



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

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Auditor of State

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NEWS RELEASE

FOR RELEASE

February 6, 2003

Contact: Andy Nielsen
515/281-5515

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

The County had local tax revenue of \$8,466,767 for the year ended June 30, 2002, which included \$587,455 in tax credits from the state. The County forwarded \$5,457,993 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,008,774 of the local tax revenue to finance County operations, an 8 percent increase from the prior year. Other revenues included \$2,376,984 from the state, including indirect federal funding and interest on investments of \$113,489.

Expenditures for County operations totaled \$5,923,022, a 12 percent decrease from the prior year. Expenditures included \$2,493,707 for roads and transportation, \$787,913 for mental health and \$674,319 for public safety. The significant decrease in expenditures is due to fewer road projects, a decline in snow removal costs due to the mild winter, and employment terminations in the secondary roads department.

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

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

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Audubon County
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
LaVerne V. Deist	Board of Supervisors	Jan 2003
Sally R. Alt	Board of Supervisors	Jan 2005
Vernon Venteicher	Board of Supervisors	Jan 2005
Lisa Frederiksen	County Auditor	Jan 2005
Peggy Smalley	County Treasurer	Jan 2003
Mary Lou Johansen	County Recorder	Jan 2003
Todd Johnson	County Sheriff	Jan 2005
Francine O'Brien Andersen	County Attorney	Jan 2003
Eileen Monson	County Assessor	Jan 2004

Audubon County



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Independent Auditor's Report

To the Officials of Audubon County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Audubon County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Audubon County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Audubon County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Audubon County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2002, on our consideration of Audubon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 19, 2002

Audubon County

Financial Statements

Audubon County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 1,741,014	2,263,392	42,489
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	15,215	13,150	2,627
Succeeding year	1,653,000	1,025,000	263,000
Interest and penalty on property tax	6,266	-	-
Accounts	23,021	1,667	-
Accrued interest	2,956	-	39
Due from other funds (note 5)	19,675	133	-
Due from other governments	1,177	148,288	-
Inventories	-	244,024	-
Loans receivable (note 9)	19,250	-	-
Prepaid insurance	11,245	-	-
Property and equipment (note 3)	-	-	-
Amount available in Debt Service Fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	\$ 3,492,819	3,695,654	308,155

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
579,740	-	-	4,626,635
19,784	-	-	19,784
40,670	-	-	71,662
5,037,000	-	-	7,978,000
-	-	-	6,266
11,913	-	-	36,601
19	-	-	3,014
-	-	-	19,808
1,167	-	-	150,632
-	-	-	244,024
-	-	-	19,250
-	-	-	11,245
-	6,293,052	-	6,293,052
-	-	42,528	42,528
-	-	1,810,725	1,810,725
5,690,293	6,293,052	1,853,253	21,333,226

Audubon County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts payable	\$ 29,176	84,701	-
Salaries and benefits payable	4,691	2,273	-
Due to other funds (note 5)	-	-	-
Due to other governments (note 4)	4,003	81,431	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	1,653,000	1,025,000	263,000
Other	43,306	13,150	2,627
Lease purchase agreements (note 6)	-	-	-
Refunding notes payable (note 6)	-	-	-
Compensated absences	9,565	13,247	-
Total liabilities	1,743,741	1,219,802	265,627
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved for:			
Inventories	-	244,024	-
Debt service	-	-	42,528
Prepaid insurance	11,245	-	-
Supplemental levy purposes	340,358	-	-
Unreserved	1,397,475	2,231,828	-
Total fund equity and other credits	1,749,078	2,475,852	42,528
Total liabilities, fund equity and other credits	\$ 3,492,819	3,695,654	308,155

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
977	-	-	114,854
-	-	-	6,964
19,808	-	-	19,808
5,658,349	-	-	5,743,783
4,189	-	-	4,189
-	-	-	2,941,000
-	-	-	59,083
-	-	343,358	343,358
-	-	1,430,000	1,430,000
6,070	-	79,895	108,777
5,689,393	-	1,853,253	10,771,816
-	6,293,052	-	6,293,052
-	-	-	244,024
-	-	-	42,528
-	-	-	11,245
-	-	-	340,358
900	-	-	3,630,203
900	6,293,052	-	10,561,410
5,690,293	6,293,052	1,853,253	21,333,226

Audubon County

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

Year ended June 30, 2002

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Property and other County tax	\$ 1,447,619	1,112,216
Interest and penalty on property tax	22,157	-
Intergovernmental	588,878	2,311,424
Licenses and permits	7,733	115
Charges for service	151,160	1,666
Use of money and property	121,618	364
Miscellaneous	47,193	83,543
Total revenues	<u>2,386,358</u>	<u>3,509,328</u>
Expenditures:		
Operating:		
Public safety	674,319	-
Court services	24,963	-
Physical health and education	310,943	40,000
Mental health	-	787,913
Social services	154,207	-
County environment	139,111	131,282
Roads and transportation	98,491	2,395,216
State and local government services	237,003	670
Interprogram services	602,338	-
Non-program	7,568	-
Debt service	-	-
Capital projects	23,754	20,264
Total expenditures	<u>2,272,697</u>	<u>3,375,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,661</u>	<u>133,983</u>

