Conservation, and Development.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

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

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following proprietary fund:

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

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.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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 in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent 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 in the fund financial statements.

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 in the governmental fund financial statements are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

Capital Assets – Capital assets, which includes property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 5,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (in years)
Buildings	30-50
Building improvements	30-50
Infrastructure	15-65
Equipment	2-40
Vehicles	4-10

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2003, disbursements exceeded the amounts budgeted in the debt service function before the budget was amended and disbursements in certain departments exceeded the amounts appropriated.

(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.

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$235,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General	<u>\$ 3,808</u>

This balance resulted from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 130,500
	Special Revenue: Rural Services	1,196,000
Debt Service	General	246,000
Capital Projects	Special Revenue: Conservation Foundation	159,570
Total		<u>\$ 1,732,070</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated, note 13)	Increases	Decreases	Transfers	Balance End of Year
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 894,000	100,000	(200,000)	-	794,000
Construction in progress	367,705	1,290,134	-	(1,168,024)	489,815
Total capital assets not being depreciated	<u>1,261,705</u>	<u>1,390,134</u>	<u>(200,000)</u>	<u>(1,168,024)</u>	<u>1,283,815</u>
Capital assets being depreciated:					
Buildings and improvements	3,446,255	19,000	(46,000)	680,600	4,099,855
Equipment and vehicles	5,378,504	333,897	(191,790)	-	5,520,611
Infrastructure, road network	27,128,280	1,173,084	(261,951)	487,424	28,526,837
Total capital assets being depreciated	<u>35,953,039</u>	<u>1,525,981</u>	<u>(499,741)</u>	<u>1,168,024</u>	<u>38,147,303</u>
Less accumulated depreciation for:					
Buildings and improvements	1,231,603	84,977	(46,000)	-	1,270,580
Equipment and vehicles	2,830,096	322,482	(115,074)	-	3,037,504
Infrastructure, road network	10,937,747	864,658	(222,164)	-	11,580,241
Total accumulated depreciation	<u>14,999,446</u>	<u>1,272,117</u>	<u>(383,238)</u>	<u>-</u>	<u>15,888,325</u>
Total capital assets being depreciated, net	<u>20,953,593</u>	<u>253,864</u>	<u>(116,503)</u>	<u>1,168,024</u>	<u>22,258,978</u>
Governmental activities capital assets, net	<u>\$ 22,215,298</u>	<u>1,643,998</u>	<u>(316,503)</u>	<u>-</u>	<u>23,542,793</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 41,538
County environment and education	24,429
Roads and transportation	1,142,391
Governmental services to residents	14,800
Administration	48,959
Total depreciation expense - governmental activities	<u>\$ 1,272,117</u>

(6) 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. 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	\$ 155,949
Special Revenue:		
Mental Health	Services	183,736
Secondary Roads	Services	659
		<u>184,395</u>
Total for governmental funds		<u>\$ 340,344</u>
Agency:		
County Assessor	Collections	\$ 306,117
Schools		9,841,011
Community Colleges		460,943
Corporations		6,103,408
Auto License and Use Tax		391,466
All other		614,499
Total for agency funds		<u>\$ 17,717,444</u>

(7) Changes in Long-Term Liabilities

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

	General	Iowa Natural	Compen-	Total
	Obligation	Heritage	sated	
	Notes	Foundation	Absences	
		Loan		
Balance beginning of year, as restated (note 13)	\$ -	202,065	162,784	364,849
Increases	565,000	-	34,768	599,768
Decreases	400,000	-	-	400,000
Balance end of year	<u>\$ 165,000</u>	<u>202,065</u>	<u>197,552</u>	<u>564,617</u>
Due within one year	<u>\$ 33,000</u>	<u>-</u>	<u>133,153</u>	<u>166,153</u>

Notes Payable

A summary of the County's June 30, 2003 general obligation note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2004	2.74%	\$ 33,000	4,744	37,744
2005	2.74	33,000	3,617	36,617
2006	2.74	33,000	2,712	35,712
2007	2.74	33,000	1,808	34,808
2008	2.74	33,000	907	33,907
Total		\$ 165,000	13,788	178,788

During the year ended June 30, 2003, the County issued \$565,000 in general obligation notes and retired \$400,000 of notes.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, 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 \$223,998, \$212,288, and \$200,875, respectively, equal to the required contributions for each year.

