



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ December 11, 2002 \_\_\_\_\_

Contact: Andy Nielsen  
515/281-5515

Auditor of State Richard Johnson today released an audit report on Butler County, Iowa.

Johnson reported that the County had local tax revenue of \$15,412,521 for the year ended June 30, 2002, which included \$1,219,107 in tax credits from the state. The County forwarded \$10,994,539 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,417,982 of the local tax revenue to finance County operations, a two percent increase from the prior year. Other revenues included \$4,196,311 from the state, \$702,388 directly from the federal government, including medicare and medicaid of \$541,852 and \$256,056 in interest on investments.

Expenditures for County operations totaled \$10,024,693, a seven percent increase from the prior year. Expenditures included \$3,437,410 for roads and transportation, \$1,174,029 for interprogram services and \$1,093,461 for mental health.

The increase in expenditures is primarily due to capital projects for the courthouse heating and cooling system and E911 service board equipment.

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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**BUTLER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2002**

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**Butler County**

**Officials**

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

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Chief Deputy Auditor of State

**Independent Auditor's Report**

To the Officials of Butler County:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Butler County at June 30, 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 funds of Butler County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our reports dated September 26, 2002 on our consideration of Butler County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 26, 2002

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

	Governmental Fund Types	
	General	Special Revenue
<b>Assets and Other Debits</b>		
Cash and pooled investments:		
County Treasurer	\$ 1,941,812	4,771,042
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	3,716	3,286
Succeeding year	1,977,000	1,691,000
Interest and penalty on property tax	15,224	-
Accounts	17,419	357
Accrued interest	995	-
Economic development loans (note 9)	-	56,164
E911 lease (note 11)	390,000	-
Due from other funds (note 5)	39,014	1,145
Due from other governments	169,449	433,671
Inventories	-	257,611
Prepaid insurance	64,461	50,323
Property and equipment (note 4)	-	-
Amount to be provided for retirement of general long-term debt	-	-
	\$ 4,619,090	7,264,599
	<b>\$ 4,619,090</b>	<b>7,264,599</b>



Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
943,591	-	-	7,656,445
124,612	-	-	124,612
18,590	-	-	25,592
11,011,000	-	-	14,679,000
35,465	-	-	50,689
-	-	-	17,776
-	-	-	995
-	-	-	56,164
-	-	-	390,000
957	-	-	41,116
3,627	-	-	606,747
-	-	-	257,611
-	-	-	114,784
-	9,609,270	-	9,609,270
-	-	638,551	638,551
12,137,842	9,609,270	638,551	34,269,352

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

	Governmental Fund Types	
	General	Special Revenue
<b>Liabilities, Fund Equity and Other Credits</b>		
Liabilities:		
Accounts payable	\$ 29,717	171,803
Salaries and benefits payable	51,441	32,151
Due to other funds (note 5)	957	-
Due to other governments (note 8)	3,934	89,239
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	1,977,000	1,691,000
Other	50,194	54,921
General obligation capital loan notes (note 7)	-	-
Compensated absences	32,722	27,312
<b>Total liabilities</b>	<b>2,145,965</b>	<b>2,066,426</b>
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balances:		
Reserved for:		
Inventories	-	257,611
Prepaid insurance	64,461	50,323
E911 lease receivable	390,000	-
Supplemental levy purposes	144,057	-
Unreserved:		
Designated for jail and courthouse security	10,737	-
Undesignated	1,863,870	4,890,239
<b>Total fund equity and other credits</b>	<b>2,473,125</b>	<b>5,198,173</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 4,619,090</b>	<b>7,264,599</b>

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
41,373	-	-	242,893
3,031	-	-	86,623
40,159	-	-	41,116
11,797,766	-	-	11,890,939
85,088	-	-	85,088
-	-	-	3,668,000
-	-	-	105,115
-	-	445,000	445,000
2,254	-	193,551	255,839
11,969,671	-	638,551	16,820,613
-	9,609,270	-	9,609,270
-	-	-	257,611
-	-	-	114,784
-	-	-	390,000
-	-	-	144,057
-	-	-	10,737
168,171	-	-	6,922,280
168,171	9,609,270	-	17,448,739
12,137,842	9,609,270	638,551	34,269,352

Butler County

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

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
<b>Revenues:</b>		
Property and other County tax	\$ 1,867,373	2,149,080
Interest and penalty on property tax	39,466	-
Intergovernmental	1,275,822	4,185,947
Licenses and permits	50	6,180
Charges for service	400,177	9,905
Use of money and property	319,207	25,955
Miscellaneous	64,284	61,525
Total revenues	<u>3,966,379</u>	<u>6,438,592</u>
<b>Expenditures:</b>		
Operating:		
Public safety	704,381	385,665
Court services	22,589	-
Physical health and education	970,724	56,650
Mental health	-	1,093,461
Social services	225,328	-
County environment	230,886	436,685
Roads and transportation	-	3,437,410
State and local government services	227,284	10,150
Interprogram services	1,174,029	-
Debt service	-	-
Capital projects	-	221,106
Total expenditures	<u>3,555,221</u>	<u>5,641,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>411,158</u>	<u>797,465</u>
<b>Other financing sources (uses):</b>		
Sale of general fixed assets	5,607	13,778
General obligation capital loan note proceeds	-	-
Operating transfers in	17,760	1,146,167
Operating transfers out	(186,105)	(1,104,047)
Total other financing sources (uses)	<u>(162,738)</u>	<u>55,898</u>

Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
86,426	-	-	4,102,879
-	-	-	39,466
7,517	-	-	5,469,286
-	-	-	6,230
-	-	-	410,082
-	-	-	345,162
-	-	475	126,284
<b>93,943</b>	-	<b>475</b>	<b>10,499,389</b>
-	-	-	1,090,046
-	-	-	22,589
-	-	-	1,027,374
-	-	-	1,093,461
-	-	-	225,328
-	-	-	667,571
-	-	-	3,437,410
-	-	-	237,434
-	-	-	1,174,029
7,880	-	-	7,880
-	761,505	58,960	1,041,571
<b>7,880</b>	<b>761,505</b>	<b>58,960</b>	<b>10,024,693</b>
<b>86,063</b>	<b>(761,505)</b>	<b>(58,485)</b>	<b>474,696</b>
-	-	-	19,385
-	390,000	-	390,000
7,880	76,183	136,105	1,384,095
(93,943)	-	-	(1,384,095)
<b>(86,063)</b>	<b>466,183</b>	<b>136,105</b>	<b>409,385</b>

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Butler County

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

Year ended June 30, 2002

	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	248,420	853,363
Fund balances beginning of year	1,823,934	4,342,491
Increase (decrease) in reserve for:		
Inventories	-	(2,684)
Prepaid insurance	10,771	5,003
E911 lease receivable	390,000	-
Fund balances end of year	<u>\$ 2,473,125</u>	<u>5,198,173</u>

See notes to financial statements.