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
<u>Debt Service</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
252,050	-	2,811,885
-	-	22,157
18,987	-	2,919,289
-	-	7,848
-	-	152,826
2,365	-	124,347
-	-	130,736
<u>273,402</u>	<u>-</u>	<u>6,169,088</u>
-	-	674,319
-	-	24,963
-	-	350,943
-	-	787,913
-	-	154,207
-	-	270,393
-	-	2,493,707
-	-	237,673
-	-	602,338
-	-	7,568
274,980	-	274,980
-	-	44,018
<u>274,980</u>	<u>-</u>	<u>5,923,022</u>
<u>(1,578)</u>	<u>-</u>	<u>246,066</u>

Audubon County

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

Year ended June 30, 2002

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Sale of general fixed assets	3,946	5,342
Operating transfers in	-	730,538
Operating transfers out	(35,000)	(695,538)
Total other financing sources (uses)	<u>(31,054)</u>	<u>40,342</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	82,607	174,325
Fund balances beginning of year	1,665,146	2,340,444
Increase (decrease) in reserve for:		
Prepaid insurance	1,325	-
Inventories	-	(38,917)
Fund balances end of year	<u>\$ 1,749,078</u>	<u>2,475,852</u>

See notes to financial statements.

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
<u>Debt Service</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
-	-	9,288
-	-	730,538
-	-	(730,538)
-	-	9,288
(1,578)	-	255,354
44,106	900	4,050,596
-	-	1,325
-	-	(38,917)
42,528	900	4,268,358

Exhibit C**Audubon County**

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

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property and other County tax	\$ 2,811,882	3,051,719	(239,837)	92%
Interest and penalty on property tax	22,157	17,000	5,157	130%
Intergovernmental	2,913,255	2,778,398	134,857	105%
Licenses and permits	8,439	4,100	4,339	206%
Charges for service	148,082	121,320	26,762	122%
Use of money and property	135,367	177,380	(42,013)	76%
Miscellaneous	155,036	73,775	81,261	210%
Total receipts	<u>6,194,218</u>	<u>6,223,692</u>	<u>(29,474)</u>	<u>100%</u>
Disbursements:				
Public safety	670,477	745,625	75,148	90%
Court services	25,787	48,920	23,133	53%
Physical health and education	354,128	410,147	56,019	86%
Mental health	761,400	761,500	100	100%
Social services	154,838	202,660	47,822	76%
County environment	292,365	478,564	186,199	61%
Roads and transportation	2,487,875	3,002,153	514,278	83%
State and local government services	237,407	244,506	7,099	97%
Interprogram services	600,770	739,628	138,858	81%
Non-program	7,568	10,960	3,392	69%
Debt service	274,980	274,980	-	100%
Capital projects	44,018	196,750	152,732	22%
Total disbursements	<u>5,911,613</u>	<u>7,116,393</u>	<u>1,204,780</u>	<u>83%</u>
Excess (deficiency) of receipts over (under) disbursements	282,605	(892,701)		
Other financing sources, net	<u>9,288</u>	-		
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	291,893	(892,701)		
Balance beginning of year	<u>3,755,902</u>	<u>3,751,986</u>		
Balance end of year	<u>\$ 4,047,795</u>	<u>2,859,285</u>		

See notes to financial statements.

Audubon County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Audubon 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, Audubon County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County 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: Audubon County Assessor's Conference Board, Audubon County Emergency Management Commission and Audubon County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Region XII Council of Governments, WESCO, Audubon County Economic Development, West Iowa Hungry Canyons, Area XII Alcohol and Drug Treatment, Audubon County Solid Waste Management Commission, ACS County Regional Solid Waste Agency and Resource, Conservation and Development.

B. Fund Accounting

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

Governmental Funds

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

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

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

Fiduciary Funds

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

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

Account Groups

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

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

C. Measurement Focus

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

D. Basis of Accounting

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

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means 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 taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes 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 ½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

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

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

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

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

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

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

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and comp time payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

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

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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

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

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,412,907	(26,549)	2,386,358	3,507,581	1,747	3,509,328
Expenditures	2,286,422	(13,725)	2,272,697	3,350,211	25,134	3,375,345
Net	126,485	(12,824)	113,661	157,370	(23,387)	133,983
Other financing sources (uses)	(31,054)	-	(31,054)	40,342	-	40,342
Beginning fund balances	1,645,583	19,563	1,665,146	2,065,680	274,764	2,340,444
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(38,917)	(38,917)
Prepaid insurance	-	1,325	1,325	-	-	-
Ending fund balances	\$ 1,741,014	8,064	1,749,078	2,263,392	212,460	2,475,852

	Governmental Fund Types		
	Debt Service		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 273,730	(328)	273,402
Expenditures	274,980	-	274,980
Net	(1,250)	(328)	(1,578)
Other financing sources (uses)	-	-	-
Beginning fund balances	43,739	367	44,106
Increase (decrease) in reserve for:			
Inventories	-	-	-
Prepaid insurance	-	-	-
Ending fund balances	\$ 42,489	39	42,528

