



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE February 27, 2004

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$17,415,177 for the year ended June 30, 2003, which included \$1,012,592 in tax credits from the state. The County forwarded \$13,319,504 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,095,673 of the local tax revenue to finance County operations, a less than one percent increase from the prior year. Other revenues included \$3,200,241 from other governments, \$412,997 in local option sales tax and \$103,846 in interest on investments.

Expenditures for County operations totaled \$8,426,565, a nine percent decrease from the prior year. Expenditures included \$2,297,184 for roads and transportation, \$1,811,584 for public safety and legal services and \$1,513,629 for mental health.

The significant decrease in expenditures is due primarily to the decrease in secondary roads expenditures for roadway construction projects and a decrease in housing rehabilitation and development expenditures.

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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**O'BRIEN COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2003**

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**O'Brien County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2003)</b>		
Carl Struve	Board of Supervisors	Jan 2003
Jacob Moermond	Board of Supervisors	Jan 2003
Rudolph Riessen	Board of Supervisors	Jan 2005
Ronald Drenkow	Board of Supervisors	Jan 2005
Dan Struve, Jr.	Board of Supervisors	Jan 2005
Barbara Rohwer	County Auditor	Jan 2005
Sylvia Nikles	County Treasurer	Jan 2003
Kurt Brown	County Recorder	Jan 2003
Michael J. Anderson	County Sheriff	Jan 2005
Bruce A. Green	County Attorney	Jan 2003
Lowell L. Dykstra	County Assessor	Jan 2004
<b>(After January 2003)</b>		
Rudolph Riessen	Board of Supervisors	Jan 2005
Ronald Drenkow	Board of Supervisors	Jan 2005
Dan Struve, Jr.	Board of Supervisors	Jan 2005
Jacob Moermond	Board of Supervisors	Jan 2007
Thomas Farnsworth	Board of Supervisors	Jan 2007
Barbara Rohwer	County Auditor	Jan 2005
Sylvia Nikles	County Treasurer	Jan 2007
Kurt Brown	County Recorder	Jan 2007
Michael J. Anderson	County Sheriff	Jan 2005
Bruce A. Green	County Attorney	Jan 2007
Lowell L. Dykstra	County Assessor	Jan 2004

**O'Brien County**



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Independent Auditor's Report

To the Officials of O'Brien County:

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

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

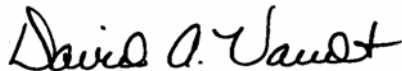
The general purpose financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects on the financial statements of the omission of the general fixed assets account group, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of O'Brien County at June 30, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances—Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of O'Brien County for the year ended June 30, 2003.

As discussed in note 12, O'Brien County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the county's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated January 6, 2004 on our consideration of O'Brien County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the year ended June 30, 2002 (which is not presented herein) and expressed a qualified opinion on those financial statements for the effects of the omission of the general fixed assets account group. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the two years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group and the omission of materials and supplies inventories, pertaining primarily to Special Revenue Funds. The supplemental information included in Schedules 1 through 12 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 6, 2004

## **Financial Statements**



O'Brien County  
 Combined Balance Sheet  
 All Fund Types and Account Group  
 June 30, 2003

	Governmental Fund	
	General	Special Revenue
<b>Assets and Other Debits</b>		
Cash and pooled investments:		
County Treasurer	\$ 1,671,069	1,942,238
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	1,975	1,368
Succeeding year	2,322,000	1,964,000
Interest and penalty on property tax	6,503	-
Accounts	10,062	12,907
Accrued interest	5,879	46
Special assessments	-	-
Due from other funds (note 3)	40,469	403
Due from other governments	110,997	245,985
Inventories	-	860,928
Prepaid expenditures	22,530	16,296
Amount available in Debt Service Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
	\$ 4,191,484	5,044,171

Types		Proprietary Fund Type	Fiduciary Fund Type	Account Group	Total
Debt Service	Capital Projects	Internal Service	Trust and Agency	General Long-Term Debt	(Memorandum Only)
8,656	-	245,374	958,234	-	4,825,571
-	-	-	40,822	-	40,822
306	-	-	14,038	-	17,687
302,000	-	-	12,555,000	-	17,143,000
-	-	-	-	-	6,503
-	-	-	21,751	-	44,720
-	-	-	496	-	6,421
-	-	-	397,596	-	397,596
-	-	-	-	-	40,872
-	119	-	2,144	-	359,245
-	-	-	-	-	860,928
-	-	-	-	-	38,826
-	-	-	-	8,749	8,749
-	-	-	-	3,399,626	3,399,626
310,962	119	245,374	13,990,081	3,408,375	27,190,566

O'Brien County  
 Combined Balance Sheet  
 All Fund Types and Account Group  
 June 30, 2003

	Governmental Fund	
	General	Special Revenue
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Accounts payable	\$ 44,408	176,439
Salaries and benefits payable	11,147	11,732
Due to other funds (note 3)	-	-
Due to other governments (note 4)	962	109,568
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	2,322,000	1,964,000
Other	8,707	548
Bonds payable (note 5)	-	-
Compensated absences	19,487	11,414
Total liabilities	2,406,711	2,273,701
Fund equity:		
Unreserved retained earnings	-	-
Fund balances:		
Reserved for:		
Inventories	-	860,928
Prepaid expenditures	22,530	16,296
Debt service	-	-
Unreserved	1,762,243	1,893,246
Total fund equity	1,784,773	2,770,470
<b>Total liabilities and fund equity</b>	<b>\$ 4,191,484</b>	<b>5,044,171</b>

See notes to financial statements.

Types		Proprietary Fund Type	Fiduciary Fund Type	Account Group		Total (Memorandum Only)
Debt Service	Capital Projects	Internal Service	Trust and Agency	General	Long-Term Debt	
-	-	91,267	-	-	-	312,114
-	-	-	-	-	-	22,879
-	-	-	40,872	-	-	40,872
-	-	-	13,844,423	-	-	13,954,953
-	-	-	1,184	-	-	1,184
302,000	-	-	-	-	-	4,588,000
213	-	-	-	-	-	9,468
-	-	-	-	3,285,000	-	3,285,000
-	-	-	-	123,375	-	154,276
302,213	-	91,267	13,886,479	3,408,375	-	22,368,746
-	-	154,107	-	-	-	154,107
-	-	-	-	-	-	860,928
-	-	-	-	-	-	38,826
8,749	-	-	-	-	-	8,749
-	119	-	103,602	-	-	3,759,210
8,749	119	154,107	103,602	-	-	4,821,820
310,962	119	245,374	13,990,081	3,408,375	-	27,190,566