Types		Fiduciary Fund Type	Total
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
-	(295,322)	77,620	884,081
-	295,322	90,551	6,552,298
-	-	-	(2,684)
-	-	-	15,774
-	-	-	390,000
-	-	168,171	7,839,469

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

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>		
Property and other County tax	\$ 4,142,227	-
Interest and penalty on property tax	38,935	-
Intergovernmental	5,300,856	-
Licenses and permits	6,625	-
Charges for service	448,286	-
Use of money and property	346,225	-
Miscellaneous	122,692	-
Total receipts	<u>10,405,846</u>	<u>-</u>
<b>Disbursements:</b>		
Public safety	1,067,220	-
Court services	25,104	-
Physical health and education	1,032,179	-
Mental health	1,083,939	-
Social services	272,502	-
County environment	576,490	-
Roads and transportation	3,550,193	-
State and local government services	239,355	-
Interprogram services	1,177,821	-
Non-program	-	-
Debt service	7,880	-
Capital projects	1,066,224	-
Total disbursements	<u>10,098,907</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	306,939	-
Other financing sources, net	<u>409,385</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	716,324	-
Balance beginning of year	<u>6,163,744</u>	<u>1,093</u>
Balance end of year	<u>\$ 6,880,068</u>	<u>1,093</u>

See notes to financial statements.



Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,142,227	4,058,723	83,504	102%
38,935	9,000	29,935	433%
5,300,856	5,939,617	(638,761)	89%
6,625	5,400	1,225	123%
448,286	340,410	107,876	132%
346,225	369,935	(23,710)	94%
122,692	39,536	83,156	310%
<u>10,405,846</u>	<u>10,762,621</u>	<u>(356,775)</u>	<u>97%</u>
1,067,220	1,123,277	56,057	95%
25,104	34,650	9,546	72%
1,032,179	1,119,638	87,459	92%
1,083,939	1,155,787	71,848	94%
272,502	274,130	1,628	99%
576,490	698,542	122,052	83%
3,550,193	3,655,000	104,807	97%
239,355	245,586	6,231	97%
1,177,821	1,274,346	96,525	92%
-	2,000	2,000	
7,880	101,881	94,001	8%
1,066,224	1,950,000	883,776	55%
<u>10,098,907</u>	<u>11,634,837</u>	<u>1,535,930</u>	<u>87%</u>
306,939	(872,216)		
<u>409,385</u>	<u>400,000</u>		
716,324	(472,216)		
<u>6,162,651</u>	<u>5,398,896</u>		
<u>6,878,975</u>	<u>4,926,680</u>		

Butler County

Notes to Financial Statements

June 30, 2002

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

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

A. Reporting Entity

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

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

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

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Butler County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the individual drainage district can be obtained from the Butler County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Butler County Assessor’s Conference Board, Butler County Emergency Management Commission, and Butler County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

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

**B. Fund Accounting**

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

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating 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.

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

Fiduciary Funds

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

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

## Account Groups

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

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

### C. Measurement Focus

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

### D. Basis of Accounting

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

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

Property 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 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 became due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was 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 levies.

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the governmental Funds, the cost of vacation 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 blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 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, except for drainage districts, the debt service fund, the capital projects fund and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service 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	\$ 3,964,068	2,311	3,966,379	6,347,360	91,232	6,438,592
Expenditures	3,595,729	(40,508)	3,555,221	5,653,125	(11,998)	5,641,127
Net	368,339	42,819	411,158	694,235	103,230	797,465
Other financing sources (uses)	(477,781)	315,043	(162,738)	55,898	-	55,898
Beginning fund balances	2,051,254	(227,320)	1,823,934	4,020,909	321,582	4,342,491
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(2,684)	(2,684)
Prepaid insurance	-	10,771	10,771	-	5,003	5,003
E911 lease receivable	-	390,000	390,000	-	-	-
Ending fund balances	\$ 1,941,812	531,313	2,473,125	4,771,042	427,131	5,198,173

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 93,943	-	93,943	-	-	-
Expenditures	7,880	-	7,880	782,183	(20,678)	761,505
Net	86,063	-	86,063	(782,183)	20,678	(761,505)
Other financing sources (uses)	(86,063)	-	(86,063)	782,183	(316,000)	466,183
Beginning fund balances	-	-	-	-	295,322	295,322
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
E911 lease receivable	-	-	-	-	-	-
Ending fund balances	\$ -	-	-	-	-	-

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 475	-	475	10,405,846	93,543	10,499,389
Expenditures	59,990	(1,030)	58,960	10,098,907	(74,214)	10,024,693
Net	(59,515)	1,030	(58,485)	306,939	167,757	474,696
Other financing sources (uses)	135,148	957	136,105	409,385	-	409,385
Beginning fund balances	91,581	(1,030)	90,551	6,163,744	388,554	6,552,298
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(2,684)	(2,684)
Prepaid insurance	-	-	-	-	15,774	15,774
E911 lease receivable	-	-	-	-	390,000	390,000
Ending fund balances	\$ 167,214	957	168,171	6,880,068	959,401	7,839,469

**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.

**(3) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$202,257, \$189,728, and \$178,430, respectively, equal to the required contributions for each year.



**(4) Property and Equipment**

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 420,685	171,187	5,855	586,017
Buildings	1,497,324	10,000	4,000	1,503,324
Equipment	7,382,999	1,585,268	1,448,338	7,519,929
Total	<u>\$ 9,301,008</u>	<u>1,766,455</u>	<u>1,458,193</u>	<u>9,609,270</u>

In April 2002, the Board of Supervisors amended the County's fixed asset capitalization policy. Previously, fixed assets with unit costs of \$500 were capitalized. Under the amended policy, fixed assets with unit costs of \$5,000 or more and estimated useful lives in excess of one year are capitalized. The effect of this change, approximately \$1,020,000, is included in deletions.

**(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:	
	Auto License and Use Tax	\$ 8,773
	County Recorder	23,760
	County Sheriff	6,481
Special Revenue:		
County Recorder's Records Management	County Recorder	1,145
Expendable Trust:		
Conservation Trust	General	957
Total		<u>\$ 41,116</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:

	General Obligation Capital Loan Notes	Compensated Absences	Total
Balance beginning of year	\$ 60,000	197,005	257,005
Additions	390,000	-	390,000
Reductions	5,000	3,454	8,454
Balance end of year	<u>\$ 445,000</u>	<u>193,551</u>	<u>638,551</u>

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

Capital Loan Notes for Urban Renewal Project - General obligation capital loan notes were issued on October 1, 1998 totaling \$60,000 for the purpose of paying costs of an urban renewal project, including a grant to Sinclair Elevator. A Special Revenue

Fund, Sinclair Elevator Project TIF account has been established for the collection of tax increment financing revenues which will be used to pay off the capital loan notes.

A summary of the County's June 30, 2002 general obligation capital loan note indebtedness for this issue is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2003	4.80%	\$ 5,000	2,640	7,640
2004	4.80%	10,000	2,400	12,400
2005	4.80%	10,000	1,920	11,920
2006	4.80%	10,000	1,440	11,440
2007	4.80%	10,000	960	10,960
2008	4.80%	10,000	480	10,480
Total		\$ 55,000	9,840	64,840

During the year ended June 30, 2002, notes totaling \$5,000 were retired.