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ -	-	-	6,194,218	(25,130)	6,169,088
Expenditures	-	-	-	5,911,613	11,409	5,923,022
Net	-	-	-	282,605	(36,539)	246,066
Other financing sources (uses)	-	-	-	9,288	-	9,288
Beginning fund balances	900	-	900	3,755,902	294,694	4,050,596
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(38,917)	(38,917)
Prepaid insurance	-	-	-	-	1,325	1,325
Ending fund balances	\$ 900	-	900	4,047,795	220,563	4,268,358

G. Total (Memorandum Only)

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

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,047,902 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Land	\$ 1,085,762	15,110	11,432	1,089,440
Buildings	589,292	7,429	8,720	588,001
Equipment	<u>4,680,478</u>	<u>554,416</u>	<u>619,283</u>	<u>4,615,611</u>
Total	<u>\$ 6,355,532</u>	<u>576,955</u>	<u>639,435</u>	<u>6,293,052</u>

Equipment includes \$501,650 of assets acquired under lease purchase agreements. Deletions include \$541,038 of assets between \$300 and \$1,499 which may still be on hand but fell below the new capitalization threshold of \$1,500 established by the Board of Supervisors.

(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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 4,003
Special Revenue:		
Secondary Roads	Services	120
Mental Health		<u>81,311</u>
		<u>81,431</u>
Trust and Agency:		
County Assessor	Collections	233,653
Schools		3,268,074
Community Colleges		158,887
Corporations		769,502
Auto License and Use Tax		104,142
E911 Surcharge		94,364
Landfill Post-Closure		162,361
All other		<u>867,366</u>
		<u>5,658,349</u>
Total		<u>\$5,743,783</u>

(5) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Recorder	\$ 3,887
	County Sheriff	11,983
	Auto License and Use Tax	3,805
Special Revenue:		
County Recorder's Records Management	Trust and Agency: County Recorder	<u>133</u>
Total		<u>\$ 19,808</u>

(6) Changes in Long-Term Debt

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

	Lease Purchase Agreements	Refunding Notes Payable	Compensated Absences	Total
Balance beginning of year	\$ 486,484	1,625,000	127,110	2,238,594
Additions	-	-	-	-
Reductions	<u>143,126</u>	<u>195,000</u>	<u>47,215</u>	<u>385,341</u>
Balance end of year	<u>\$ 343,358</u>	<u>1,430,000</u>	<u>79,895</u>	<u>1,853,253</u>

Lease Purchase Agreements

The County entered into installment purchase agreements to purchase seven ballot tabulating units, an excavator and two motor graders. Interest rates range from 5.25% to 5.75% per annum for the excavator and motor graders. No finance charges were applied to the ballot tabulating units. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreements.

Year Ending June 30,	Ballot			Total
	Tabulating Units	Excavator	Motor Graders	
2003	\$ 15,168	38,061	105,449	158,678
2004	-	38,061	105,449	143,510
2005	-	38,060	-	38,060
2006	-	38,060	-	38,060
Total minimum lease payments	15,168	152,242	210,898	378,308
Less amount representing interest	-	(18,061)	(16,889)	(34,950)
Present value of net minimum lease payments	<u>\$ 15,168</u>	<u>134,181</u>	<u>194,009</u>	<u>343,358</u>

Payments under the lease purchase agreements for the year ended June 30, 2002 totaled \$158,676.

Refunding Notes Payable and Defeased Debt

In a prior year, the County defeased 1995 general obligation hospital bonds totaling \$2,400,000 with a call date of June 1, 2005, by placing the proceeds of refunding notes into an irrevocable escrow agreement with Bankers Trust Company to provide for all future debt service payments on the bonds. Accordingly, the assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2002, the defeased debt totaled \$1,435,000.

Details of the refunding notes payable at June 30, 2002 are as follows:

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2002	4.60%	\$ -	35,430	35,430
June 1, 2003	4.70	210,000	35,430	245,430
December 1, 2003	4.70	-	30,495	30,495
June 1, 2004	4.80	220,000	30,495	250,495
December 1, 2004	4.80	-	25,215	25,215
June 1, 2005	4.90	230,000	25,215	255,215
December 1, 2005	4.90	-	19,580	19,580
June 1, 2006	5.00	245,000	19,580	264,580
December 1, 2006	5.00	-	13,455	13,455
June 1, 2007	5.10	255,000	13,455	268,455
December 1, 2007	5.10	-	6,953	6,953
June 1, 2008	5.15	270,000	6,953	276,953
Total		<u>\$ 1,430,000</u>	<u>262,256</u>	<u>1,692,256</u>

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$108,808, \$112,925, and \$108,006, respectively, equal to the required contributions for each year.

(8) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$83,738.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, property, crime and boiler and machinery. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Loans Receivable

The County has a loan receivable totaling \$10,000 as of June 30, 2002 due from the City of Exira. The loan, for the purchase of a fire truck, is to be paid at a minimum rate of \$10,000 annually. The loan is interest free, unless a payment is not made timely in which case a rate of 9% per annum will be assessed.

The County has a loan receivable totaling \$9,250 as of June 30, 2002 due from the Audubon County Airport Authority Board. The loan proceeds were used for runway repairs. The loan is due and payable on December 31, 2003 and is interest free unless payment is not made timely in which case a rate of 5.50% per annum will be assessed.