(9) Risk Management

Carroll 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 \$101,089.

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 the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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 claim 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, general county liability, and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Group Health Insurance Plan

The Carroll County Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Internal Service Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$806,570.

Amounts payable from the Internal Service Fund at June 30, 2003 totaled \$115,764, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$237,409 at June 30, 2003 and is reported as a designation of the Internal Service Fund Net Assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2002	\$ 66,088
Incurred claims (including claims incurred but not reported at June 30, 2003)	582,588
Payments on claims during the fiscal year	<u>532,912</u>
Unpaid claims at June 30, 2003	<u><u>\$ 115,764</u></u>

(11) County Care Facility

On July 1, 1990, the management and operation of the Carroll County Care Facility was assumed by Mallard View, Inc. The agreement requires the operator to make monthly rental payments to the County and for the County to pay the operator for services rendered. This agreement was renewed for the period commencing on July 1, 2001 and ending on June 30, 2004.

(12) Iowa Natural Heritage Foundation Loan

In November 1993 and July 1995, the Carroll County Conservation Board entered into unconditional purchase agreements with the Iowa Natural Heritage Foundation (Foundation) to purchase 264 acres from the Foundation to be used for the Four Corner Park.

In April 2000, the original agreements were combined and payment terms were restructured. Under the terms of the new agreement, the Board will pay interest at a rate of 7.76% on the unpaid balance. The unpaid balance at June 30, 2003 totaled \$202,065.

(13) Accounting Change

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

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; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences were implemented during the year ended June 30, 2003. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Other nonmajor governmental funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting, as follows:

	Total
Net assets, June 30, 2002, as previously reported	\$ 5,203,194
GASB Interpretation 6 adjustments	52,634
Net assets, July 1, 2002, as restated for governmental funds	5,255,828
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$14,999,466	22,215,298
Internal Service Fund	151,319
Change in long-term liabilities	(364,849)
Change in deferral of long-term assets	287,498
	287,498
Net assets, July 1, 2002, as restated	\$ 27,545,094

(14) Contingent Liabilities

In November 1990, the County issued \$600,000 of general obligation essential county purpose bonds to construct and equip a recycling center. The bonds are payable from revenues generated by the Carroll County Solid Waste Management Commission. However, since the bonds are a general obligation of the County, if the revenues of the Solid Waste Commission in future years are not adequate, a tax will be levied on all taxable property in the County. The liability for these bonds is not recorded in the Statement of Net Assets since the bonds are to be paid from other than County resources.

Details of this bonded indebtedness at June 30, 2003 are as follows:

Year				
Ending	Interest		Interest	Total
June 30,	Rates	Principal		
2004	7.45%	\$ 60,000	8,623	68,623
2005	7.50	60,000	4,137	64,137
2006	7.55	25,000	944	25,944
		\$ 145,000	13,704	158,704
Total				

During the year ended June 30, 2003, \$55,000 of these bonds were retired by the Carroll County Solid Waste Management Commission.

In November 1996, the County issued \$407,000 of general obligation essential county purpose bonds to construct and equip an addition to the recycling center. The bonds are payable from revenues generated by the Carroll County Solid Waste Management Commission. However, since the bonds are a general obligation of the County, if the revenues of the Solid Waste Management Commission in future years are not adequate, a tax will be levied on all taxable property in the County. The liability for these bonds is not recorded in the Statement of Net Assets since the bonds are to be paid from other than County resources.

Details of this bonded indebtedness at June 30, 2003 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2004	4.95%	\$ 45,000	8,012	53,012
2005	5.05	45,000	5,807	50,807
2006	5.15	45,000	3,557	48,557
2007	5.15	47,000	1,210	48,210
Total		\$ 182,000	18,586	200,586

During the year ended June 30, 2003, \$40,000 of these bonds were retired by the Carroll County Solid Waste Management Commission.

(15) Subsequent Events

On August 18, 2003, the County authorized a loan for \$200,000, with 3.62% per annum interest, to repay the Iowa Natural Heritage Foundation loan referred to in note 12.