O'Brien County

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

Year ended June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Property and other County tax	\$ 1,812,213	2,157,743	282,799
Interest and penalty on property tax	27,467	-	-
Intergovernmental	529,969	2,906,857	19,211
Licenses and permits	1,500	630	-
Charges for service	822,181	4,357	-
Use of money and property	153,895	5,721	-
Miscellaneous	29,966	74,222	-
Total revenues	<u>3,377,191</u>	<u>5,149,530</u>	<u>302,010</u>
Expenditures:			
Operating:			
Public safety and legal services	1,442,437	369,147	-
Physical health and social services	421,847	39,100	-
Mental health	-	1,513,629	-
County environment and education	372,408	106,911	-
Roads and transportation	-	2,297,184	-
Governmental services to residents	338,898	1,710	-
Administration	810,551	-	-
Non-program	5,010	-	-
Debt service	-	-	304,684
Capital projects	-	400,793	-
Total expenditures	<u>3,391,151</u>	<u>4,728,474</u>	<u>304,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,960)</u>	<u>421,056</u>	<u>(2,674)</u>
Other financing sources (uses):			
Sale of general fixed assets	1,469	-	-
Operating transfers in	2,038	1,305,856	-
Operating transfers out	(74,544)	(1,299,590)	-
Total other financing sources (uses)	<u>(71,037)</u>	<u>6,266</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(84,997)</u>	<u>427,322</u>	<u>(2,674)</u>
Fund balances beginning of year	1,885,032	2,491,424	11,423
Decrease in reserve for:			
Inventories	-	(143,332)	-
Prepaid expenditures	(15,262)	(4,944)	-
Fund balances end of year	<u>\$ 1,784,773</u>	<u>2,770,470</u>	<u>8,749</u>

See notes to financial statements.

Capital Projects	Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)
-	-	4,252,755
-	-	27,467
119	-	3,456,156
-	-	2,130
-	-	826,538
55	400	160,071
163	19,655	124,006
337	20,055	8,849,123
-	-	1,811,584
-	-	460,947
-	-	1,513,629
-	-	479,319
-	-	2,297,184
-	-	340,608
-	-	810,551
-	-	5,010
-	-	304,684
2,256	-	403,049
2,256	-	8,426,565
(1,919)	20,055	422,558
-	-	1,469
-	68,278	1,376,172
(2,038)	-	(1,376,172)
(2,038)	68,278	1,469
(3,957)	88,333	424,027
4,076	15,269	4,407,224
-	-	(143,332)
-	-	(20,206)
119	103,602	4,667,713

O'Brien County

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

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 4,212,500	-
Interest and penalty on property tax	27,412	-
Intergovernmental	3,472,589	-
Licenses and permits	31,998	-
Charges for service	833,253	-
Use of money and property	164,636	1,251
Miscellaneous	68,141	-
Total receipts	<u>8,810,529</u>	<u>1,251</u>
Disbursements:		
Public safety and legal services	1,815,320	-
Physical health and social services	420,123	-
Mental health	1,545,689	-
County environment and education	514,820	-
Roads and transportation	2,220,656	-
Governmental services to residents	337,817	-
Administration	806,909	-
Non-program	5,014	-
Debt service	304,684	-
Capital projects	759,378	-
Total disbursements	<u>8,730,410</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	80,119	1,251
Other financing sources, net	<u>1,469</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	81,588	1,251
Balance beginning of year	<u>3,643,977</u>	<u>53,479</u>
Balance end of year	<u>\$ 3,725,565</u>	<u>54,730</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,212,500	4,194,290	18,210	100%
27,412	12,111	15,301	226%
3,472,589	3,351,165	121,424	104%
31,998	27,400	4,598	117%
833,253	595,970	237,283	140%
163,385	161,086	2,299	101%
68,141	60,710	7,431	112%
<u>8,809,278</u>	<u>8,402,732</u>	<u>406,546</u>	<u>105%</u>
1,815,320	1,944,915	129,595	93%
420,123	492,072	71,949	85%
1,545,689	1,581,949	36,260	98%
514,820	526,524	11,704	98%
2,220,656	2,608,350	387,694	85%
337,817	356,119	18,302	95%
806,909	851,574	44,665	95%
5,014	5,014	-	100%
304,684	304,688	4	100%
759,378	877,256	117,878	87%
<u>8,730,410</u>	<u>9,548,461</u>	<u>818,051</u>	<u>91%</u>
78,868	(1,145,729)		
<u>1,469</u>	<u>2,469</u>		
80,337	(1,143,260)		
<u>3,590,498</u>	<u>3,493,818</u>		
<u>3,670,835</u>	<u>2,350,558</u>		



**Exhibit D**

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## O'Brien County

## Combined Statement of Revenues, Expenses and Changes in Retained Earnings

## Internal Service Funds

Year ended June 30, 2003

Operating revenues:		
Reimbursement from operating funds		\$ 510,095
Stop loss insurance refund		70,241
Reimbursements from others		<u>17,760</u>
Total operating revenues		598,096
Operating expenses:		
Health claims and administrative services	\$ 747,629	
Workers' compensation insurance	3,144	
Miscellaneous	<u>1,228</u>	<u>752,001</u>
Operating loss		(153,905)
Non-operating revenues:		
Interest on investments		<u>7,219</u>
Net loss		(146,686)
Retained earnings beginning of the year		<u>300,793</u>
Retained earnings end of year		<u>\$ 154,107</u>

See notes to financial statements.

O'Brien County  
 Combined Statement of Cash Flows  
 Internal Service Funds  
 Year ended June 30, 2003

Cash flows from operating activities:	
Cash received from operating funds	\$ 510,095
Cash received from stop loss insurance refund	70,241
Cash received from others	17,760
Cash paid for health claims and to administrative provider	(697,019)
Cash paid for workers' compensation insurance	(3,144)
Cash paid for miscellaneous	(1,228)
Net cash used for operating activities	<u>(103,295)</u>
Cash flows from investing activities:	
Interest on investments	<u>7,219</u>
Net decrease in cash and cash equivalents	(96,076)
Cash and cash equivalents beginning of year	<u>341,450</u>
Cash and cash equivalents end of year	<u><u>\$ 245,374</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (153,905)
Adjustment to reconcile operating loss to net cash used for operating activities:	
Increase in accounts payable	<u>50,610</u>
Net cash used for operating activities	<u><u>\$ (103,295)</u></u>

See notes to financial statements.

O'Brien County

Notes to Financial Statements

June 30, 2003

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

O'Brien County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

A. Reporting Entity

For financial reporting purposes, O'Brien County has included all funds, organizations, account group, agencies, boards, commissions and authorities, except for the general fixed asset account group. 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 O'Brien 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.

Eleven 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 O'Brien County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the O'Brien County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: O'Brien County Assessor's Conference Board, the O'Brien County Emergency Management Services Commission, the Joint E-911 Service Board and the O'Brien County Economic Development Corporation. 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.

The County also participates in the following jointly governed organizations: Northwest Iowa Multi-county Regional Juvenile Detention Center, Northwest Iowa Area Solid Waste Agency, Synergy Center and Iowa Great Lakes Drug Task Force. In addition the County is involved in the following jointly governed organizations: Northwest Iowa Planning and Development Commission, Northwest Iowa Alcohol and Drug Treatment Center, Regional Transit Authority, Domestic Violence, Private Industries Council, Seasons Mental Health Center, Third Judicial District Department of Correctional Services, Upper Des Moines Opportunity, Inc., Iowa County Engineers Association Service Bureau and Regional Transit Authority/RIDES, Inc.

B. Fund Accounting

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

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other 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 Funds–The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

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

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

Proprietary Funds

Internal Service Funds–The Internal Service Funds are 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.