Capital Loan Note for E911 Service Board Equipment - A general obligation capital loan note was issued on December 3, 2001 totaling \$390,000 for the purpose of paying costs of acquiring replacement equipment for use by the Butler County E911 Service Board. The note is to be paid from the General Fund in 30 equal semi-annual payments of \$18,707 including interest of 5% per annum. The final payment will be payable on January 1, 2017. The balance of the note at June 30, 2002 totaled \$390,000.

**(8) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 3,934
Special Revenue:		
Rural Services	Services	1,500
Secondary Roads		702
Mental Health		87,037
		<u>89,239</u>
Trust and Agency:		
County Assessor	Collections	337,911
Schools		7,720,335
Community Colleges		403,523
Corporations		2,442,157
Auto License and Use Tax		267,762
E911 Service Board		93,564
All other		532,514
		<u>11,797,766</u>
Total		\$ <u>11,890,939</u>

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

Butler County has four economic development loans receivable totaling \$56,164 as of June 30, 2002 due from businesses located in Butler County. The loans were made to the businesses to promote economic development.

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

**(10) Risk Management**

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$114,784.

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 and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) E911 Lease Receivable**

The County entered into a lease agreement with the E911 Service Board. Under the agreement, the E911 Service Board is to make semi-annual payments of \$18,707 to the County, an amount equal to the semi-annual payment required by the capital loan note, as detailed in Note 7 of the notes to financial statements. The payments from the E911 Service Board of the semi-annual payments of principal and interest are credited to and paid from the General Fund. The following is a schedule of the future minimum lease payments to be received by the County, including interest of 5% per annum and the present value of net minimum lease payments under the agreement in effect at June 30, 2002:

Year Ending June 30,	Total
2003	\$ 37,414
2004	37,414
2005	37,414
2006	37,414
2007	37,414
2008-2017	<u>374,125</u>
Total minimum lease payments	561,195
Less amount representing interest	<u>(171,195)</u>
Present value of net minimum lease payments	<u>\$ 390,000</u>

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

## **Supplemental Information**

**Schedule 1**

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## Butler County

## General Fund

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

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$ 1,803,050	
Utility tax replacement excise tax	62,454	
Other	<u>1,869</u>	\$ 1,867,373

Interest and penalty on property tax 39,466

## Intergovernmental:

## State shared revenues:

Franchise tax	7,894	
Other	<u>910</u>	
	<u>8,804</u>	

## State grants and reimbursements including indirect federal funding:

Homemaker health grant	47,946	
Public health nursing grant	17,104	
Human services administration reimbursement	17,838	
Public health grants	65,823	
Emergency medical services	9,634	
Healthy opportunity for parents to experience success program	33,360	
Sheriff's grants	15,350	
Decategorization reimbursement	52,007	
Other	<u>21,789</u>	
	<u>280,851</u>	

## State tax replacements:

State tax credits	164,189	
State allocation	<u>53,596</u>	
	<u>217,785</u>	

## Direct federal grants and entitlements:

Public safety partnership and community policing grants	16,786	
Rural health outreach	126,601	
Medicare and medicaid	541,852	
Other	<u>17,149</u>	
	<u>702,388</u>	

## Butler County

## General Fund

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

Year ended June 30, 2002

Intergovernmental (continued):		
Contributions and reimbursements from other governmental units:		
Empowerment administrative fees	8,133	
Elections	10,770	
Prisoner care	12,620	
Department of Human Services cluster	17,051	
Other	17,420	
	<u>65,994</u>	1,275,822
Licenses and permits		50
Charges for service:		
Office fees and collections:		
County Auditor	977	
County Recorder	89,945	
County Sheriff	23,656	
Auto registration, use tax and postage	105,266	
Health fees	140,439	
Camping fees	22,711	
Prisoner care	3,165	
Other	14,018	
	<u>400,177</u>	
Use of money and property:		
Interest on investments	251,793	
Conservation and farmland rent	67,414	
	<u>319,207</u>	
Miscellaneous		64,284
Total revenues		<u>3,966,379</u>
Expenditures:		
Operating:		
Public safety		704,381
Court services		22,589
Physical health and education		970,724
Social services		225,328
County environment		230,886
State and local government services		227,284
Interprogram services		1,174,029
Total expenditures		<u>3,555,221</u>

**Schedule 1**

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## Butler County

## General Fund

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

Year ended June 30, 2002

Excess of revenues over expenditures		<u>411,158</u>
Other financing sources (uses):		
Sale of general fixed assets		5,607
Operating transfers in (out):		
Special Revenue:		
Secondary Roads	(50,000)	
Debt Service	17,760	
Expendable Trust:		
Conservation Trust	(84,587)	
Conservation Land Acquisition Trust	(51,518)	<u>(168,345)</u>
Total other financing sources (uses)		<u>(162,738)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		248,420
Fund balance beginning of year		1,823,934
Increase in reserve for:		
Prepaid insurance		10,771
E911 lease receivable		<u>390,000</u>
Fund balance end of year		<u><u>\$ 2,473,125</u></u>

See accompanying independent auditor's report.



## Butler County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Public Safety Service Area:

## Law enforcement:

Uniformed patrol services	\$ 96,997	
Investigations	567	
Law enforcement communication	164,036	
Adult correction services	140,915	
Administration	163,763	
	<u>566,278</u>	

## Legal services:

Criminal prosecution	102,850	
Medical examinations	11,851	
	<u>114,701</u>	

## Emergency services:

Emergency management	<u>23,402</u>	\$ 704,381
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## Court Services Service Area:

## Assistance to district court system:

Research and other assistance	<u>13,520</u>	
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## Court proceedings:

Court costs	256	
Service of civil papers	202	
	<u>458</u>	

## Juvenile justice administration:

Juvenile representation services	4,917	
Court-appointed attorneys and court costs for juveniles	3,694	
	<u>8,611</u>	22,589

## Physical Health and Education Service Area:

## Physical health services:

Personal and family health services	<u>948,724</u>	
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## Educational services:

Historic preservation	2,000	
Fair and 4-H clubs	20,000	
	<u>22,000</u>	970,724

**Schedule 2**

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## Butler County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Social Services Service Area:

## Services to the poor:

Administration	56,800	
General welfare services	21,705	
	<u>78,505</u>	

## Services to military veterans:

Administration	15,468	
General services to veterans	2,920	
	<u>18,388</u>	

## Children and family services:

Youth guidance	10,471	
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## Services to other adults:

Services to the elderly	20,038	
Other social services	52,904	
	<u>72,942</u>	

## Chemical dependency:

Treatment services	43,588	
Preventive services	1,434	
	<u>45,022</u>	225,328

## County Environment Service Area:

## Conservation and recreation services:

Administration	150,525	
Maintenance and operations	47,636	
Recreation and environment education services	2,725	
	<u>200,886</u>	