On September 29, 2003, the County issued \$10,000,000 of Hospital Revenue Bonds in accordance with Chapter 419 of the Code of Iowa, on behalf of Saint Anthony Regional Hospital to renovate the existing third floor and other areas of the hospital and to construct and equip an addition. The bonds are not to be a general obligation of the County, but are payable solely from the net revenues of Saint Anthony Regional Hospital. No other resources of the County shall be required to be used, nor the general credit of the County pledged for the payment of the bonds.

During fiscal year 2004, the Carroll County Solid Waste Management Commission refinanced both of the issues referred to in note 14, allowing all previous bonds to be called. Accordingly, these will no longer be contingent liabilities for Carroll County.

Carroll County

Required Supplementary Information

Carroll County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds
 Required Supplementary Information
 Year ended June 30, 2003

	Actual	Less: Funds not Required to be Budgeted	Net
Receipts:			
Property and other County tax	\$ 4,996,448	-	4,996,448
Interest and penalty on property tax	35,227	-	35,227
Intergovernmental	4,766,945	-	4,766,945
Licenses and permits	70,662	-	70,662
Charges for service	1,230,663	-	1,230,663
Use of money and property	221,829	1,455	220,374
Fines, forfeits & defaults	-	-	-
Miscellaneous	461,401	196,063	265,338
Total receipts	<u>11,783,175</u>	<u>197,518</u>	<u>11,585,657</u>
Disbursements:			
Public safety and legal services	1,989,673	-	1,989,673
Physical health and social services	1,106,152	-	1,106,152
Mental health	2,562,647	-	2,562,647
County environment and education	761,477	10,020	751,457
Roads and transportation	3,208,333	-	3,208,333
Governmental services to residents	385,144	-	385,144
Administration	1,031,297	-	1,031,297
Non-program	159,362	36,503	122,859
Debt service	525,732	-	525,732
Capital projects	1,170,193	159,590	1,010,603
Total disbursements	<u>12,900,010</u>	<u>206,113</u>	<u>12,693,897</u>
Deficiency of receipts under disbursements	(1,116,835)	(8,595)	(1,108,240)
Other financing sources, net	842,400		842,400
Deficiency of receipts and other financing sources under disbursements	(274,435)	(8,595)	(265,840)
Balance beginning of year, as retated	<u>4,375,339</u>	<u>146,251</u>	<u>4,229,088</u>
Balance end of year	<u>\$ 4,100,904</u>	<u>137,656</u>	<u>3,963,248</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,012,484	5,012,484	(16,036)
5,350	5,350	29,877
4,572,752	4,728,752	38,193
71,075	71,075	(413)
1,203,400	1,209,400	21,263
404,023	429,023	(208,649)
500	500	(500)
300,200	769,610	(504,272)
11,569,784	12,226,194	(640,537)
2,012,585	2,027,585	37,912
1,276,181	1,282,181	176,029
2,746,595	2,746,595	183,948
794,908	794,908	43,451
3,478,700	3,478,700	270,367
334,814	403,329	18,185
1,022,794	1,072,976	41,679
130,000	130,000	7,141
121,000	528,786	3,054
562,200	1,235,700	225,097
12,479,777	13,700,760	1,006,863
(909,993)	(1,474,566)	366,326
-	438,500	403,900
(909,993)	(1,036,066)	770,226
3,597,144	3,597,144	631,944
2,687,151	2,561,078	1,402,170

Carroll County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2003

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,783,175	245,988	12,029,163
Expenditures	12,900,010	(55,082)	12,844,928
Net	(1,116,835)	301,070	(815,765)
Other financing sources, net	842,400	-	842,400
Beginning fund balances, as restated	4,375,339	880,489	5,255,828
Increase (decrease) in reserve for:			
Inventories	-	(12,222)	(12,222)
Prepaid insurance	-	13,966	13,966
Ending fund balances	\$ 4,100,904	1,183,303	5,284,207

See accompanying independent auditor's report.

Carroll County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2003

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

Formal and legal budgetary control is based upon 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, debt service fund, and capital projects 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. During the year, four budget amendments increased budgeted disbursements by \$1,220,983. These budget amendments are reflected in the final budgeted amounts.

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.