## Fiduciary Funds

Trust Fund – The Trust Fund is used to account for assets held by the County in a trustee capacity. This includes the Expendable Trust Fund which is accounted for in essentially the same manner as Governmental Funds.

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

## Account Group

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

### C. Measurement Focus

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

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

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

### D. Basis of Accounting

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

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

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

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

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

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

Special Assessments Receivable – Special assessments receivable represent amounts assessed to individuals for work done which benefits 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. Special 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.

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

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

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

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

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

Compensated Absences—County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The cost of vacation payments expected to be liquidated currently are recorded as liabilities of the Governmental Funds. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

Unreserved Retained Earnings – The unreserved retained earnings of the Medical Insurance Trust Fund are designated for anticipated future catastrophic losses of the County.

F. Budgets and Budgetary Accounting

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

Formal and legal budgetary control is based upon 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, Capital Projects Fund and Expendable Trust Fund. Although the budget document presents disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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

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



	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 3,405,628	(28,437)	3,377,191	5,082,510	67,020	5,149,530
Expenditures	3,378,374	12,777	3,391,151	5,045,096	(316,622)	4,728,474
Net	27,254	(41,214)	(13,960)	37,414	383,642	421,056
Other financing sources	(70,293)	(744)	(71,037)	5,522	744	6,266
Beginning fund balances	1,714,108	170,924	1,885,032	1,899,302	592,122	2,491,424
Decrease in reserve for:						
Inventories	-	-	-	-	(143,332)	(143,332)
Prepaid expenditures	-	(15,262)	(15,262)	-	(4,944)	(4,944)
Ending fund balances	\$ 1,671,069	113,704	1,784,773	1,942,238	828,232	2,770,470

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 301,957	53	302,010	379	(42)	337
Expenditures	304,684	-	304,684	2,256	-	2,256
Net	(2,727)	53	(2,674)	(1,877)	(42)	(1,919)
Other financing sources	-	-	-	(2,038)	-	(2,038)
Beginning fund balances	11,383	40	11,423	3,915	161	4,076
Decrease in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Ending fund balances	\$ 8,656	93	8,749	-	119	119

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 20,055	-	20,055	8,810,529	38,594	8,849,123
Expenditures	-	-	-	8,730,410	(303,845)	8,426,565
Net	20,055	-	20,055	80,119	342,439	422,558
Other financing sources	68,278	-	68,278	1,469	-	1,469
Beginning fund balances	15,269	-	15,269	3,643,977	763,247	4,407,224
Decrease in reserve for:						
Inventories	-	-	-	-	(143,332)	(143,332)
Prepaid expenditures	-	-	-	-	(20,206)	(20,206)
Ending fund balances	\$ 103,602	-	103,602	3,725,565	942,148	4,667,713

G. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

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

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

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

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

The County's investments at June 30, 2003 are as follows:

Type	Fair Value
U.S. government securities	<u>\$ 155,543</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,956,949 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
General	Trust and Agency: County Recorder	\$ 30,025
	County Sheriff	1,166
	Auto License and Use Tax	9,278
Special Revenue: County Recorder's Records Management	Trust and Agency: County Recorder	403
Total		<u>\$ 40,872</u>

**(4) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 962
Special Revenue:		
Secondary Roads	Services	703
Mental Health		108,865
		<u>109,568</u>
Trust and Agency:		
County Assessor	Collections	327,410
Schools		7,790,440
Community Colleges		399,402
Corporations		4,011,150
City Special Assessments		403,663
Auto License and Use Tax		262,618
Emergency Management		
Agency		49,353
E911 Surcharges		271,803
All other		328,584
		<u>13,844,423</u>
Total		<u>\$ 13,954,953</u>

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

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

	General Obligation Bonds	Compen- sated Absences	Total
Balance beginning of year	\$ 3,430,000	113,516	3,543,516
Additions	-	9,859	9,859
Reductions	145,000	-	145,000
Balance end of year	<u>\$ 3,285,000</u>	<u>123,375</u>	<u>3,408,375</u>

**Bonds Payable**

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

Year ending June 30,	Interest Rates	Principal	Interest	Total
2004	5.300% \$	150,000	151,698	301,698
2005	5.300	160,000	143,748	303,748
2006	5.300	170,000	135,271	305,271
2007	4.300	175,000	126,258	301,258
2008	4.350	185,000	118,734	303,734
2009	4.375	195,000	110,686	305,686
2010	4.400	205,000	102,204	307,204
2011	4.400	215,000	93,236	308,236
2012	4.450	225,000	83,776	308,776
2013	4.500	235,000	73,762	308,762
2014	4.550	250,000	63,188	313,188
2015	4.600	260,000	51,812	311,812
2016	4.600	275,000	39,852	314,852
2017	4.650	285,000	27,202	312,202
2018	4.650	300,000	13,950	313,950
Total		<u>\$ 3,285,000</u>	<u>1,335,377</u>	<u>4,620,377</u>

During the year ended June 30, 1999, the County issued \$3,700,000 in general obligation bonds to build, furnish and equip a new law enforcement center and to demolish existing buildings. During the year ended June 30, 2003, the County retired \$145,000 of the bonds.

**(6) 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 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 \$185,308, \$172,603 and \$166,956, respectively, equal to the required contributions for each year.

**(7) Employee Health Insurance Plan**

The Medical Insurance Trust 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 \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Medical Insurance Trust 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 Medical Insurance Trust Fund. The County records the plan assets and related liabilities of the Medical Insurance Trust Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$510,095.

Amounts payable from the Medical Insurance Trust Fund at June 30, 2003 total \$91,267 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 \$128,645 at June 30, 2003 and is reported as a designation of the Medical Insurance Trust Fund retained earnings. 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 that it is probable that 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 insurance coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2002	\$ 40,657
Incurred claims (including claims incurred but not reported at June 30, 2003)	798,239
Payment on claims during the fiscal year	<u>747,629</u>
Unpaid claims at June 30, 2003	<u><u>\$ 91,267</u></u>

**(8) Cafeteria Plan**

The County self-administers an employee flexible benefits plan adopted and administered in accordance with Sections 105, 125, and 129 of the Internal Revenue Code. The cafeteria plan was effective August 11, 1998. Amounts withheld from employees are remitted to the Internal Service, Flex Plan Fund maintained by the County Treasurer. Payments for reimbursement of plan benefits to employees are made from the Internal Service, Flex Plan Fund.

**(9) Risk Management**

O'Brien County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Disbursements in Excess of Appropriation**

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by function or amounts appropriated by department. During the year ended June 30, 2003, disbursements in one department exceeded the amount appropriated prior to the appropriation amendment.

**(11) Related Party Transactions**

The County had business transactions between the County and County officials, totaling \$49,605 during the year ended June 30, 2003.