## County development:

Economic development	30,000	230,886
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## State and Local Government Services Service Area:

## Representation services:

Elections administration	31,087	
Local elections	27,384	
	<u>58,471</u>	

## State administrative services:

Motor vehicle registrations and licensing	73,627	
Recording of public documents	95,186	
	<u>168,813</u>	227,284

## Butler County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

Policy and administration:		
General County management	80,422	
Administrative management services	98,244	
Treasury management services	97,630	
Other policy and administration	32,754	
	<u>309,050</u>	
Central services:		
General services	598,166	
Data processing services	178,006	
	<u>776,172</u>	
Risk management services:		
Safety of the workplace	87,961	
Fidelity of public officials	846	
	<u>88,807</u>	
		<u>1,174,029</u>
Total		<u>\$ 3,555,221</u>

See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Assets</b>				
Cash and pooled investments	\$ 1,196,007	3,041,151	34,553	2,539
Receivables:				
Property tax:				
Delinquent	2,573	-	-	-
Succeeding year	1,408,000	-	-	-
Accounts	-	134	-	-
Economic development loans	-	-	-	-
Due from other funds	-	-	-	1,145
Due from other governments	43,627	289,584	-	-
Inventories	-	257,611	-	-
Prepaid insurance	-	50,323	-	-
<b>Total assets</b>	<b>\$ 2,650,207</b>	<b>3,638,803</b>	<b>34,553</b>	<b>3,684</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 1,867	29,522	-	-
Salaries and benefits payable	5,330	26,821	-	-
Due to other governments	1,500	702	-	-
Deferred revenue:				
Succeeding year property tax	1,408,000	-	-	-
Other	2,234	-	-	-
Compensated absences	4,159	23,153	-	-
Total liabilities	1,423,090	80,198	-	-
Fund equity:				
Fund balance:				
Reserved for:				
Inventories	-	257,611	-	-
Prepaid insurance	-	50,323	-	-
Unreserved	1,227,117	3,250,671	34,553	3,684
Total fund equity	1,227,117	3,558,605	34,553	3,684
<b>Total liabilities and fund equity</b>	<b>\$ 2,650,207</b>	<b>3,638,803</b>	<b>34,553</b>	<b>3,684</b>

See accompanying independent auditor's report.

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
4,312	1,093	346,732	550	128,076	16,029	-	4,771,042
-	-	713	-	-	-	-	3,286
-	-	269,000	-	-	14,000	-	1,691,000
223	-	-	-	-	-	-	357
-	-	-	-	56,164	-	-	56,164
-	-	-	-	-	-	-	1,145
-	-	-	-	-	-	100,460	433,671
-	-	-	-	-	-	-	257,611
-	-	-	-	-	-	-	50,323
<b>4,535</b>	<b>1,093</b>	<b>616,445</b>	<b>550</b>	<b>184,240</b>	<b>30,029</b>	<b>100,460</b>	<b>7,264,599</b>
-	-	39,926	-	29	-	100,459	171,803
-	-	-	-	-	-	-	32,151
-	-	87,037	-	-	-	-	89,239
-	-	269,000	-	-	14,000	-	1,691,000
-	-	660	-	52,027	-	-	54,921
-	-	-	-	-	-	-	27,312
-	-	396,623	-	52,056	14,000	100,459	2,066,426
-	-	-	-	-	-	-	257,611
-	-	-	-	-	-	-	50,323
<b>4,535</b>	<b>1,093</b>	<b>219,822</b>	<b>550</b>	<b>132,184</b>	<b>16,029</b>	<b>1</b>	<b>4,890,239</b>
<b>4,535</b>	<b>1,093</b>	<b>219,822</b>	<b>550</b>	<b>132,184</b>	<b>16,029</b>	<b>1</b>	<b>5,198,173</b>
<b>4,535</b>	<b>1,093</b>	<b>616,445</b>	<b>550</b>	<b>184,240</b>	<b>30,029</b>	<b>100,460</b>	<b>7,264,599</b>

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
<b>Revenues:</b>				
Property and other County tax:				
Property tax	\$ 1,440,611	-	-	-
Local option sales tax	146,376	146,376	-	-
Utility tax replacement excise tax	44,757	-	-	-
Other	346	-	-	-
	<u>1,632,090</u>	<u>146,376</u>	<u>-</u>	<u>-</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	-	3,046,074	-	-
<b>State grants and reimbursements including indirect federal funding:</b>				
Social services block grant	-	-	-	-
Resource enhancement and protection program	-	-	6,957	-
Community development block grant	-	-	-	-
Well testing grants	14,166	-	-	-
Mental health/mental retardation allocation	-	-	-	-
Other	-	8,385	-	-
	<u>14,166</u>	<u>8,385</u>	<u>6,957</u>	<u>-</u>
<b>State tax replacements:</b>				
State tax credits	111,849	-	-	-
State allocation	-	53,596	-	-
Mental health property tax relief allocation	-	-	-	-
MH-DD allowed growth factor adjustment	-	-	-	-
	<u>111,849</u>	<u>53,596</u>	<u>-</u>	<u>-</u>
<b>Contributions and reimbursements from other governmental units:</b>				
Engineer salary reimbursements	-	52,364	-	-
Landfill labor reimbursement	-	2,304	-	-
Contract law enforcement	60,895	-	-	-
Other	-	53,056	-	-
	<u>60,895</u>	<u>107,724</u>	<u>-</u>	<u>-</u>
	<u>186,910</u>	<u>3,215,779</u>	<u>6,957</u>	<u>-</u>

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
-	-	345,904	-	-	12,393	-	1,798,908
-	-	-	-	-	-	-	292,752
-	-	11,981	-	-	-	-	56,738
-	-	336	-	-	-	-	682
-	-	358,221	-	-	12,393	-	2,149,080
-	-	-	-	-	-	-	3,046,074
-	-	61,966	-	-	-	-	61,966
-	-	-	-	-	-	-	6,957
-	-	-	-	-	-	218,702	218,702
-	-	-	-	-	-	-	14,166
-	-	15,949	-	-	-	-	15,949
-	-	-	-	-	-	-	8,385
-	-	77,915	-	-	-	218,702	326,125
-	-	31,499	-	-	49	-	143,397
-	-	-	-	-	-	-	53,596
-	-	440,836	-	-	-	-	440,836
-	-	7,300	-	-	-	-	7,300
-	-	479,635	-	-	49	-	645,129
-	-	-	-	-	-	-	52,364
-	-	-	-	-	-	-	2,304
-	-	-	-	-	-	-	60,895
-	-	-	-	-	-	-	53,056
-	-	-	-	-	-	-	168,619
-	-	557,550	-	-	49	218,702	4,185,947