Supplemental Information

Schedule 1

Audubon County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 1,387,450	
Utility tax replacement excise tax	60,075	
Other	<u>94</u>	\$ 1,447,619

Interest and penalty on property tax		22,157
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Intergovernmental:

State shared revenues:

Franchise tax	<u>11,869</u>	
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State grants and reimbursements including
indirect federal funding:

Home care aide grant	29,012	
Human services administration reimbursement	16,369	
Other	<u>162,151</u>	
	<u>207,532</u>	

State tax replacements:

State tax credits	109,318	
State allocation	<u>69,902</u>	
	<u>179,220</u>	

Direct federal grants and entitlements:

Medicare and medicaid	<u>157,496</u>	
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Contributions and reimbursements from other governmental units	<u>32,761</u>	588,878
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Licenses and permits		7,733
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Charges for service:

Office fees and collections	35,884	
Auto license, use tax and postage	77,878	
Camping fees	9,516	
Miscellaneous	<u>27,882</u>	151,160

Use of money and property:

Interest on investments	110,760	
Other	<u>10,858</u>	121,618

Miscellaneous

Total revenues		<u>47,193</u>
		<u>2,386,358</u>

Audubon County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Expenditures:	
Operating:	
Public safety	674,319
Court services	24,963
Physical health and education	310,943
Social services	154,207
County environment	139,111
Roads and transportation	98,491
State and local government services	237,003
Interprogram services	602,338
Non-program	7,568
Capital projects	23,754
Total expenditures	<u>2,272,697</u>
Excess of revenues over expenditures	<u>113,661</u>
Other financing sources (uses):	
Sale of general fixed assets	3,946
Operating transfers out:	
Special Revenue:	
Secondary Roads	<u>(35,000)</u>
Total other financing sources (uses)	<u>(31,054)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	82,607
Fund balance beginning of year	1,665,146
Increase in reserve for prepaid insurance	<u>1,325</u>
Fund balance end of year	<u>\$ 1,749,078</u>

See accompanying independent auditor's report.

Audubon County

Audubon County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 225,536	
Investigations	2,560	
Law enforcement communication	179,266	
Adult correctional services	38,619	
Administration	71,638	
	<u>517,619</u>	

Legal services:

Criminal prosecution	139,236	
Medical examinations	2,370	
	<u>141,606</u>	

Emergency services:

Ambulance services	4,094	
Emergency management	11,000	
	<u>15,094</u>	\$ 674,319

Court Services Service Area:

Assistance to district court system:

Physical operations	5,581	
Research and other assistance	6,597	
	<u>12,178</u>	

Court proceedings:

Juries and witnesses	179	
Court costs	1,944	
	<u>2,123</u>	

Juvenile justice administration:

Juvenile victim restitution	8,369	
Court-appointed attorneys and court costs for juveniles	2,293	
	<u>10,662</u>	24,963

Physical Health and Education Service Area:

Physical health services:

Sanitation	16,328	
Health administration	264,615	
	<u>280,943</u>	

Schedule 2

Audubon County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area (continued):

Educational services:		
Historic preservation	5,000	
Fair and 4-H clubs	25,000	
	<u>30,000</u>	310,943
Social Services Service Area:		
Services to the poor:		
Administration	23,856	
Services to military veterans:		
Administration	11,676	
General services to veterans	6,636	
	<u>18,312</u>	
Services to other adults:		
Services to the elderly	94,058	
Other social services	1,100	
	<u>95,158</u>	
Chemical dependency:		
Treatment services	16,881	154,207
County Environment Service Area:		
Conservation and recreation services:		
Administration	44,503	
Maintenance and operations	52,934	
	<u>97,437</u>	
County development:		
Land use and building controls	6,750	
Economic development	34,924	
	<u>41,674</u>	139,111
Roads and Transportation Service Area:		
Equipment		98,491
State and Local Government Services Service Area:		
Representation services:		
Elections administration	71,148	

Audubon County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area (continued):

State administrative services:

Motor vehicle registrations and licensing	94,895	
Recording of public documents	70,960	
	<u>165,855</u>	237,003

Interprogram Services Service Area:

Policy and administration:

General County management	126,188	
Administrative management services	97,325	
Treasury management services	60,926	
Other policy and administration	21,950	
	<u>306,389</u>	

Central services:

General services	118,674	
Data processing services	52,893	
	<u>171,567</u>	

Risk management services:

Tort liability	52,327	
Safety of workplace	62,084	
Fidelity of public officials	9,971	
	<u>124,382</u>	602,338

Non-program Service Area:

County farm operations	920	
Other non-program expenditures	6,648	7,568

Capital Projects Service Area:

Conservation land acquisition		<u>23,754</u>
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Total		<u>\$ 2,272,697</u>
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See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads
Assets		
Cash and pooled investments	\$ 580,181	926,929
Receivables:		
Property tax:		
Delinquent	11,993	-
Succeeding year	1,022,000	-
Accounts	-	1,667
Due from other funds	-	-
Due from other governments	-	148,288
Inventories	3,811	240,213
	\$1,617,985	1,317,097
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 2,623	21,281
Salaries and benefits payable	269	2,004
Due to other governments	-	120
Deferred revenue:		
Succeeding year property tax	1,022,000	-
Other	11,993	-
Compensated absences	1,446	11,801
Total liabilities	1,038,331	35,206
Fund equity:		
Fund balance:		
Reserved for inventories	3,811	240,213
Unreserved	575,843	1,041,678
Total fund equity	579,654	1,281,891
	\$1,617,985	1,317,097

See accompanying independent auditor's report.