**(12) Prospective Accounting Change**

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

## **Supplemental Information**

**Schedule 1**

## O'Brien County

## General Fund

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

Year ended June 30, 2003

Revenues:		
Property and other County tax:		
Property tax	\$ 1,764,254	
Utility tax replacement excise tax	46,347	
Other	<u>1,612</u>	\$ 1,812,213
Interest and penalty on property tax		27,467
Intergovernmental:		
State shared revenues:		
Franchise tax	28,493	
Other	<u>1,876</u>	
	<u>30,369</u>	
State grants and reimbursements including indirect federal funding:		
Home care aide grant	36,388	
Public health nursing grant	26,233	
Human services administrative reimbursements	30,120	
Community development block grant	66,632	
Other	<u>42,510</u>	
	<u>201,883</u>	
State tax replacements:		
State tax credits	<u>126,473</u>	
Direct federal grants and entitlements:		
Medicare and medicaid	<u>38,231</u>	
Contributions and reimbursements from other governmental units:		
Contract law enforcement	113,538	
Elections	7,796	
Other	<u>11,679</u>	
	<u>133,013</u>	529,969
Licenses and permits		1,500
Charges for service:		
Office fees and collections	158,058	
Prisoner room and board	492,230	
Auto license, use tax and postage	109,003	
Camping fees	61,674	
Nursing services	561	
Other	<u>655</u>	822,181

## O'Brien County

## General Fund

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

Year ended June 30, 2003

Revenues (continued):		
Use of money and property:		
Interest on investments	91,185	
Land and equipment rent	56,540	
Other	<u>6,170</u>	153,895
Miscellaneous		<u>29,966</u>
Total revenues		<u>3,377,191</u>
Expenditures:		
Operating:		
Public safety and legal services		1,442,437
Physical health and social services		421,847
County environment and education		372,408
Governmental services to residents		338,898
Administration		810,551
Non-program		<u>5,010</u>
Total expenditures		<u>3,391,151</u>
Deficiency of revenues under expenditures		<u>(13,960)</u>
Other financing sources (uses):		
Sale of general fixed assets		1,469
Operating transfers in (out):		
Special Revenue:		
Housing Rehab		(5,523)
Title XIX Set Aside - 10%		(743)
Capital Projects		2,038
Expendable Trust:		
Conservation Land Acquisition Trust		<u>(68,278)</u>
Total other financing sources (uses)		<u>(71,037)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(84,997)
Fund balance beginning of year		1,885,032
Decrease in reserve for prepaid expenditures		<u>(15,262)</u>
Fund balance end of year		<u>\$ 1,784,773</u>

See accompanying independent auditor's report.



**Schedule 2**

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O'Brien County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:

Law enforcement:

Investigations	\$ 12,591
Contract law enforcement	103,632
Law enforcement communication	225,118
Adult correction services	585,747
Administration	237,600
	<u>1,164,688</u>

Legal services:

Criminal prosecution	155,073
Medical examinations	9,363
	<u>164,436</u>

Emergency services:

Ambulance services	45,680
Disaster services	46,083
	<u>91,763</u>

Assistance to district court system:

Office operations	839
Research assistance	3,719
	<u>4,558</u>

Court proceedings:

Detention services	345
Court costs	839
	<u>1,184</u>

Juvenile justice administration:

Juvenile probation and restitution	12,930
Court-appointed attorneys for juveniles	2,878
	<u>15,808</u>

\$ 1,442,437

Physical health and social services:

Physical health services:

Sanitation	14,880
Health administration	221,630
	<u>236,510</u>

Services to the poor:

Administration	45,381
General welfare services	56,029
Care in County Care Facility	25,116
	<u>126,526</u>

## O'Brien County

## General Fund

## Statement of Expenditures

Year ended June 30, 2003

## Physical health and social services (continued):

## Services to military veterans:

Administration

27,829

General services to veterans

8,824

36,653

## Services to other adults:

Services to the elderly

9,322

## Chemical dependency:

Treatment services

152

Preventive services

12,68412,836

421,847

## County environment and education:

## Environmental quality:

Natural resources conservation

5,709

## Conservation and recreation services:

Administration

194,282

Maintenance and operations

65,209

Recreation and environmental education

4,087

263,578

## Animal control:

Animal shelter

1,563

Animal bounties and domestic animal losses

176

1,739

## County development:

Housing rehabilitation and development

70,382

## Education services:

Fair and 4-H clubs

31,000

372,408

## Governmental services to residents:

## Representation services:

Elections administration

53,731

Local elections

11,477

65,208

## State administrative services:

Motor vehicle registrations and licensing

127,677

Recording of public documents

146,013

273,690

338,898

**Schedule 2**

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O'Brien County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Administration:

Policy and administration:

General County management	148,919	
Administrative management services	98,464	
Treasury management services	102,004	
Other policy and administration	30,441	
	<u>379,828</u>	

Central services:

General services	85,198	
Data processing services	127,642	
	<u>212,840</u>	

Risk management services:

Tort liability	45,030	
Safety of workplace	156,133	
Fidelity of public officials	10,447	
Unemployment compensation	6,273	
	<u>217,883</u>	810,551

Non-program:

County farm operations		<u>5,010</u>
Total		<u>\$ 3,391,151</u>

See accompanying independent auditor's report.

**O'Brien County**

O'Brien County  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
<b>Assets</b>				
Cash and pooled investments	\$ 203,909	1,231,913	205,402	83,878
Receivables:				
Property tax:				
Delinquent	786	-	582	-
Succeeding year	1,395,000	-	569,000	-
Accounts	-	887	12,020	-
Accrued Interest	-	-	-	46
Due from other funds	-	-	-	-
Due from other governments	79,762	165,944	-	279
Inventories	-	860,928	-	-
Prepaid expenditures	2,614	13,682	-	-
<b>Total assets</b>	<b>\$ 1,682,071</b>	<b>2,273,354</b>	<b>787,004</b>	<b>84,203</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 392	110,095	65,952	-
Salaries and benefits payable	27	11,705	-	-
Due to other governments	-	703	108,865	-
Deferred revenue:				
Succeeding year property tax	1,395,000	-	569,000	-
Other	155	-	393	-
Compensated absences	2,642	8,772	-	-
Total liabilities	1,398,216	131,275	744,210	-
Fund equity:				
Fund balances:				
Reserved for:				
Inventories	-	860,928	-	-
Prepaid expenditures	2,614	13,682	-	-
Unreserved	281,241	1,267,469	42,794	84,203
Total fund equity	283,855	2,142,079	42,794	84,203
<b>Total liabilities and fund equity</b>	<b>\$ 1,682,071</b>	<b>2,273,354</b>	<b>787,004</b>	<b>84,203</b>

See accompanying independent auditor's report.