During the year ended June 30, 2003, disbursements exceeded the amounts budgeted in the debt service function before the budget was amended and disbursements in certain departments exceeded the amounts appropriated.

Carroll County

Other Supplementary Information

Carroll County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Special Revenue		
	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts
Assets			
Cash and pooled investments:			
County Treasurer	\$ 9,711	5,545	31,812
Conservation Foundation	-	-	-
4 Corner Park	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other governments	319	-	-
	Total assets	5,545	31,812
	\$ 10,030	5,545	31,812
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	-	1,912
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	-	-	1,912
Fund equity:			
Fund balances:			
Reserved for drainage warrants/drainage improvement certificates	-	-	29,900
Unreserved	10,030	5,545	-
Total fund equity	10,030	5,545	29,900
	Total liabilities and fund equity	5,545	31,812
	\$ 10,030	5,545	31,812

See accompanying independent auditor's report.

Conservation Foundation	Debt Service	Capital Projects	Total
3,716	-	98,492	149,276
104,643	-	-	104,643
-	-	1,201	1,201
-	101	-	101
-	39,000	-	39,000
-	-	-	319
108,359	39,101	99,693	294,540
-	-	-	1,912
-	39,000	-	39,000
-	101	-	101
-	39,101	-	41,013
-	-	-	29,900
108,359	-	99,693	223,627
108,359	-	99,693	253,527
108,359	39,101	99,693	294,540

Carroll County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2003

	Special Revenue		
	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts
Revenues:			
Intergovernmental	\$ 565	-	-
Charges for service	-	6,350	-
Use of money and property	93	57	-
Miscellaneous	-	-	32,813
Total revenues	658	6,407	32,813
Expenditures:			
Operating:			
County environment and education	2,485	-	-
Governmental services to residents	-	41,000	-
Non-program	-	-	37,894
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	2,485	41,000	37,894
Excess (deficiency) of revenues over (under) expenditures	(1,827)	(34,593)	(5,081)
Other financing sources (uses):			
General obligation notes issued	-	-	-
Operating transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,827)	(34,593)	(5,081)
Fund balances beginning of year	11,857	40,138	34,981
Fund balances end of year	\$ 10,030	5,545	29,900

See accompanying independent auditor's report.

Conservation Foundation	Debt Service	Capital Projects	Total
-	117,946	-	118,511
-	-	-	6,350
1,455	-	14,000	15,605
162,750	-	46,044	241,607
164,205	117,946	60,044	382,073
10,020	-	-	12,505
-	-	-	41,000
-	-	-	37,894
-	525,732	-	525,732
-	-	581,854	581,854
10,020	525,732	581,854	1,198,985
154,185	(407,786)	(521,810)	(816,912)
-	161,786	403,214	565,000
(159,570)	246,000	159,570	246,000
(159,570)	407,786	562,784	811,000
(5,385)	-	40,974	(5,912)
113,744	-	58,719	259,439
108,359	-	99,693	253,527

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

	County Office	Agricultural Extension Education	County Assessor
Assets			
Cash and pooled investments:			
County Treasurer	\$ -	905	90,247
Other county officials	6,161	-	-
Receivables:			
Property tax:			
Delinquent	-	252	513
Succeeding year	-	106,000	217,000
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Total assets	6,161	107,157	307,760
Liabilities			
Accounts payable	-	-	74
Due to other governments	6	107,157	306,117
Trusts payable	6,155	-	-
Compensated absences	-	-	1,569
Total liabilities	\$ 6,161	107,157	307,760

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
81,576	3,857	31,517	2,516	391,466	29
-	-	-	-	-	-
28,435	1,086	83,891	43	-	7
9,731,000	456,000	5,988,000	217,000	-	3,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,841,011</u>	<u>460,943</u>	<u>6,103,408</u>	<u>219,559</u>	<u>391,466</u>	<u>3,036</u>
-	-	-	-	-	-
9,841,011	460,943	6,103,408	219,559	391,466	3,036
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,841,011</u>	<u>460,943</u>	<u>6,103,408</u>	<u>219,559</u>	<u>391,466</u>	<u>3,036</u>

Carroll County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

	E911 Service Commission	Emergency Management Services	Drainage Districts
Assets			
Cash and pooled investments:			
County Treasurer	231,124	6,815	4,373
Other county officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	30,723	-	-
Accrued interest	1,182	-	-
Due from other governments	1,980	1,701	-
	265,009	8,516	4,373
Liabilities			
Accounts payable	32,376	7	-
Due to other governments	232,633	8,509	4,373
Trusts payable	-	-	-
Compensated absences	-	-	-
	265,009	8,516	4,373

See accompanying independent auditor's report.