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
739,805	12,503	8	3,966	2,263,392
1,157	-	-	-	13,150
-	-	3,000	-	1,025,000
-	-	-	-	1,667
-	-	-	133	133
-	-	-	-	148,288
-	-	-	-	244,024
740,962	12,503	3,008	4,099	3,695,654
60,797	-	-	-	84,701
-	-	-	-	2,273
81,311	-	-	-	81,431
-	-	3,000	-	1,025,000
1,157	-	-	-	13,150
-	-	-	-	13,247
143,265	-	3,000	-	1,219,802
-	-	-	-	244,024
597,697	12,503	8	4,099	2,231,828
597,697	12,503	8	4,099	2,475,852
740,962	12,503	3,008	4,099	3,695,654

Audubon County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>
Revenues:		
Property and other County tax:		
Property tax	\$ 965,565	-
Utility tax replacement excise tax	36,588	-
Other	-	-
	<u>1,002,153</u>	<u>-</u>
Intergovernmental:		
State shared revenues:		
Road use tax	-	1,739,379
Other	-	-
State grants and reimbursements including indirect federal funding:		
Social services block grant	-	-
Other	4,508	-
State tax replacements:		
State tax credits	60,273	-
State allocation	9,951	-
Mental health property tax relief	-	-
Direct federal grants and entitlements:		
Watershed protection and flood prevention	155,159	-
	<u>229,891</u>	<u>1,739,379</u>
Licenses and permits	<u>-</u>	<u>115</u>
Charges for service:		
Document management fee	-	-
Miscellaneous	-	119
	<u>-</u>	<u>119</u>

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
105,488	-	-	-	1,071,053
4,568	-	-	-	41,156
7	-	-	-	7
110,063	-	-	-	1,112,216
-	-	-	-	1,739,379
-	7,920	-	-	7,920
33,803	-	-	-	33,803
-	-	-	-	4,508
8,311	-	-	-	68,584
-	-	-	-	9,951
292,120	-	-	-	292,120
-	-	-	-	155,159
334,234	7,920	-	-	2,311,424
-	-	-	-	115
-	-	-	1,547	1,547
-	-	-	-	119
-	-	-	1,547	1,666

Audubon County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues (continued):		
Use of money and property:		
Interest on investments	-	-
Miscellaneous:		
Sale of materials	-	926
Miscellaneous	792	29,260
Total revenues	<u>792</u>	<u>30,186</u>
	<u>1,232,836</u>	<u>1,769,799</u>
Expenditures:		
Operating:		
Physical Health and Education Service Area:		
Educational services:		
Libraries	40,000	-
Mental Health Service Area:		
Persons with mental health problems - mental illness:		
General administration	-	-
Treatment services	-	-
Institutional, hospital, and commitment services	-	-
Persons with chronic mental illness:		
Coordination services	-	-
Personal and environmental support	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
-	319	1	44	364
-	-	-	-	926
52,565	-	-	-	82,617
52,565	-	-	-	83,543
496,862	8,239	1	1,591	3,509,328
-	-	-	-	40,000
11,824	-	-	-	11,824
14,980	-	-	-	14,980
16,263	-	-	-	16,263
43,067	-	-	-	43,067
555	-	-	-	555
44	-	-	-	44
8,049	-	-	-	8,049
3,737	-	-	-	3,737
28,450	-	-	-	28,450
71,459	-	-	-	71,459
112,294	-	-	-	112,294

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

	Rural Services	Secondary Roads
Expenditures (continued):		
Operating:		
Mental Health Service Area:		
Persons with mental retardation:		
Coordination services	-	-
Personal and environmental support	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital, and commitment services	-	-
	-	-
Persons with other developmental disabilities:		
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
	-	-
	-	-
County Environment Service Area:		
Environmental quality:		
Natural resources conservation	30,364	-
Weed eradication	4,493	-
Solid waste disposal	81,600	-
Administration	-	-
Recreation and environmental education services	-	-
	116,457	-
Roads and Transportation Service Area:		
Secondary roads administration and engineering:		
Administration	9,766	111,595
Engineering	13,274	143,470
	23,040	255,065

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
10,726	-	-	-	10,726
931	-	-	-	931
4	-	-	-	4
141,004	-	-	-	141,004
378,572	-	-	-	378,572
97,543	-	-	-	97,543
628,780	-	-	-	628,780
1,986	-	-	-	1,986
1,786	-	-	-	1,786
3,772	-	-	-	3,772
787,913	-	-	-	787,913
-	-	-	-	30,364
-	-	-	-	4,493
-	-	-	-	81,600
-	12,323	-	-	12,323
-	2,502	-	-	2,502
-	14,825	-	-	131,282
-	-	-	-	121,361
-	-	-	-	156,744
-	-	-	-	278,105