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
23,195	5,199	95,664	5,798	4,933	27,617	54,730	1,942,238
-	-	-	-	-	-	-	1,368
-	-	-	-	-	-	-	1,964,000
-	-	-	-	-	-	-	12,907
-	-	-	-	-	-	-	46
403	-	-	-	-	-	-	403
-	-	-	-	-	-	-	245,985
-	-	-	-	-	-	-	860,928
-	-	-	-	-	-	-	16,296
<b>23,598</b>	<b>5,199</b>	<b>95,664</b>	<b>5,798</b>	<b>4,933</b>	<b>27,617</b>	<b>54,730</b>	<b>5,044,171</b>
-	-	-	-	-	-	-	176,439
-	-	-	-	-	-	-	11,732
-	-	-	-	-	-	-	109,568
-	-	-	-	-	-	-	1,964,000
-	-	-	-	-	-	-	548
-	-	-	-	-	-	-	11,414
-	-	-	-	-	-	-	2,273,701
-	-	-	-	-	-	-	860,928
-	-	-	-	-	-	-	16,296
<b>23,598</b>	<b>5,199</b>	<b>95,664</b>	<b>5,798</b>	<b>4,933</b>	<b>27,617</b>	<b>54,730</b>	<b>1,893,246</b>
<b>23,598</b>	<b>5,199</b>	<b>95,664</b>	<b>5,798</b>	<b>4,933</b>	<b>27,617</b>	<b>54,730</b>	<b>2,770,470</b>
<b>23,598</b>	<b>5,199</b>	<b>95,664</b>	<b>5,798</b>	<b>4,933</b>	<b>27,617</b>	<b>54,730</b>	<b>5,044,171</b>

O'Brien County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
<b>Revenues:</b>				
Property and other County tax:				
Property tax	\$ 1,180,540	-	519,485	-
Local option sales tax	412,997	-	-	-
Utility tax replacement excise tax	30,598	-	13,648	-
Other	-	-	475	-
	<u>1,624,135</u>	<u>-</u>	<u>533,608</u>	<u>-</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	-	1,719,471	-	-
	<u>-</u>	<u>1,719,471</u>	<u>-</u>	<u>-</u>
State grants and reimbursements including indirect federal funding:				
Social services block grant	-	-	55,611	-
MH/DD community service	-	-	112,895	-
Resource enhancement and protection program	-	-	-	494
Gas and sales tax refunds	-	24,776	-	-
	<u>-</u>	<u>24,776</u>	<u>168,506</u>	<u>494</u>
State tax replacements:				
State tax credits	72,988	-	37,243	-
State allocation	78,080	-	-	-
Mental health property tax relief	-	-	495,020	-
MH/DD allowed growth factor adjustment	-	-	87,123	-
	<u>151,068</u>	<u>-</u>	<u>619,386</u>	<u>-</u>
Direct federal grants and entitlements:				
Medicaid case management	-	-	69,178	-
Medicare and medicaid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>69,178</u>	<u>-</u>
Contributions and reimbursements from other governmental units:				
Contract law enforcement	51,945	-	-	-
Other	-	83,256	-	-
	<u>51,945</u>	<u>83,256</u>	<u>-</u>	<u>-</u>
	<u>203,013</u>	<u>1,827,503</u>	<u>857,070</u>	<u>494</u>

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
-	-	-	-	-	-	-	1,700,025
-	-	-	-	-	-	-	412,997
-	-	-	-	-	-	-	44,246
-	-	-	-	-	-	-	475
-	-	-	-	-	-	-	2,157,743
-	-	-	-	-	-	-	1,719,471
-	-	-	-	-	-	-	55,611
-	-	-	-	-	-	-	112,895
-	-	-	-	-	-	-	494
-	-	-	-	-	-	-	24,776
-	-	-	-	-	-	-	193,776
-	-	-	-	-	-	-	110,231
-	-	-	-	-	-	-	78,080
-	-	-	-	-	-	-	495,020
-	-	-	-	-	-	-	87,123
-	-	-	-	-	-	-	770,454
-	-	-	-	-	-	-	69,178
-	-	-	-	332	-	-	332
-	-	-	-	332	-	-	69,510
-	-	-	-	-	-	-	51,945
-	945	17,500	-	-	-	-	101,701
-	945	17,500	-	-	-	-	153,646
-	945	17,500	-	332	-	-	2,906,857



O'Brien County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
Revenues (continued):				
Licenses and permits	-	630	-	-
Charges for service:				
Document management fee	-	-	-	-
Use of money and property:				
Interest on investments	-	-	-	790
Land and equipment rent	-	734	-	-
	-	734	-	790
Miscellaneous	-	73,714	269	-
Total revenues	1,827,148	1,902,581	1,390,947	1,284
Expenditures:				
Operating:				
Public safety and legal services:				
Law enforcement:				
Uniform patrol services	369,047	-	-	-
Investigations	-	-	-	-
	369,047	-	-	-
Physical health and social services:				
Educational services:				
Libraries	39,100	-	-	-
Mental health:				
Persons with mental health problems -				
Mental illness:				
Information and education	-	-	106,414	-
Treatment services	-	-	13,118	-
Institutional, hospital, and commitment services	-	-	24,962	-
	-	-	144,494	-

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
-	-	-	-	-	-	-	630
4,357	-	-	-	-	-	-	4,357
383	-	2,036	36	-	491	1,251	4,987
-	-	-	-	-	-	-	734
383	-	2,036	36	-	491	1,251	5,721
-	-	-	239	-	-	-	74,222
4,740	945	19,536	275	332	491	1,251	5,149,530
-	-	-	-	-	-	-	369,047
-	100	-	-	-	-	-	100
-	100	-	-	-	-	-	369,147
-	-	-	-	-	-	-	39,100
-	-	-	-	-	-	-	106,414
-	-	-	-	-	-	-	13,118
-	-	-	-	-	-	-	24,962
-	-	-	-	-	-	-	144,494

O'Brien County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
Expenditures (continued):				
Operating:				
Mental health:				
Persons with chronic mental illness:				
Information and education services	-	-	340	-
Coordination services	-	-	16,521	-
Personal and environmental support	-	-	17,740	-
Treatment services	-	-	1,364	-
Vocational and day services	-	-	42,046	-
Licensed or certified living arrangements	-	-	102,567	-
Institutional, hospital, and commitment services	-	-	8,443	-
	-	-	189,021	-
Persons with mental retardation:				
Coordination services			63,760	
Personal and environment support	-	-	8,297	-
Vocational and day services	-	-	328,904	-
Licensed or certified living arrangements	-	-	585,845	-
Institutional, hospital, and commitment services	-	-	168,152	-
	-	-	1,154,958	-
Persons with other developmental disabilities:				
Vocational and day services	-	-	8,780	-
Licensed or certified living arrangements	-	-	16,376	-
	-	-	25,156	-
	-	-	1,513,629	-
County environment and education:				
Environmental quality:				
Weed eradication	873	-	-	-
Environmental restoration	-	1,038	-	-
	873	1,038	-	-
County development:				
Economic development	105,000	-	-	-
	105,873	1,038	-	-

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
-	-	-	-	-	-	-	340
-	-	-	-	-	-	-	16,521
-	-	-	-	-	-	-	17,740
-	-	-	-	-	-	-	1,364
-	-	-	-	-	-	-	42,046
-	-	-	-	-	-	-	102,567
-	-	-	-	-	-	-	8,443
-	-	-	-	-	-	-	189,021
-	-	-	-	-	-	-	63,760
-	-	-	-	-	-	-	8,297
-	-	-	-	-	-	-	328,904
-	-	-	-	-	-	-	585,845
-	-	-	-	-	-	-	168,152
-	-	-	-	-	-	-	1,154,958
-	-	-	-	-	-	-	8,780
-	-	-	-	-	-	-	16,376
-	-	-	-	-	-	-	25,156
-	-	-	-	-	-	-	1,513,629
-	-	-	-	-	-	-	873
-	-	-	-	-	-	-	1,038
-	-	-	-	-	-	-	1,911
-	-	-	-	-	-	-	105,000
-	-	-	-	-	-	-	106,911