Special Assessments	Advance Tax	Multi-County Child Support	Anatomical Gift and Public Awareness and Transplantation	Total
783	4,176	7,366	40	856,790
-	-	-	-	6,161
-	-	-	-	114,227
-	-	-	-	16,718,000
-	-	-	-	30,723
-	-	-	-	1,182
-	-	28,873	-	32,554
783	4,176	36,239	40	17,759,637
-	-	-	-	32,457
783	4,176	34,227	40	17,717,444
-	-	-	-	6,155
-	-	2,012	-	3,581
783	4,176	36,239	40	17,759,637

Carroll County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2003

	County Offices		Agricultural Extension Education
	County Recorder	County Sheriff	
	Assets and Liabilities		
Balances beginning of year	\$ -	11,615	105,473
Additions:			
Property and other County tax	-	-	105,464
E911 surcharge	-	-	-
State tax credits	-	-	6,018
Office fees and collections	283,244	89,743	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	259,392	-
Miscellaneous	-	-	-
Total additions	283,244	349,135	111,482
Deductions:			
Agency remittances:			
To other funds	147,881	157,449	-
To other governments	135,363	113	109,798
Trusts paid out	-	197,027	-
Total deductions	283,244	354,589	109,798
Balances end of year	\$ -	6,161	107,157

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
347,123	9,558,564	445,314	5,938,938	207,290	443,228
181,708	9,710,576	454,876	5,913,215	217,636	-
-	-	-	-	-	-
12,582	541,127	25,574	329,797	11,002	-
-	-	-	-	-	-
-	-	-	-	-	5,107,433
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
194,290	10,251,703	480,450	6,243,012	228,638	5,107,433
-	-	-	-	-	134,646
233,653	9,969,256	464,821	6,078,542	216,369	5,024,549
-	-	-	-	-	-
233,653	9,969,256	464,821	6,078,542	216,369	5,159,195
307,760	9,841,011	460,943	6,103,408	219,559	391,466

Carroll County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2003

	Brucellosis and Tuberculosis Eradication	E911 Service Commission	Emergency Management Services
Assets and Liabilities			
Balances beginning of year	3,060	294,251	5,240
Additions:			
Property and other County tax	3,084	-	-
E911 surcharge	-	191,264	-
State tax credits	179	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	18,304
Total additions	3,263	191,264	18,304
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	3,287	220,506	15,028
Trusts paid out	-	-	-
Total deductions	3,287	220,506	15,028
Balances end of year	3,036	265,009	8,516

See accompanying independent auditor's report.

Drainage Districts	Special Assessments	Advance Tax	Multi- County Child Support	Anatomical Gift and Public Awareness and Transplantation	Total
(102,852)	-	4,163	29,471	35	17,290,913
-	-	-	-	-	16,586,559
-	-	-	-	-	191,264
-	-	-	-	-	926,279
-	-	-	-	-	372,987
-	-	-	-	-	5,107,433
142,412	18,802	-	-	-	161,214
-	-	-	-	-	259,392
-	-	6,614	230,960	165	256,043
142,412	18,802	6,614	230,960	165	23,861,171
-	-	-	-	-	439,976
35,187	18,019	6,601	224,192	160	22,755,444
-	-	-	-	-	197,027
35,187	18,019	6,601	224,192	160	23,392,447
4,373	783	4,176	36,239	40	17,759,637