Audubon County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>
Expenditures (continued):		
Operating:		
Roads and Transportation Service Area:		
Roadway maintenance:		
Bridges and culvert	7,630	118,069
Roads	41,202	865,623
Snow and ice control	3,713	63,685
Traffic controls	3,045	59,363
Road clearing	97,051	53,670
	<u>152,641</u>	<u>1,160,410</u>
General roadway expenditures:		
Equipment	-	231,227
Equipment operation	17,892	399,633
Tools, materials, and supplies	-	49,465
Real estate and buildings	-	77,637
	<u>17,892</u>	<u>757,962</u>
Mass transit:		
Air transportation	28,206	-
	<u>221,779</u>	<u>2,173,437</u>
State and Local Government Services Area:		
Representation services:		
Township officials	670	-
Capital Projects Service Area:		
Roadway construction	-	11,493
Other capital projects	-	8,771
	<u>-</u>	<u>20,264</u>
Total expenditures	<u>378,906</u>	<u>2,193,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>853,930</u>	<u>(423,902)</u>

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
-	-	-	-	125,699
-	-	-	-	906,825
-	-	-	-	67,398
-	-	-	-	62,408
-	-	-	-	150,721
-	-	-	-	1,313,051
-	-	-	-	231,227
-	-	-	-	417,525
-	-	-	-	49,465
-	-	-	-	77,637
-	-	-	-	775,854
-	-	-	-	28,206
-	-	-	-	2,395,216
-	-	-	-	670
-	-	-	-	11,493
-	-	-	-	8,771
-	-	-	-	20,264
787,913	14,825	-	-	3,375,345
(291,051)	(6,586)	1	1,591	133,983

Audubon County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Other financing sources (uses):		
Sales of general fixed assets	-	5,342
Operating transfers in (out):		
General	-	35,000
Special Revenue:		
Rural Services	-	695,538
Secondary Roads	(695,538)	-
Total other financing sources (uses)	<u>(695,538)</u>	<u>735,880</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	158,392	311,978
Fund balances beginning of year	419,629	1,010,463
Increase (decrease) in reserve for inventories	1,633	(40,550)
Fund balances end of year	<u>\$ 579,654</u>	<u>1,281,891</u>

See accompanying independent auditor's report.

Mental Health	Resource Enhancement and Protection	Tax Increment Financing	County Recorder's Records Management	Total
-	-	-	-	5,342
-	-	-	-	35,000
-	-	-	-	695,538
-	-	-	-	(695,538)
-	-	-	-	40,342
(291,051)	(6,586)	1	1,591	174,325
888,748	19,089	7	2,508	2,340,444
-	-	-	-	(38,917)
597,697	12,503	8	4,099	2,475,852

Audubon County

Audubon County

Debt Service Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 241,660	
Utility tax replacement excise tax	10,374	
Other	<u>16</u>	\$ 252,050

Intergovernmental:

State tax replacements:

State tax credits		18,987
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Use of money and property:

Interest on investments		<u>2,365</u>
Total revenues		<u>273,402</u>

Expenditures:

Debt Service Service Area:

Bonds redeemed	195,000	
Interest and fiscal charges paid	<u>79,980</u>	<u>274,980</u>

Deficiency of revenues under expenditures		(1,578)
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Fund balance beginning of year		<u>44,106</u>
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Fund balance end of year		<u><u>\$ 42,528</u></u>
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See accompanying independent auditor's report.

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

	Expendable Trust Fund			
	Conservation Land Acquisition Trust	County Offices		Agricultural Extension Education
		County Recorder	County Sheriff	
Assets				
Cash and pooled investments:				
County Treasurer	\$ 900	-	-	1,156
Other County officials	-	6,577	13,207	-
Receivables:				
Property tax:				
Delinquent	-	-	-	742
Succeeding year	-	-	-	65,000
Accounts	-	241	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 900	6,818	13,207	66,898
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other funds	-	4,020	11,983	-
Due to other governments	-	2,798	86	66,898
Trusts payable	-	-	1,138	-
Compensated absences	-	-	-	-
Total liabilities	-	6,818	13,207	66,898
Fund equity:				
Unreserved fund balance	900	-	-	-
Total liabilities and fund equity	\$ 900	6,818	13,207	66,898

Agency Funds						
County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
111,445	46,964	2,368	16,230	1,367	107,947	693
-	-	-	-	-	-	-
1,356	28,110	1,519	2,272	1,051	-	14
127,000	3,193,000	155,000	751,000	87,000	-	1,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
239,801	3,268,074	158,887	769,502	89,418	107,947	1,707
78	-	-	-	-	-	-
-	-	-	-	-	3,805	-
233,653	3,268,074	158,887	769,502	89,418	104,142	1,707
-	-	-	-	-	-	-
6,070	-	-	-	-	-	-
239,801	3,268,074	158,887	769,502	89,418	107,947	1,707
-	-	-	-	-	-	-
239,801	3,268,074	158,887	769,502	89,418	107,947	1,707

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

	Anatomical	Emergency	Special
	Gift Public	Management	Assess-
	Awareness and	Services	ments
	Transportation		
Assets			
Cash and pooled investments:			
County Treasurer	8	11,648	56
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	1,167	-
	8	12,815	56
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	-	169	-
Due to other funds	-	-	-
Due to other governments	-	12,646	56
Trusts payable	8	-	-
Compensated absences	-	-	-
Total liabilities	8	12,815	56
Fund equity:			
Unreserved fund balance	-	-	-
	8	12,815	56

See accompanying independent auditor's report.