O'Brien County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
Expenditures (continued):				
Operating:				
Roads and transportation:				
Secondary roads administration and engineering:				
Administration	-	109,720	-	-
Engineering	-	177,165	-	-
	-	286,885	-	-
Roadway maintenance:				
Bridges and culverts	-	95,774	-	-
Roads	-	762,600	-	-
Snow and ice control	-	93,883	-	-
Traffic controls	-	58,989	-	-
Road clearing	-	107,273	-	-
	-	1,118,519	-	-
General roadway:				
Equipment	-	332,292	-	-
Equipment operations	-	511,084	-	-
Tools, materials, and supplies	-	27,495	-	-
Real estate and buildings	-	20,909	-	-
	-	891,780	-	-
	-	2,297,184	-	-
Governmental services to residents:				
Representative services:				
Township officials	1,710	-	-	-
Capital projects:				
Roadway construction	-	400,793	-	-
Total expenditures	515,730	2,699,015	1,513,629	-
Excess (deficiency) of revenues over (under) expenditures	1,311,418	(796,434)	(122,682)	1,284

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
-	-	-	-	-	-	-	109,720
-	-	-	-	-	-	-	177,165
-	-	-	-	-	-	-	286,885
-	-	-	-	-	-	-	95,774
-	-	-	-	-	-	-	762,600
-	-	-	-	-	-	-	93,883
-	-	-	-	-	-	-	58,989
-	-	-	-	-	-	-	107,273
-	-	-	-	-	-	-	1,118,519
-	-	-	-	-	-	-	332,292
-	-	-	-	-	-	-	511,084
-	-	-	-	-	-	-	27,495
-	-	-	-	-	-	-	20,909
-	-	-	-	-	-	-	891,780
-	-	-	-	-	-	-	2,297,184
-	-	-	-	-	-	-	1,710
-	-	-	-	-	-	-	400,793
-	100	-	-	-	-	-	4,728,474
4,740	845	19,536	275	332	491	1,251	421,056

O'Brien County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhancement and Protection
Other financing sources (uses):				
Operating transfers in (out):				
General	-	-	-	-
Special Revenue:				
Rural Services	-	1,299,590	-	-
Secondary Roads	(1,299,590)	-	-	-
Total other financing sources (uses)	(1,299,590)	1,299,590	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	11,828	503,156	(122,682)	1,284
Fund balances beginning of year	273,013	1,786,213	165,476	82,919
Decrease in reserve for:				
Prepaid expenditures	(986)	(3,958)	-	-
Inventories	-	(143,332)	-	-
Fund balances end of year	\$ 283,855	2,142,079	42,794	84,203

See accompanying independent auditor's report.

County Recorder's Records Management	Federal Drug Reimbursement	Ambulance Replacement	Housing Rehab	Title XIX Set Aside - 10%	Special Environmental	Drainage Districts	Total
-	-	-	5,523	743	-	-	6,266
-	-	-	-	-	-	-	1,299,590
-	-	-	-	-	-	-	(1,299,590)
-	-	-	5,523	743	-	-	6,266
4,740	845	19,536	5,798	1,075	491	1,251	427,322
18,858	4,354	76,128	-	3,858	27,126	53,479	2,491,424
-	-	-	-	-	-	-	(4,944)
-	-	-	-	-	-	-	(143,332)
23,598	5,199	95,664	5,798	4,933	27,617	54,730	2,770,470



**Schedule 5**

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O'Brien County

Debt Service Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2003

Revenues:

Property tax and other County tax:

Property tax	\$ 275,797	
Utility tax replacement excise tax	6,767	
Other	<u>235</u>	\$ 282,799

Intergovernmental:

State tax replacements:

State tax credits		<u>19,211</u>
Total revenues		<u>302,010</u>

Expenditures:

Debt service:

Principal	145,000	
Interest	159,384	
Bond registrar fees	<u>300</u>	<u>304,684</u>

Deficiency of revenues under expenditures (2,674)

Fund balance beginning of year 11,423

Fund balance end of year \$ 8,749

See accompanying independent auditor's report.

## O'Brien County

## Capital Projects Fund

Statement of Revenues, Expenditures  
and Changes in Fund Balance

Year ended June 30, 2003

Revenues:	
Intergovernmental:	
State grants and reimbursements including indirect federal funding:	
Sales tax refunds	\$ 119
Use of money and property:	
Interest on investments	55
Miscellaneous:	
Unclaimed moneys and property	163
Total revenues	<u>337</u>
Expenditures:	
Capital projects:	
Other capital projects:	
Law enforcement center construction	<u>2,256</u>
Deficiency of revenues under expenditures	(1,919)
Operating transfers out:	
General	<u>(2,038)</u>
Deficiency of revenues under expenditures and other financing uses	(3,957)
Fund balance beginning of year	<u>4,076</u>
Fund balance end of year	<u><u>\$ 119</u></u>

See accompanying independent auditor's report.

**Schedule 7**

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O'Brien County  
Internal Service Funds  
Combining Balance Sheet  
June 30, 2003

	Medical Insurance Trust	Self Insurance	Flex Plan	Total
<b>Assets</b>				
Cash and pooled investments	\$ 219,912	24,566	896	245,374
<b>Total assets</b>	<b>\$ 219,912</b>	<b>24,566</b>	<b>896</b>	<b>245,374</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 91,267	-	-	91,267
Fund equity:				
Unreserved retained earnings	128,645	24,566	896	154,107
<b>Total liabilities and fund equity</b>	<b>\$ 219,912</b>	<b>24,566</b>	<b>896</b>	<b>245,374</b>

See accompanying independent auditor's report.

## O'Brien County

## Internal Service Funds

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended June 30, 2003

	Medical Insurance Trust	Self Insurance	Flex Plan	Total
Operating revenues:				
Reimbursement from operating funds	\$ 510,095	-	-	510,095
Stop loss insurance refund	70,241	-	-	70,241
Reimbursement from others	16,299	1,461	-	17,760
Total operating revenues	596,635	1,461	-	598,096
Operating expenses:				
Health claims and administrative services	747,629	-	-	747,629
Workers' compensation insurance	-	3,144	-	3,144
Miscellaneous	1,228	-	-	1,228
Total operating expenses	748,857	3,144	-	752,001
Operating loss	(152,222)	(1,683)	-	(153,905)
Non-operating revenues:				
Interest on investments	7,219	-	-	7,219
Net loss	(145,003)	(1,683)	-	(146,686)
Retained earnings beginning of year	273,648	26,249	896	300,793
Retained earnings end of year	\$ 128,645	24,566	896	154,107

See accompanying independent auditor's report.