Schedule 5

Carroll County

Schedule of Revenues By Source and Expenditures By Function -

All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis			
	2003	2002	2001	2000
Revenues:				
Property and other County tax	\$ 4,996,273	4,830,123	4,073,671	4,295,687
Interest and penalty on property tax	35,207	36,890	29,438	27,583
Intergovernmental	5,011,828	5,074,363	4,819,102	5,084,011
Licenses and permits	77,990	75,044	72,346	78,667
Charges for service	1,233,218	1,248,698	1,321,427	1,186,036
Use of money and property	212,256	289,378	439,429	432,798
Fines, forfeitures and defaults	-	756	1,350	3,500
Miscellaneous	462,391	360,357	508,858	472,896
Total	<u>\$ 12,029,163</u>	<u>11,915,609</u>	<u>11,265,621</u>	<u>11,581,178</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,978,593	1,920,854	1,760,342	1,707,304
Physical health and social services	1,099,460	1,194,390	1,073,429	1,036,295
Mental health	2,522,514	2,525,443	2,529,302	2,563,525
County environment and education	785,261	701,166	704,023	668,550
Roads and transportation	3,096,413	3,679,075	3,037,346	3,621,012
Governmental services to residents	384,115	345,484	314,477	270,209
Administration	1,032,052	921,885	871,573	826,769
Non-program	273,593	156,320	169,368	223,093
Debt service	525,732	118,698	119,018	124,081
Capital projects	1,147,195	790,600	821,543	1,066,822
Total	<u>\$ 12,844,928</u>	<u>12,353,915</u>	<u>11,400,421</u>	<u>12,107,660</u>

See accompanying independent auditor's report.

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>9,517</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
HOME Investment Partnerships Program	14.239	01-HM-112	<u>120,838</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	00V-0220	<u>22,630</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO14(89)-8J-14	13,496
Highway Planning and Construction	20.205	BROS-CO14(98)-8J-14	131,845
Highway Planning and Construction	20.205	STP-E-CO14(100)-8V-14	<u>32,000</u>
			<u>177,341</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>14,104</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>34</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,706</u>
Foster Care - Title IV-E	93.658		<u>4,814</u>
Adoption Assistance	93.659		<u>1,601</u>
Medical Assistance Program	93.778		<u>13,856</u>
Social Services Block Grant	93.667		<u>9,351</u>
Social Services Block Grant	93.667		<u>76,405</u>
			<u>85,756</u>
Iowa Department of Elder Affairs:			
Elderbridge Area Agency on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>27,500</u>

Schedule 6

Carroll 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):			
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management Performance			
Grants			
	83.552		<u>6,304</u>
Total			<u>\$ 487,001</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Carroll 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 basic financial statements.

See accompanying independent auditor's report.



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

To the Officials of Carroll County:

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

Compliance

As part of obtaining reasonable assurance about whether Carroll County's 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 financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-03, IV-K-03, IV-L-03 and IV-M-03.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe items II-D-03 and II-E-03 are material weaknesses. Prior year reportable conditions have been resolved except for items II-A-03, II-B-03, and II-C-03.

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

December 9, 2003

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

Carroll County



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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 Carroll County:

Compliance

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

In our opinion, Carroll 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 Carroll 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 Carroll 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 Carroll County and other parties to whom Carroll 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

December 9, 2003

Carroll 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, including material weaknesses.
- (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 14.239 – HOME Investment Partnerships 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) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part II: Findings Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-03 Jail Commissary – Profits from the jail commissary are deposited and disbursed from the jail commissary bank account.

Recommendation – A separate general ledger account should be established and profits from the jail commissary should be deposited with the County Treasurer and all expenditures should be paid by the claims approved by the Board of Supervisors and reflected in the County's accounting system, County budget and annual financial statements.

Response – Why burden the tax payers with a line item in the budget? The tax payers did not put the prisoners in jail and so why should they pay for items that the prisoners need in jail. Taxes are high enough, when prisoners have the money they should pay for it themselves.

Conclusion – Response acknowledged. Profits from the jail commissary account that are spent for other than commissary items should be deposited with the County Treasurer to make sure those expenditures go through the budgetary process and approval by the Board of Supervisors.

II-B-03 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring back-ups to be performed weekly, monthly, and yearly.
- Log-off procedures for computer(s) left unattended or to deny access to the computer system if an individual incorrectly enters a password a specified number of times.

Also, the County does not have a formal written disaster recovery plan which includes the computer system and equipment.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Recommendation – The County should develop written policies addressing the above items in order to improve the County’s control over computer based systems. A formal written disaster recovery plan should be developed.