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Revenues (continued):				
Licenses and permits	4,625	1,555	-	-
Charges for service:				
Document management fee	-	-	-	4,457
Other	390	2,460	-	-
	390	2,460	-	4,457
Use of money and property:				
Interest on investment	-	-	1,252	35
Interest and loan repayments	-	-	-	-
Land rent	-	1,661	-	-
	-	1,661	1,252	35
Miscellaneous:				
Sale of materials	-	39,458	-	-
Other	-	22,067	-	-
	-	61,525	-	-
Total revenues	1,824,015	3,429,356	8,209	4,492
Expenditures:				
Operating				
Public Safety Service Area:				
Law enforcement:				
Uniformed patrol services	312,791	-	-	-
Contract law enforcement	66,374	-	-	-
	379,165	-	-	-
Emergency services:				
Ambulance services	6,150	-	-	-
Fire protection services	350	-	-	-
	6,500	-	-	-
	385,665	-	-	-
Physical Health and Education Service Area:				
Educational services:				
Libraries	56,650	-	-	-



Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
-	-	-	-	-	-	-	6,180
-	-	-	-	-	-	-	4,457
981	-	1,617	-	-	-	-	5,448
981	-	1,617	-	-	-	-	9,905
-	-	-	-	2,976	-	-	4,263
-	-	-	-	20,031	-	-	20,031
-	-	-	-	-	-	-	1,661
-	-	-	-	23,007	-	-	25,955
-	-	-	-	-	-	-	39,458
-	-	-	-	-	-	-	22,067
-	-	-	-	-	-	-	61,525
981	-	917,388	-	23,007	12,442	218,702	6,438,592
-	-	-	-	-	-	-	312,791
-	-	-	-	-	-	-	66,374
-	-	-	-	-	-	-	379,165
-	-	-	-	-	-	-	6,150
-	-	-	-	-	-	-	350
-	-	-	-	-	-	-	6,500
-	-	-	-	-	-	-	385,665
-	-	-	-	-	-	-	56,650

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

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

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
-	-	16,836	-	-	-	-	16,836
-	-	27,939	-	-	-	-	27,939
-	-	15,172	-	-	-	-	15,172
-	-	49,079	-	-	-	-	49,079
-	-	8,535	-	-	-	-	8,535
-	-	117,561	-	-	-	-	117,561
-	-	3,919	-	-	-	-	3,919
-	-	2,466	-	-	-	-	2,466
-	-	1,592	-	-	-	-	1,592
-	-	91,519	-	-	-	-	91,519
-	-	3,301	-	-	-	-	3,301
-	-	102,797	-	-	-	-	102,797
-	-	15,526	-	-	-	-	15,526
-	-	32,451	-	-	-	-	32,451
-	-	242,968	-	-	-	-	242,968
-	-	464,108	-	-	-	-	464,108
-	-	76,650	-	-	-	-	76,650
-	-	831,703	-	-	-	-	831,703
-	-	1,492	-	-	-	-	1,492
-	-	12,965	-	-	-	-	12,965
-	-	26,943	-	-	-	-	26,943
-	-	41,400	-	-	-	-	41,400
-	-	1,093,461	-	-	-	-	1,093,461

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
County Environment Service Area:				
Environmental quality:				
Natural resources conservation	3,240	-	-	-
Solid waste disposal	162,030	-	-	-
	165,270	-	-	-
Conservation and recreation services:				
Maintenance and operations	-	-	27,056	-
County development:				
Economic development	-	-	-	-
Land use and building controls	20,259	-	-	-
	20,259	-	-	-
	185,529	-	27,056	-
Roads and Transportation Service Area:				
Secondary roads administration and engineering:				
Administration	-	154,311	-	-
Engineering	-	259,245	-	-
	-	413,556	-	-
Roadway maintenance:				
Bridges and culverts	-	127,636	-	-
Roads	-	1,367,396	-	-
Snow and ice control	-	83,821	-	-
Traffic controls	-	112,626	-	-
Road clearing	60,732	167,309	-	-
	60,732	1,858,788	-	-
General roadway:				
Equipment	-	438,817	-	-
Equipment operations	-	514,195	-	-
Tools, materials, and supplies	-	116,676	-	-
Real estate and buildings	-	34,646	-	-
	-	1,104,334	-	-
	60,732	3,376,678	-	-

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
-	-	-	-	-	-	-	3,240
-	-	-	-	-	-	-	162,030
-	-	-	-	-	-	-	165,270
-	-	-	-	-	-	-	27,056
-	-	-	-	5,399	-	218,701	224,100
-	-	-	-	-	-	-	20,259
-	-	-	-	5,399	-	218,701	244,359
-	-	-	-	5,399	-	218,701	436,685
-	-	-	-	-	-	-	154,311
-	-	-	-	-	-	-	259,245
-	-	-	-	-	-	-	413,556
-	-	-	-	-	-	-	127,636
-	-	-	-	-	-	-	1,367,396
-	-	-	-	-	-	-	83,821
-	-	-	-	-	-	-	112,626
-	-	-	-	-	-	-	228,041
-	-	-	-	-	-	-	1,919,520
-	-	-	-	-	-	-	438,817
-	-	-	-	-	-	-	514,195
-	-	-	-	-	-	-	116,676
-	-	-	-	-	-	-	34,646
-	-	-	-	-	-	-	1,104,334
-	-	-	-	-	-	-	3,437,410

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

	Rural Services	Secondary Roads	Resource Enhance- ment and Protection	County Recorder's Records Management
Expenditures (continued):				
Operating:				
State and Local Government Services				
Service Area:				
Representation services:				
Township officials	8,242	-	-	-
State administrative services:				
Recording of public documents	-	-	-	1,908
	<u>8,242</u>	<u>-</u>	<u>-</u>	<u>1,908</u>
Capital Projects Service Area:				
Roadway construction	-	221,106	-	-
Total expenditures	<u>696,818</u>	<u>3,597,784</u>	<u>27,056</u>	<u>1,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,127,197</u>	<u>(168,428)</u>	<u>(18,847)</u>	<u>2,584</u>
Other financing sources (uses):				
Sale of general fixed assets	-	13,778	-	-
Operating transfers in (out):				
General	-	50,000	-	-
Special Revenue:				
Rural Services	-	1,096,167	-	-
Secondary Roads	(1,096,167)	-	-	-
Debt Service	-	-	-	-
Total other financing sources (uses)	<u>(1,096,167)</u>	<u>1,159,945</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>31,030</u>	<u>991,517</u>	<u>(18,847)</u>	<u>2,584</u>
Fund balances beginning of year	1,196,087	2,564,769	53,400	1,100
Increase (decrease) in reserve for:				
Inventories	-	(2,684)	-	-
Prepaid insurance	-	5,003	-	-
Fund balances end of year	<u>\$ 1,227,117</u>	<u>3,558,605</u>	<u>34,553</u>	<u>3,684</u>

See accompanying independent auditor's report.