**Schedule 9**

## O'Brien County

## Internal Service Funds

## Combining Statement of Cash Flows

Year ended June 30, 2003

	Medical Insurance Trust	Self Insurance	Flex Plan	Total
Cash flows from operating activities:				
Cash received from operating funds	\$ 510,095	-	-	510,095
Cash received from stop loss insurance refund	70,241	-	-	70,241
Cash received from others	16,299	1,461	-	17,760
Cash paid for health claims and to administrative provider	(697,019)	-	-	(697,019)
Cash paid for workers' compensation insurance	-	(3,144)	-	(3,144)
Cash paid for miscellaneous	(1,228)	-	-	(1,228)
Net cash used for operating activities	(101,612)	(1,683)	-	(103,295)
Cash flows from investing activities:				
Interest on investments	7,219	-	-	7,219
Net decrease in cash and cash equivalents	(94,393)	(1,683)	-	(96,076)
Cash and cash equivalents beginning of year	314,305	26,249	896	341,450
Cash and cash equivalents end of year	\$ 219,912	24,566	896	245,374
Reconciliation of operating loss to net cash used for operating activities:				
Operating loss	\$ (152,222)	(1,683)	-	(153,905)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Increase in accounts payable	50,610	-	-	50,610
Net cash used for operating activities	\$ (101,612)	(1,683)	-	(103,295)

See accompanying independent auditor's report.

**O'Brien County**

O'Brien County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2003

	Expendable Trust Fund			
	Conservation Land Acquisition Trust	County Offices		
		County Auditor	County Recorder	County Sheriff
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 103,602	-	-	-
Other County officials	-	109	38,222	2,491
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	750	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 103,602</b>	<b>109</b>	<b>38,972</b>	<b>2,491</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Due to other funds	\$ -	-	30,428	1,166
Due to other governments	-	-	8,544	250
Trusts payable	-	109	-	1,075
Total liabilities	-	109	38,972	2,491
Fund equity:				
Unreserved fund balance	103,602	-	-	-
<b>Total liabilities and fund equity</b>	<b>\$ 103,602</b>	<b>109</b>	<b>38,972</b>	<b>2,491</b>

Agency Funds						
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessments
2,186	80,217	106,302	5,073	28,967	2,237	6,067
-	-	-	-	-	-	-
143	193	7,138	329	6,183	50	-
140,000	247,000	7,677,000	394,000	3,976,000	119,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	397,596
-	-	-	-	-	-	-
142,329	327,410	7,790,440	399,402	4,011,150	121,287	403,663
-	-	-	-	-	-	-
142,329	327,410	7,790,440	399,402	4,011,150	121,287	403,663
-	-	-	-	-	-	-
142,329	327,410	7,790,440	399,402	4,011,150	121,287	403,663
-	-	-	-	-	-	-
142,329	327,410	7,790,440	399,402	4,011,150	121,287	403,663



O'Brien County  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2003

	Auto License and Use Tax	Organ Transplant	Emergency Management Commission	Economic Development Corporation
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	271,896	13	47,209	-
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	2,144	-
<b>Total assets</b>	<b>271,896</b>	<b>13</b>	<b>49,353</b>	<b>-</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Due to other funds	9,278	-	-	-
Due to other governments	262,618	13	49,353	-
Trusts payable	-	-	-	-
Total liabilities	271,896	13	49,353	-
Fund equity:				
Unreserved fund balance	-	-	-	-
<b>Total liabilities and fund equity</b>	<b>271,896</b>	<b>13</b>	<b>49,353</b>	<b>-</b>

See accompanying independent auditor's report.

Agency Funds						
Advance Tax	Brucellosis and Tuberculosis Eradication	E911 Surcharges	E911 Services	Tax Sale Redemption	Total	
405	198	250,306	4,554	49,002	958,234	
-	-	-	-	-	40,822	
-	2	-	-	-	14,038	
-	2,000	-	-	-	12,555,000	
-	-	21,001	-	-	21,751	
-	-	496	-	-	496	
-	-	-	-	-	397,596	
-	-	-	-	-	2,144	
405	2,200	271,803	4,554	49,002	13,990,081	
-	-	-	-	-	40,872	
405	2,200	271,803	4,554	49,002	13,844,423	
-	-	-	-	-	1,184	
405	2,200	271,803	4,554	49,002	13,886,479	
-	-	-	-	-	103,602	
405	2,200	271,803	4,554	49,002	13,990,081	

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O'Brien County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
<b>Assets and Liabilities</b>				
Balance beginning of year	\$ 106	26,386	40,058	133,147
Additions:				
Property and other County tax	-	-	-	139,941
E911 surcharge	-	-	-	-
State tax credits	-	-	-	9,139
Office fees and collections	-	231,872	523,889	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	3	-	18,437	-
Miscellaneous	-	-	-	-
Total additions	3	231,872	542,326	149,080
Deductions:				
Agency Remittances:				
To other funds	-	105,557	560,730	-
To other governments	-	113,729	431	139,898
Trusts paid out	-	-	18,732	-
Total deductions	-	219,286	579,893	139,898
Balance end of year	\$ 109	38,972	2,491	142,329

County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax
238,579	6,578,649	313,670	3,404,374	109,787	530,662	280,634
247,770	-	394,763	3,981,840	119,364	-	-
-	7,676,947	-	-	-	-	-
12,336	447,949	21,157	258,811	6,824	308	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,193,802
-	-	-	-	-	13,222	-
-	-	-	-	-	-	-
3,977	-	-	-	-	-	-
264,083	8,124,896	415,920	4,240,651	126,188	13,530	3,193,802
-	-	-	-	-	-	101,176
175,252	6,913,105	330,188	3,633,875	114,688	140,529	3,101,364
-	-	-	-	-	-	-
175,252	6,913,105	330,188	3,633,875	114,688	140,529	3,202,540
327,410	7,790,440	399,402	4,011,150	121,287	403,663	271,896

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O'Brien County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	Organ Transplant	Emergency Management Commission	Economic Development Corporation
<b>Assets and Liabilities</b>			
Balance beginning of year	20	55,474	290,943
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	68,502	68,179
Total additions	-	68,502	68,179
Deductions:			
Agency Remittances:			
To other funds	-	-	-
To other governments	7	74,623	359,122
Trusts paid out	-	-	-
Total deductions	7	74,623	359,122
Balance end of year	13	49,353	-

See accompanying independent auditor's report.