Agency Funds						
County Hospital	Tax Sale Redemption	E911 Surcharge	Advance Tax	A.A.E. Task Force	Landfill Post-Closure	Total
8,730	3,033	83,432	20,662	759	162,342	579,740
-	-	-	-	-	-	19,784
5,606	-	-	-	-	-	40,670
658,000	-	-	-	-	-	5,037,000
-	10	11,662	-	-	-	11,913
-	-	-	-	-	19	19
-	-	-	-	-	-	1,167
672,336	3,043	95,094	20,662	759	162,361	5,690,293
-	-	730	-	-	-	977
-	-	-	-	-	-	19,808
672,336	-	94,364	20,662	759	162,361	5,658,349
-	3,043	-	-	-	-	4,189
-	-	-	-	-	-	6,070
672,336	3,043	95,094	20,662	759	162,361	5,689,393
-	-	-	-	-	-	900
672,336	3,043	95,094	20,662	759	162,361	5,690,293

Audubon County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets and Liabilities				
Balances beginning of year	\$ 7,964	10,432	72,264	231,923
Additions:				
Property and other County tax	-	-	65,303	127,244
E911 surcharge	-	-	-	-
State tax credits	-	-	5,333	9,741
State allocation	-	-	-	2,741
Drivers license fees	-	-	-	-
Office fees and collections	91,631	33,473	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	25,917	-	-
Miscellaneous	-	-	-	-
Total additions	91,631	59,390	70,636	139,726
Deductions:				
Agency remittances:				
To other funds	38,540	29,429	-	-
To other governments	52,088	297	76,002	131,848
Trusts paid out	2,149	26,889	-	-
Total deductions	92,777	56,615	76,002	131,848
Balances end of year	\$ 6,818	13,207	66,898	239,801

Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Anatomical Gift Public Awareness Transplantation
2,915,964	148,614	704,052	86,572	112,298	1,679	-
3,191,246	155,210	780,493	88,061	-	1,327	-
-	-	-	-	-	-	-
217,469	10,973	101,444	5,229	-	99	-
-	-	-	-	-	-	-
-	-	-	-	6,194	-	-
-	-	-	-	-	-	-
-	-	-	-	1,569,730	-	53
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,408,715	166,183	881,937	93,290	1,575,924	1,426	53
-	-	-	-	77,878	-	-
3,056,605	155,910	816,487	90,444	1,502,397	1,398	45
-	-	-	-	-	-	-
3,056,605	155,910	816,487	90,444	1,580,275	1,398	45
3,268,074	158,887	769,502	89,418	107,947	1,707	8

Audubon County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Emergency Management Services	Special Assessments
Assets and Liabilities		
Balances beginning of year	11,987	627
Additions:		
Property and other County tax	-	-
E911 surcharge	-	-
State tax credits	-	-
State allocation	-	-
Drivers license fees	-	-
Office fees and collections	-	-
Auto licenses, use tax and postage	-	-
Assessments	-	3,140
Trusts	-	-
Miscellaneous	15,747	-
Total additions	15,747	3,140
Deductions:		
Agency remittances:		
To other funds	-	-
To other governments	14,919	3,711
Trusts paid out	-	-
Total deductions	14,919	3,711
Balances end of year	12,815	56

See accompanying independent auditor's report.

County Hospital	Tax Sale Redemption	E911	Advance Tax	A.A.E. Task Force	Landfill Post-Closure	Total
546,469	1,542	85,271	17,631	759	156,229	5,112,277
658,543	-	-	-	-	-	5,067,427
-	-	46,637	-	-	-	46,637
40,278	-	-	-	-	-	390,566
-	-	-	-	-	-	2,741
-	-	-	-	-	-	6,194
-	-	-	-	-	-	125,104
-	-	-	-	-	-	1,569,783
-	-	-	-	-	-	3,140
-	44,898	-	24,485	-	-	95,300
-	-	1,708	-	-	6,132	23,587
698,821	44,898	48,345	24,485	-	6,132	7,330,479
-	-	-	-	-	-	145,847
572,954	-	38,522	21,454	-	-	6,535,081
-	43,397	-	-	-	-	72,435
572,954	43,397	38,522	21,454	-	-	6,753,363
672,336	3,043	95,094	20,662	759	162,361	5,689,393

Schedule 8**Audubon County****Comparison of Taxes and Intergovernmental Revenues**