Response – The following policies are in draft form, not yet approved by the Board.

- Passwords will be changed periodically.
- Backups are to be performed daily with daily, monthly, and annual backups stored off site.
- The County will not require computers to be logged-off when left unattended nor will access be denied if an individual enters a password incorrectly a specified number of times.

The County disaster recovery plan is being developed and should be completed in the next fiscal year. Templates are being developed by ICIT and ISAC for counties to use as guidelines and may not be available until summer 2004.

Conclusion – Response acknowledged. Formal written policies to improve controls over computer based systems should include policies to prevent unauthorized individuals access to the computerized information.

II-C-03 Timesheets – Not all employees fill out a timesheet. Also, timesheets were not approved by department heads.

Recommendation – All employees should fill out a timesheet. Also, timesheets should be approved and initialed by the employee’s supervisor.

Response – A memo was sent to all department heads on December 30, 2003 which requested they all comply. Every person, with the exception of the elected officials, will be required to complete a timesheet, and have it on file in the appropriate department or office. The immediate supervisor will be required to approve timesheets for his/her staff.

Conclusion – Response accepted.

II-D-03 Board of Health – One individual has custody of receipts, performs all record-keeping, and does not perform a monthly reconciliation between billings and collections. Also, a restrictive endorsement was not placed on checks upon receipt.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. Also, a restrictive endorsement (for deposit only) should be placed on all checks when received to help provide protection in case of theft or loss.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Response – A restrictive endorsement stamp has been ordered and the “deposit only” will appear on checks. The Board will attempt to require better internal controls. However, due to the number of employees, it will be more difficult to comply with.

Conclusion – Response accepted.

II-E-03 Carroll County Ambulance Department – 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. One individual of the Carroll County Ambulance Department has custody of receipts, enters adjustments into the accounts receivable system, and performs all record-keeping for the accounts receivable system.

In addition, the following conditions were noted:

- Billings, collections and accounts receivable are not reconciled monthly.
- A policy for an allowance for doubtful accounts has not been adopted.
- An independent person does not review or authorize accounts receivable write-offs.
- Some Ambulance Department collections are later deposited with the County Treasurer. Receipts are issued, but are not prenumbered.
- Restrictive endorsements are not placed on checks upon receipt.
- Deposits are not reconciled to the initial receipts listing.
- Monthly bank reconciliations are not performed by an independent person.
- Rates can be entered and adjusted on the accounts receivable system without leaving an audit trail of what was changed.

A separate bank account is utilized for EFT payments made by insurance companies and the federal government. No other deposits are made into this account. The only disbursements from this account are transfers to another County bank account, at which time the County Treasurer records the receipts in the general ledger.

Recommendation – We realize that with a limited number of Department employees, segregation of duties is difficult. However, the County should review the operating procedures of the Department to obtain the maximum internal control possible under the circumstances.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

When patients are billed, instructions should be included on the bill that all payments should be made directly to the County Treasurer. A return envelope could be included with the County Treasurer's mailing address on it. Payments on accounts should not be accepted at the Carroll County Ambulance Department office.

Arrangements should be made with the insurance companies and the federal government for all EFT payments to be credited into a designated County bank account. The existing account should be closed into this bank account.

Response – The Carroll County Ambulance Department will follow the following procedures:

- The County Auditor will reconcile billings, collections and accounts receivable monthly.
- A policy for doubtful accounts will be approved by the Ambulance Board.
- All payments will be received by the County Treasurer and a receipt will be forwarded to the ambulance department office for posting in the accounting system. Any payment sent to the ambulance office will be stamped with the current restrictive endorsement and sent to the County Treasurer's office for a receipt number.
- All rate changes and accounts receivable write-offs will be made only after recommendation by the Carroll County Ambulance Board and approval by the Carroll County Board of Supervisors.
- EFT transfers are done using routing numbers from the bank so changing the account to another would cause delays and hardships to various insurance payors. We will restrict access to the account to the County Treasurer and change the ownership of the account to the County Treasurer.

Conclusion – Response accepted.

Carroll 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.