Advance Tax	Brucellosis and Tuberculosis Eradication	E911 Surcharges	E911 Services	Tax Sale Redemption	Total
1,095	2,139	290,524	4,527	9,223	12,309,997
-	2,202	-	-	-	12,562,827
-	-	96,598	-	-	96,598
-	153	-	-	-	756,677
-	-	-	-	-	755,761
-	-	-	-	-	3,193,802
-	-	-	-	-	13,222
-	-	-	-	39,779	58,219
-	-	7,351	27	-	148,036
-	2,355	103,949	27	39,779	17,585,142
-	-	-	-	-	767,463
690	2,294	122,670	-	-	15,222,465
-	-	-	-	-	18,732
690	2,294	122,670	-	-	16,008,660
405	2,200	271,803	4,554	49,002	13,886,479

**Schedule 12**

## O'Brien County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2003	2002	2001	2000
<b>Taxes:</b>				
Property tax	\$ 3,740,076	3,688,642	3,574,599	3,245,518
Local option sales tax	412,997	334,358	366,157	378,509
Utility tax replacement excise tax	97,360	105,568	109,046	-
Other	2,322	2,357	2,761	3,243
	<u>4,252,755</u>	<u>4,130,925</u>	<u>4,052,563</u>	<u>3,627,270</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Franchise tax	28,493	31,779	29,492	10,962
Road use tax	1,719,471	1,689,778	1,620,342	1,643,900
Other	1,876	2,184	2,366	1,876
State grants and reimbursements including indirect federal funding:				
Human services administrative reimbursements	30,120	27,215	31,704	25,529
Public health nursing grant	26,233	42,451	31,791	20,835
Home care aide grant	36,388	55,403	42,864	56,683
Community development block grant	66,632	204,449	103,097	147,501
Highway planning and construction grant	-	65,825	-	-
Social services block grant	55,611	59,382	62,586	65,380
MH/DD community service	112,895	155,525	108,752	97,943
Resource enhancement and protection program	494	9,769	7,772	10,514
Gas and sales tax refunds	24,895	13,222	16,532	95,448
Other	42,510	35,101	46,185	65,470
State tax replacements:				
State tax credits	255,915	292,466	325,526	311,059
State allocation	78,080	82,269	88,336	88,590
Mental health property tax relief	495,020	495,020	495,020	495,020
MH/DD allowed growth factor adjustment	87,123	17,613	61,146	98,165
Other	-	53,572	86,476	172,718
Direct federal grants and entitlements:				
Medicare and medicaid	107,741	114,342	114,728	113,205
Contributions and reimbursements from other governmental units:				
Contract law enforcement	165,483	158,280	151,064	143,689
Other	121,176	438,525	113,356	141,340
	<u>3,456,156</u>	<u>4,044,170</u>	<u>3,539,135</u>	<u>3,805,827</u>
<b>Total</b>	<u>\$ 7,708,911</u>	<u>8,175,095</u>	<u>7,591,698</u>	<u>7,433,097</u>

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of O'Brien County:

We have audited the general purpose financial statements of O'Brien County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 6, 2004. Our report expressed a qualified opinion on the financial statements due to the omission of the general assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (2).

Internal Control Over Financial Reporting

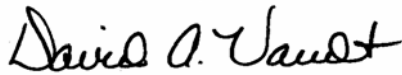
In planning and performing our audit, we considered O'Brien County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 O'Brien 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 the accompanying Schedule of Findings.



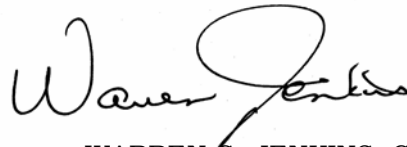
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected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

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

January 6, 2004

O'Brien County

Schedule of Findings

Year ended June 30, 2003

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

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Recorder and Sheriff
(2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash.	Recorder
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Recorder

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

Response–

Recorder–We will review the procedures and try to comply as best we can.

Sheriff–We will attempt to comply to the extent possible.

Conclusion–Responses accepted.

O'Brien County

Schedule of Findings

Year ended June 30, 2003

- (B) Information Systems – The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- password privacy and confidentiality.
- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- ensuring only software licensed to the County is installed on computers.
- requiring user profiles to help limit access to programs to those who have a legitimate need.
- personal use of computer equipment and software.
- requiring personnel who share the same computer terminal to log-on and log-off prior to other personnel entering transactions on the same terminal.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. In addition, a written disaster recovery plan should be developed.

Response – In an earlier response I had indicated that the computer system wasn't able to have the security required. I also said that we would have this changed in 2003. We did not reach that time line. We are scheduled for the upgrade in March 2004. When that is in place the policies will be implemented.

Conclusion – Response acknowledged. Policies will be reviewed when implemented.

- (C) County Sheriff Receivables – Accounts receivable listings were not retained at the end of each month. Also, amounts billed to other agencies for the cost of prisoner care were not reconciled to collections and accounts receivable.

Recommendation – Accounts receivable listings should be retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly.

Response – We will attempt to comply to the extent possible.

Conclusion – Response accepted.

O'Brien County

Schedule of Findings

Year ended June 30, 2003

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

- (1) Official Depositories—A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- (2) Certified Budget—Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.

Disbursements in one department exceeded the appropriation before an amendment to the appropriation was made.

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

Response—We will attempt to comply in the future.

Conclusion—Response accepted.

- (3) Questionable Expenditures—No expenditures we believe may not meet the requirements of public purpose as define in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense—No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions—The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Jim Norton, Conservation Board Member, owner of Hartley Farm and Home Center, Inc.	Supplies and parts	\$2,612
Ron Drenkow, Board of Supervisors, sons own Ron Drenkow Motors, Inc.	Two vehicles, per bid Repair, labor and parts	44,965 2,028

In the opinion of the OBrien County Attorney, the transactions with Hartley Farm and Home Center, Inc. do not represent a conflict of interest.

O'Brien County

Schedule of Findings

Year ended June 30, 2003

The transactions in the amount of \$44,965 with Ron Drenkow Motors, Inc. do not represent a conflict of interest as these transactions were competitively bid in accordance with Chapter 331.342(4) of the Code of Iowa. In the opinion of the O'Brien County Attorney, the other transactions with Ron Drenkow Motors, Inc. do not represent a conflict of interest.

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) 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.

The Extension Office has debit cards for supplies, postage and other miscellaneous expenses. The Extension Office has not adopted a formal policy to regulate the use of debit cards and to establish procedures for the proper accounting of debit card expenses. Additionally, the amounts of two outstanding checks were incorrect on the June 30, 2003 bank reconciliation. Also, not all minutes of the Extension Office Council were signed as required per Iowa Code Chapter 176A.14(3).

Recommendation – The Extension Office should adopt a formal written policy regulating the use of debit cards. The policy, at a minimum, should address who controls the debit cards, who is authorized to use the debit cards and for what purpose, as well as the types of supporting documentation required to substantiate expenses. The debit cards should be secured in a locked file and an independent individual within the Extension Office should be in charge of signing the cards out. Additionally, outstanding checks should be correctly listed on bank reconciliations and variances should be explained. Also, all minutes from Extension Office Council meetings should be promptly signed in accordance with Iowa Code Chapter 176A.14(3).

O'Brien County

Schedule of Findings

Year ended June 30, 2003

Response – I understand the recommendations and will implement policies and procedures in our Fiscal Policy and at the re-organizational meeting. We will correct outstanding check procedures by implementing a policy to ensure accurate bank reconciliations. All minutes will be properly signed.

Conclusion–Response accepted.

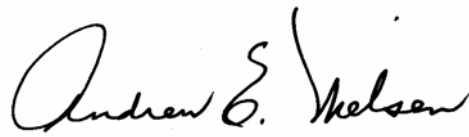
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O'Brien County

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
Ernest H. Ruben, Jr., CPA, Senior Auditor II  
Nicholas A. Freymann, CGFM, Senior Auditor  
Curtis J. Schroeder, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and a distinct "E".

Andrew E. Nielsen, CPA  
Deputy Auditor of State