Sheriff's Commissary and Telephone	Drainage Districts	Mental Health	Seized and Forfeited Property	Economic Development Revolving Loan	Sinclair Elevator Project - TIF	Community Development Block Grant	Total
-	-	-	-	-	-	-	8,242
-	-	-	-	-	-	-	1,908
-	-	-	-	-	-	-	10,150
-	-	-	-	-	-	-	221,106
-	-	1,093,461	-	5,399	-	218,701	5,641,127
981	-	(176,073)	-	17,608	12,442	1	797,465
-	-	-	-	-	-	-	13,778
-	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	1,096,167
-	-	-	-	-	-	-	(1,096,167)
-	-	-	-	-	(7,880)	-	(7,880)
-	-	-	-	-	(7,880)	-	55,898
981	-	(176,073)	-	17,608	4,562	1	853,363
3,554	1,093	395,895	550	114,576	11,467	-	4,342,491
-	-	-	-	-	-	-	(2,684)
-	-	-	-	-	-	-	5,003
4,535	1,093	219,822	550	132,184	16,029	1	5,198,173

**Schedule 5**

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Butler 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	\$ 83,543	
Utility tax replacement excise tax	2,815	
Other	<u>68</u>	\$ 86,426

Intergovernmental:

State tax credits		<u>7,517</u>
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Total revenues		<u>93,943</u>
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Expenditures:

Debt Service Service Area:

Notes redeemed	5,000	
Interest paid	<u>2,880</u>	<u>7,880</u>

Excess of revenues over expenditures		86,063
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Other financing sources (uses):

Operating transfers in (out):

General	(17,760)	
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Special Revenue:

Sinclair Elevator Project - TIF	7,880	
Capital Projects	<u>(76,183)</u>	<u>(86,063)</u>

Excess of revenues and other financing sources over expenditures and other financing uses		-
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Fund balance beginning of year		<u>-</u>
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Fund balance end of year		<u><u>\$ -</u></u>
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See accompanying independent auditor's report.



## Butler County

## Capital Projects Fund

Statement of Revenues, Expenditures and  
Changes in Fund Balance

Year ended June 30, 2002

Revenues:		
None		\$ -
Expenditures:		
Capital Projects Service Area:		
Courthouse heating and cooling system	\$ 371,505	
E911 services equipment	<u>390,000</u>	<u>761,505</u>
Deficiency of revenues under expenditures		(761,505)
Other financing sources:		
Operating transfers in:		
Debt Service	76,183	
General obligation capital loan note proceeds	<u>390,000</u>	<u>466,183</u>
Deficiency of revenues and other financing sources under expenditures		(295,322)
Fund balance beginning of year		<u>295,322</u>
Fund balance end of year		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

**Schedule 7**

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

	<u>Expendable</u>		
	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 167,214	776,377	943,591
Other County officials	-	124,612	124,612
Receivables:			
Property tax:			
Delinquent	-	18,590	18,590
Succeeding year	-	11,011,000	11,011,000
Accounts	-	35,465	35,465
Due from other funds	957	-	957
Due from other governments	-	3,627	3,627
<b>Total assets</b>	<b>\$ 168,171</b>	<b>11,969,671</b>	<b>12,137,842</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	41,373	41,373
Salaries and benefits payable	-	3,031	3,031
Due to other funds	-	40,159	40,159
Due to other governments	-	11,797,766	11,797,766
Trusts payable	-	85,088	85,088
Compensated absences	-	2,254	2,254
Total liabilities	-	11,969,671	11,969,671
Fund equity:			
Unreserved fund balance	168,171	-	168,171
<b>Total liabilities and fund equity</b>	<b>\$ 168,171</b>	<b>11,969,671</b>	<b>12,137,842</b>

See accompanying independent auditor's report.

Butler County  
Expendable Trust Funds  
Combining Balance Sheet  
June 30, 2002

		Conservation Land Acquisition Trust	Conservation Trust	Total
<b>Assets</b>				
Cash and pooled investments	\$	83,109	84,105	167,214
Due from other funds		-	957	957
<b>Total assets</b>	<b>\$</b>	<b>83,109</b>	<b>85,062</b>	<b>168,171</b>
<b>Fund Equity</b>				
Fund equity:				
Unreserved fund balance		83,109	85,062	168,171
<b>Total fund equity</b>	<b>\$</b>	<b>83,109</b>	<b>85,062</b>	<b>168,171</b>

See accompanying independent auditor's report.

**Schedule 7**

Butler County  
Expendable Trust Funds  
Combining Statement of Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2002

	<u>Conservation Land Acquisition Trust</u>	<u>Conservation Trust</u>	<u>Total</u>
Revenues:			
Miscellaneous:			
Donations	\$ -	475	475
Expenditures:			
Capital Projects Service Area:			
Conservation land acquisition and development	<u>58,960</u>	-	<u>58,960</u>
Excess (deficiency) of revenues over (under) expenditures	(58,960)	475	(58,485)
Other financing sources:			
Operating transfers in:			
General	<u>51,518</u>	<u>84,587</u>	<u>136,105</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,442)	85,062	77,620
Fund balances beginning of year	<u>90,551</u>	-	<u>90,551</u>
Fund balances end of year	<u>\$ 83,109</u>	<u>85,062</u>	<u>168,171</u>

See accompanying independent auditor's report.

**Butler County**

Butler County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	County Offices			
	County Auditor	County Recorder	County Sheriff	County Conservator
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	-	-	-	-
Other County officials	77,941	33,034	12,950	687
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	-	24	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 77,941</b>	<b>33,058</b>	<b>12,950</b>	<b>687</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	24,905	6,481	-
Due to other governments	-	8,153	9	-
Trusts payable	77,941	-	6,460	687
Compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>\$ 77,941</b>	<b>33,058</b>	<b>12,950</b>	<b>687</b>

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Townships	Auto License and Use Tax
1,765	97,845	96,645	4,917	27,395	3,015	276,535
-	-	-	-	-	-	-
238	509	12,690	606	4,190	336	-
121,000	284,000	7,611,000	398,000	2,409,000	186,000	-
-	634	-	-	1,572	-	-
-	-	-	-	-	-	-
<b>123,003</b>	<b>382,988</b>	<b>7,720,335</b>	<b>403,523</b>	<b>2,442,157</b>	<b>189,351</b>	<b>276,535</b>
-	40,186	-	-	-	-	-
-	2,637	-	-	-	-	-
-	-	-	-	-	-	8,773
123,003	337,911	7,720,335	403,523	2,442,157	189,351	267,762
-	-	-	-	-	-	-
-	2,254	-	-	-	-	-
<b>123,003</b>	<b>382,988</b>	<b>7,720,335</b>	<b>403,523</b>	<b>2,442,157</b>	<b>189,351</b>	<b>276,535</b>

Butler County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	Brucellosis and Tuberculosis Eradication	Empower- ment Board	Emergency Management Services
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	37	186,117	9,180
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	5	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Due from other governments	-	1,687	1,940
<b>Total assets</b>	<b>2,042</b>	<b>187,804</b>	<b>11,120</b>
<b>Liabilities</b>			
Accounts payable	-	-	87
Salaries and benefits payable	-	-	352
Due to other funds	-	-	-
Due to other governments	2,042	187,804	10,681
Trusts payable	-	-	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>2,042</b>	<b>187,804</b>	<b>11,120</b>

See accompanying independent auditor's report.