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 2,700,163	2,475,943	2,720,583	2,650,296
Utility tax replacement excise tax	111,605	105,088	-	-
Other	117	63	-	-
	<u>2,811,885</u>	<u>2,581,094</u>	<u>2,720,583</u>	<u>2,650,296</u>
Intergovernmental:				
State shared revenues:				
Road use tax	1,739,379	1,667,959	1,692,214	1,615,555
Other	19,789	21,071	19,390	13,657
State grants and reimbursements including indirect federal funding:				
Highway planning and construction grant	-	-	296,784	335,981
Federal emergency management assistance	-	-	14,656	102,191
Social services block grant	33,803	33,970	85,467	58,175
Resource enhancement and protection grant	-	-	-	37,500
Other	212,040	178,564	86,750	124,379
State tax replacements:				
State tax credits	196,889	207,845	213,817	225,777
State allocation	79,853	85,413	85,684	85,570
Mental health property tax relief	292,120	292,120	292,120	292,120
Other	-	33,257	37,106	35,068
Direct federal grants and entitlements:				
Watershed protection and flood prevention	155,159	59,088	65,365	110,210
Medicare and medicaid	157,496	160,260	128,943	161,700
Other	-	-	-	2,902
Contributions and reimbursements from other governmental units	32,761	53,807	129,055	35,135
	<u>2,919,289</u>	<u>2,793,354</u>	<u>3,147,351</u>	<u>3,235,920</u>
Total	<u>\$ 5,731,174</u>	<u>5,374,448</u>	<u>5,867,934</u>	<u>5,886,216</u>

See accompanying independent auditor's report.

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

Audubon County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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

To the Officials of Audubon County:

We have audited the general purpose financial statements of Audubon County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 19, 2002. 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 Audubon County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Audubon 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 Audubon 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 internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness. The prior year reportable condition has not been resolved and is repeated as item (A).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Audubon County and other parties to whom Audubon 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 Audubon County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 19, 2002

Audubon County
Schedule of Findings
Year ended June 30, 2002

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

- (1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail could then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
- (2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.

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

Response - I will periodically have an independent review of bank reconciliations.

Conclusion - Response acknowledged. However, incompatible duties should be segregated to the greatest extent possible with existing personnel. In instances where it is not possible to segregate incompatible duties, it is important for the County Recorder to increase the review of that work.

(B) Lack of Written Policies for Capital Assets - Other than the established capitalization threshold, the County does not have a written policy for capital assets.

Recommendation - The Board of Supervisors should develop a written policy for capital assets. The policy should include, but is not limited to, the following: responsibilities for custody and safekeeping of assets, procedures for the acquisition and disposal of assets, placing identification tags on capital assets, annual physical inventories and reporting the results of the inventory to the Board of Supervisors.

Response - We will look to other counties for drafts of written policies for capital assets and then develop a policy for Audubon County.

Conclusion - Response accepted.

Audubon County

Schedule of Findings

Year ended June 30, 2002

- (C) Payments to the County Attorney - The County Attorney employs two staff that work on County business but also work on matters related to the County Attorney's private law practice. The timesheets submitted to the County by these individuals do not distinguish between the hours worked on County business and hours worked for the County Attorney's private practice. Instead, the County pays a certain percentage of each staff person's salary and benefits. There is also an inconsistency in the benefits (vacation, sick leave, health insurance) provided to these individuals by the County Attorney and the benefits provided by the County to other part-time County employees.

The County Attorney bills the County for rent and extra help. There is no formal written agreement for the amount of rent that will be paid and there is no documentation (i.e. timesheets or logs) to support the amount paid for extra help.

Recommendation - The Board of Supervisors and County Attorney should enter into written agreements for the payment of salaries, benefits and rent. The timesheets submitted by the County Attorney's staff should identify the actual hours worked on County business. Any billings for extra help should be supported by timesheets and the rate of pay for extra help should be approved by the Board of Supervisors.

Response - The Board of Supervisors will meet with the County Attorney and try to establish a written agreement for rent, payment of salaries and benefits, time sheets of actual hours worked for the County and extra help.

Conclusion - Response accepted.

- (D) Credit Cards - The County has credit cards for use by various employees while on County business. The County has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Recommendation - The County should adopt a formal written policy regulating the use of County credit cards. The policy at a minimum should address who controls credit cards, who is authorized to use credit cards and for what purpose, as well as the types of supporting documentation required to substantiate charges. The credit cards should be secured in a locked file and an independent individual within the County Auditor's office should be in charge of signing cards out.

Response - We will contact other counties and ISAC for policies regarding credit cards and then establish a written policy for the use of our credit cards.

Conclusion - Response accepted.

Audubon County
Schedule of Findings
Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amount budgeted.
- (3) Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Les Larsen, Emergency Management Director/Coordinator - owner of Larsen Glass and Body	Parts and installation	\$ 482
Les Larsen, Emergency Management Director/Coordinator- son owns Steve's Sign Shop	Signs and decals, per bid	1,146
Laverne Deist, Board of Supervisors - owner of Deist TV Sales and Service	Equipment and supplies	604
Jim and Roger Sinow, County employees	E911 sign labor, per bid	1,082

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

- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

Audubon County

Schedule of Findings

Year ended June 30, 2002

- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (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, 2002 for the County Extension Office did not exceed the amount budgeted.

Audubon County

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager
Nancy F. Curtis, CPA, Senior Auditor II
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