Carroll 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 exceeded the amount budgeted in the debt service function before the budget was amended. Disbursements in certain departments exceeded the amounts appropriated prior to amendments and at year end.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response – We will monitor the function to not overspend the amount budgeted in the future.

Conclusion – Response acknowledged. Departmental and office disbursements should also be monitored and appropriations increased before disbursements are allowed to exceed the budget.

IV-C-03 Questionable Expenditures – Except as noted in items IV-M-03 and IV-N-03, no expenditures that 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 – The following business transaction between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Dave Potthoff, Deputy Sheriff, owner of Shooters Outlet	Gun supplies	\$ 210

In accordance with Chapter 331.342(10) of the Code of Iowa, the gun supplies purchased from Shooters Outlet does not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-03 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 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 did not exceed the amount budgeted.

- IV-K-03 E911 Surcharge – The E911 Service Board had a surplus of \$281,944 in the operating account at the end of fiscal year 2002. This fund balance was not designated by the Board.

Chapter 34A.7(5)(b)(3) of the Code of Iowa states, “If the surplus is greater than twenty-five percent of the approved annual operating budget for the next year, the administrator shall reduce the surcharge by an amount calculated to result in a surplus of no more than twenty-five percent of the planned annual operating budget.”

The E911 Service Board did not reduce the surcharge asking for fiscal year 2003.

Recommendation – The E911 Service Board should consult the Iowa Department of Public Defense to determine the disposition of the incorrect computation of the surcharge asking for the year ended June 30, 2003.

Response – The E911 Board has designated this money for future projects we are looking into.

Conclusion – Response acknowledged. The E911 Service Board should consult the Iowa Department of Public Defense to reduce the future year asking to reduce the surplus in the operating account.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-L-03 E911 Budget – Disbursements during the year ended June 30, 2003 exceeded the amount budgeted.

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

Response – I will monitor disbursements and amend the budget so we do not go over in fiscal year 2004.

Conclusion – Response accepted.

IV-M-03 Economic Development – The following economic development payments were noted:

<u>Payee</u>	<u>Amount</u>
Region XII	\$ 13,138
Carroll County Soil & Water	<u>1,000</u>
Total	<u>\$ 14,138</u>

These payments may not be an appropriate expenditure of public funds since the public 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 – The amount of \$13,138 paid to Region XII is an annual assessment of the six-county group. The payment of \$1,000 to Carroll County Soil and Water was for buffer strips to hold soil to prevent erosion and to create habitat for wildlife. Next year we will budget from a different line for both the Carroll County Soil and Water and Region XII, which will not be economic related.

In the future, the Board will document the public purpose served by economic development expenditures.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-N-03 Separately Maintained Account – The Carroll County paramedics have a separately maintained checking account. Deposit slips, cancelled checks, invoices and other support are not maintained to document activity of the account.

Information obtained from the bank is summarized below:

Total deposits made during the year		\$ 5,790
Source of deposits:		
Pella Corporation of Christmas lights display	\$ 1,190	
Carroll County Emergency Medical Services Association for the time spent at the Christmas-lights display	1,014	
Interest	8	2,212
Deposits for which the purpose/source cannot be determined		<u>\$ 3,578</u>
Total disbursements that cleared the bank during the year		\$ 6,847
Descriptions of the disbursements:		
Payments to community colleges for paramedic and EMT certifications	\$ 323	
Membership fee to the Carroll County Emergency Medical Services Association	100	
Payment to vendor for Pella Corporation Christmas lights display	1,190	1,613
Disbursements for which the purpose/propriety cannot be determined, including cash withdrawals of \$421		<u>\$ 5,234</u>

Without the necessary documentation, the purpose and propriety of the disbursements can not be determined.

Recommendation – Adequate accounting records should be maintained to identify the purpose/source of receipts and the purpose/propriety disbursements. The County should include this account in the County’s financials statements. Also, the County should investigate and determine the purpose/source of the remaining deposits and the purpose/propriety of the remaining disbursements.

Response – A complete and thorough record will be kept on the account known as the EMT support fund. Two signatures will be required on all checks. This account should be included in the County’s financial statements. The County will determine the source/purpose of the remaining deposits and the purpose/propriety of the remaining disbursements.

Conclusion – Response accepted.

Carroll County

Staff

This audit was performed by:

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