City Special Assess- ments	Kesley Lighting	E911 Service Board	Anatomical Gift Donations	Total
2,790	8,638	61,471	27	776,377
-	-	-	-	124,612
-	16	-	-	18,590
-	-	-	-	11,011,000
-	-	33,235	-	35,465
-	-	-	-	3,627
<b>2,790</b>	<b>8,654</b>	<b>94,706</b>	<b>27</b>	<b>11,969,671</b>
-	-	1,100	-	41,373
-	-	42	-	3,031
-	-	-	-	40,159
2,790	8,654	93,564	27	11,797,766
-	-	-	-	85,088
-	-	-	-	2,254
<b>2,790</b>	<b>8,654</b>	<b>94,706</b>	<b>27</b>	<b>11,969,671</b>

Butler County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices			
	County Auditor	County Recorder	County Sheriff	County Conservator
<b>Assets and Liabilities</b>				
Balance beginning of year	\$ 77,203	20,651	6,076	986
Additions:				
Property and other County tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Office fees and collections	977	167,198	23,987	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	4,743	-	73,840	14,505
Miscellaneous	-	-	-	-
Total additions	5,720	167,198	97,827	14,505
Deductions:				
Agency Remittances:				
To other funds	977	90,148	17,175	-
To other governments	-	64,643	322	-
Trusts paid out	4,005	-	73,456	14,804
Total deductions	4,982	154,791	90,953	14,804
Balance end of year	\$ 77,941	33,058	12,950	687

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
132,286	383,043	7,237,100	366,572	2,518,260	220,126
110,476	262,004	7,040,539	369,889	2,132,980	170,587
-	-	-	-	-	-
10,503	22,507	579,323	29,216	247,085	15,149
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,300	-	-	1,948	-
120,979	293,811	7,619,862	399,105	2,382,013	185,736
-	-	-	-	-	-
130,262	293,866	7,136,627	362,154	2,458,116	216,511
-	-	-	-	-	-
130,262	293,866	7,136,627	362,154	2,458,116	216,511
123,003	382,988	7,720,335	403,523	2,442,157	189,351

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Butler County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Empower- ment Board
<b>Assets and Liabilities</b>			
Balance beginning of year	265,359	2,050	125,003
Additions:			
Property and other County tax	-	2,514	-
E911 surcharge	-	-	-
State tax credits	-	221	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	3,185,006	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	356,671
Total additions	3,185,006	2,735	356,671
Deductions:			
Agency Remittances:			
To other funds	105,185	-	-
To other governments	3,068,645	2,743	293,870
Trusts paid out	-	-	-
Total deductions	3,173,830	2,743	293,870
Balance end of year	276,535	2,042	187,804

See accompanying independent auditor's report.

Emergency Management Services	City Special Assessments	Kesley Lighting	E911 Service Board	Anatomical Gift Donations	Total
9,568	835	7,825	139,014	5	11,511,962
-	-	1,546	-	-	10,090,535
-	-	-	113,352	-	113,352
-	-	-	-	-	904,004
-	-	-	-	-	192,162
-	-	-	-	-	3,185,006
-	12,267	-	-	-	12,267
-	-	-	-	-	93,088
22,439	-	-	41,361	155	431,874
22,439	12,267	1,546	154,713	155	15,022,288
-	-	-	-	-	213,485
20,887	10,312	717	199,021	133	14,258,829
-	-	-	-	-	92,265
20,887	10,312	717	199,021	133	14,564,579
11,120	2,790	8,654	94,706	27	11,969,671

**Schedule 12**

**Butler County  
Comparison of Taxes and Intergovernmental Revenue**

	Years ended June 30,			
	2002	2001	2000	1999
<b>Taxes:</b>				
Property tax	\$ 3,685,501	3,541,464	3,466,241	3,435,136
Local option sales tax	292,752	311,276	123,838	-
Utility tax replacement excise tax	122,007	120,342	-	-
Other	2,619	1,305	1,475	1,244
	<u>4,102,879</u>	<u>3,974,387</u>	<u>3,591,554</u>	<u>3,436,380</u>
<b>Intergovernmental:</b>				
<b>State shared revenues:</b>				
Road use tax	3,046,074	2,921,076	2,963,559	2,200,484
Franchise tax	7,894	19,945	20,478	22,170
Other	910	1,461	2,160	520
<b>State grants and reimbursements including indirect federal funding:</b>				
Homemaker health grant	47,946	59,390	56,921	56,268
Public health nursing grant	17,104	19,373	18,841	19,264
Human services administration reimbursements and block grant	79,804	105,313	106,955	101,764
Child support recovery incentives	-	-	-	17,976
Juvenile justice	-	-	1,639	22,658
Emergency medical services	9,634	8,179	8,179	8,179
Substance abuse grant	-	-	10,000	10,000
Community development block grant	218,702	-	-	-
Resources enhancement and protection	6,957	10,688	10,585	9,150
Federal emergency management agency	-	7,452	280,824	122,935
Mental health/mental retardation allocation	15,949	107,684	95,518	95,518
Decategorization reimbursement	52,007	52,981	49,834	36,780
Empowerment grant	-	-	40,961	-
Other	158,873	132,083	149,707	80,582
<b>State tax replacements:</b>				
State tax credits	315,103	339,015	327,079	307,613
State allocation	107,192	115,236	115,568	115,431
Mental health property tax relief allocation	440,836	440,837	440,837	440,837
MH-DD allowed growth factor adjustment	7,300	156,486	97,934	62,107
<b>Direct federal grants and reimbursements:</b>				
Public safety partnership and community policing grant	16,786	-	44,313	26,267
Medicare and medicaid	541,852	551,619	358,797	487,350
Rural health outreach	126,601	68,929	-	-
Other	17,149	1,971	3,818	-
<b>Contributions and reimbursements from other governmental units:</b>				
Contract law enforcement	60,895	44,750	54,500	42,500
Election reimbursements	10,770	2,851	6,340	11,864
Prisoner care	12,620	58,120	84,490	98,650
Department of Human Services cluster	17,051	13,537	14,148	14,812
Engineer salary reimbursements	52,364	62,475	50,569	51,360
Landfill labor reimbursements	2,304	7,620	26,934	27,206
Other	78,609	51,515	28,163	33,112
	<u>5,469,286</u>	<u>5,360,586</u>	<u>5,469,651</u>	<u>4,523,357</u>
<b>Total</b>	<u>\$ 9,572,165</u>	<u>9,334,973</u>	<u>9,061,205</u>	<u>7,959,737</u>

See accompanying independent auditor's report.

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
<b>Direct:</b>			
U.S. Department of Health and Human Services:			
Rural Health Outreach	93.912A	5 D04 RH 00196-02	\$ 110,959
Rural Health Outreach	93.912A	5 D04 RH 00196-03	15,642
			<u>126,601</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		830
Public Safety Partnership and Community Policing Grants	16.710	2001SHWX0412	33,755
Total direct			<u>161,186</u>
<b>Indirect:</b>			
U.S. Department of Agriculture:			
Iowa Department of Health:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>5,298</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants / State's Program	14.228	01-WS-010	<u>218,701</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Local Law Enforcement Block Grants Program	16.592	01LE-0158	<u>3,558</u>
U.S. Department of Health and Human Services:			
Iowa Department of Health:			
Family Support Payments to States - Assistance Payments	93.560	5582V012	<u>480</u>
Worth County Public Health Nursing Department:			
Immunization Grants	93.268	5881I411	1,293
Immunization Grants	93.268	5882I411	689
			<u>1,982</u>
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs			
Breast and Cervical Cancer Early Detection Programs	93.919	5881NB03	720
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs			
Breast and Cervical Cancer Early Detection Programs	93.919	5882NB03	10,700
			<u>11,420</u>
Cerro Gordo County Health Department:			
Childhood Lead Poisoning Prevention Projects - State and Community - Based Childhood Lead Poisoning	93.197	5582LP05	<u>142</u>
Rural Health Outreach	93.912A	5882C012	<u>8,652</u>

**Schedule 13**

## Butler County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S.Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778		8,333
Temporary Assistance for Needy Families	93.558		8,097
Foster Care - Title IV-E	93.658		2,791
Refugee and Entrant Assistance-State Administered Programs	93.566		28
Adoption Assistance	93.659		963
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,097
Social Services Block Grant	93.667		5,328
Social Services Block Grant	93.667		61,966
			67,294
U.S.Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 02-157, Task 19	3,000
Iowa Department of Health:			
State and Community Highway Safety	20.600	5881BB01	900
			3,900
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State Emergency Management Division:			
Emergency Management Performance Grants	83.552		6,733
Total indirect			349,469
Total			\$ 510,655

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Butler County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.





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

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Warren G. Jenkins, CPA  
Chief Deputy Auditor of State

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

To the Officials of Butler County:

We have audited the general purpose financial statements of Butler County as of and for the year ended June 30, 2002, and have issued our report thereon dated September 26, 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 Butler County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 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 Butler County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Butler County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Butler County and other parties to whom Butler County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Butler County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 26, 2002



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**Compliance with Requirements**  
**Applicable to Each Major Program and Internal Control over Compliance**

To the Officials of Butler County:

**Compliance**

We have audited the compliance of Butler, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Butler County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Butler County's management. Our responsibility is to express an opinion on Butler County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Butler County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Butler County's compliance with those requirements.

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

**Internal Control Over Compliance**

The management of Butler County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Butler County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Butler County and other parties to whom Butler County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

RICHARD D. JOHNSON, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 26, 2002

Butler County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses in internal control over financial reporting were identified.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number - 14.228 - Community Development Block Grants / State's Program
  - CFDA Number 93.912A - Rural Health Outreach
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Butler County did not qualify as a low-risk auditee.

Butler County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

II-A-02 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. Generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

---

Applicable  
Offices

---

Recorder, Treasurer,  
Sheriff

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

Responses:

County Treasurer - I will contact another office regarding review of bank reconciliations by an independent person.

County Recorder - Duties are segregated as much as possible in this office.

County Sheriff - We have another person review the receipts and deposits and review bank reconciliations and sign off to document reviews.

Conclusion - Responses acknowledged. We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances.

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

II-B-02 County Sheriff - Prenumbered receipts were not issued for collections received between June 19, 2002 and July 2, 2002. Consequently, receipts were not recorded in the cash book and the collections were not deposited until July 2, 2002 because the bookkeeper was on vacation during this period. Gun permits were not always disbursed to the County and State of Iowa on a timely basis.

Recommendation - Prenumbered receipts should be issued upon receipt of collections and recorded timely in the cash book. Collections should be deposited timely. Additionally, the work of absent employees should be performed by others during their absence. Gun permits should be disbursed to the County and State of Iowa timely.

Response - Normally this is done, but because of a miscommunication, the person that was going to take care of the receipts and deposits was also gone for part of that time. We will make sure our receipts, deposits and payments are timely.

Conclusion - Response accepted.

II-C-02 Grant Administration - Individual departments negotiate and enter into grant agreements. The individual departments monitor grant compliance, submit the required performance reports and claims and receive the grant monies. A state warrant for a disaster assistance grant for less than \$50 was not properly accounted for nor recorded in the County ledgers. The claim reports were not reconciled to receipts or reviewed by an independent person. The County Sheriff is investigating this matter.

Recommendation - To improve grant compliance, accurate reporting to grantor agencies, and proper recording and use of grant receipts, all County grants should be centralized and administered by the County Board of Supervisors or its designee. This would also insure that the Board of Supervisors is informed about and approves all of the grants in which the County is participating.

Response - The Board of Supervisors will develop a policy for compliance and notify department heads of this policy.

Conclusion - Response accepted.

Butler County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2002

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

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



Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

IV-A-02 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.

IV-B-02 Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amount budgeted.

IV-C-02 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Tamara Fleshner, Nursing Department employee	CPR training	\$ 800
Northview Apartments, owned by County Auditor's husband	Rental of office space	2,450
Clint Allan, son-in-law of County Engineer	Welder purchased	400
Shirley Clark, wife of Auditor's Office employee	Labor - Redistricting	50
Justin Clark, son of Auditor's Office employee	Labor - Redistricting	50
Matthew Clark, son of Auditor's Office employee	Labor - Assessor	266

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

The transactions with Northview Apartments may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation - The County should consult legal counsel to determine the disposition of this matter.

Response - Due to the County Auditor's lack of direct benefit from this transaction, the County Attorney does not believe any conflict existed at the time the lease was executed. Further, based on the information provided to the County Attorney to date, the County Attorney believes no conflict exists at this time.

Conclusion - Response accepted.

IV-F-02 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-02 Partially Funded Self-Insurance Plan - The County provides employees health insurance benefits through a partially self-insured benefit plan to provide for lower deductibles for full time employees. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

Recommendation - The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.

Response - The Board of Supervisors assures compliance by March 2003 (insurance contract date) either by hiring an actuarial and establishing a separate fund or by eliminating the self-funding program.

Conclusion - Response accepted.

IV-K-02 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation - The County should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The financial institution has now agreed to provide electronic image of both front and back of canceled checks.

Conclusion - Response accepted.

IV-L-02 County Assessor - Disbursements during the year ended June 30, 2002 for the Special Appraisers Fund exceeded the amount budgeted.

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

Response - A disbursement was coded incorrectly that was intended to be disbursed from the County Assessment Expense Fund budget. I will make sure claims are recorded correctly in the future.

Conclusion - Response accepted.

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

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

Certain minutes of the County Agricultural Extension Council were not signed as required by Chapter 176A.14(3) of the Code of Iowa.

Recommendation - The minutes should be signed to authenticate the record as required.

Response - The lack of signature for the September minutes was a one-time oversight. The Director will remind the secretary that minutes are to be signed for each meeting.

Conclusion - Response accepted.

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**Butler County**

**Staff**

**This audit was performed by:**

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Sarah D. McFadden, Staff Auditor  
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