



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE

March 6, 2003

Contact: Andy Nielsen
515/281-5515

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

The County had local tax revenue of \$21,352,615 for the year ended June 30, 2002, which included \$1,268,219 in tax credits from the state. The County forwarded \$16,229,704 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$5,122,911 of the local tax revenue to finance County operations, a seventeen percent increase from the prior year. The significant increase in local tax revenue is due to an increase in the mental health property tax levy from \$.82 to \$1.70 per thousand dollars of valuation. Other revenues included \$4,169,705 from state shared revenues, grants and reimbursements, including indirect federal funding, \$243,860 from direct federal grants and \$202,649 in interest on investments.

Expenditures for County operations totaled \$12,353,915, a nine percent increase from the prior year. The increase in expenditures is due primarily to the purchase of gravel for road services. Expenditures included \$3,679,075 for roads and transportation, \$2,525,443 for mental health and \$1,871,698 for public safety.

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

###

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

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet – All Fund Types and Account Group	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	12-13
Comparison of Receipts, Disbursements and Changes in Balances – Actual to Budget (Cash Basis) – All Governmental Fund Types	C	14-15
Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type	D	16
Statement of Cash Flows – Proprietary Fund Type	E	17
Notes to Financial Statements		18-30
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	1	32-33
Statement of Expenditures	2	34-37
Special Revenue Funds:		
Combining Balance Sheet	3	38-39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	40-49
Debt Service Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	5	51
Capital Projects Funds:		
Combining Balance Sheet	6	52-53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	7	54-55
Agency Funds:		
Combining Balance Sheet	8	56-59
Combining Statement of Changes in Assets and Liabilities	9	60-63
Comparison of Taxes and Intergovernmental Revenues	10	64
Schedule of Expenditures of Federal Awards	11	65-66
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		67-68
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		71-72
Schedule of Findings and Questioned Costs		73-80
Staff		81

Carroll County

Officials

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

Carroll County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Carroll County:

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

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

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

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

As discussed in Note 14 to the general purpose financial statements, Carroll County intends to implement Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the governmental financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2002 on our consideration of Carroll County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group. The supplemental information included in Schedules 1 through 11, 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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2002

Financial Statements

Carroll County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 1,755,514	2,433,352	75,725
Conservation Foundation	-	110,028	-
Four Corner Park	-	-	720
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	11,491	7,511	-
Succeeding year	2,347,000	2,640,000	-
Interest and penalty on property tax	100,200	-	-
Accounts	308,130	3,686	2,000
Drainage assessments	-	-	-
Accrued interest	19,722	42	-
Due from other funds (note 11)	11,809	2,257	-
Due from other governments	54,934	206,815	-
Inventories	-	991,360	-
Prepaid items	80,300	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	\$ 4,689,100	6,395,051	78,445

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
Internal Service	Agency	General Long-Term Debt	(Memorandum Only)
217,407	989,812	-	5,471,810
-	-	-	110,028
-	-	-	720
-	11,615	-	11,615
-	142,790	-	161,792
-	16,191,000	-	21,178,000
-	-	-	100,200
-	37,472	-	351,288
-	102,852	-	102,852
-	1,912	-	21,676
-	-	-	14,066
-	19,164	-	280,913
-	-	-	991,360
-	-	-	80,300
-	-	312,215	312,215
217,407	17,496,617	312,215	29,188,835

Carroll County
 Combined Balance Sheet
 All Fund Types and Account Group
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
	Liabilities and Fund Equity		
Liabilities:			
Excess of warrants issued over cash balance	\$ -	-	-
Accounts payable	103,600	228,948	19,726
Salaries and benefits payable	45,578	5,734	-
Due to other funds (note 11)	2,257	-	-
Due to other governments (note 3)	8,652	217,775	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,347,000	2,640,000	-
Other	280,062	7,436	-
Iowa Natural Heritage Foundation loan (note 9)	-	-	-
Compensated absences	31,282	21,352	-
Total liabilities	2,818,431	3,121,245	19,726
Fund equity:			
Unreserved retained earnings	-	-	-
Fund balances:			
Reserved for:			
Inventories	-	991,360	-
Prepaid items	80,300	-	-
Conservation Education Center	91,667	-	-
Unreserved	1,698,702	2,282,446	58,719
Total fund equity	1,870,669	3,273,806	58,719
Total liabilities and fund equity	\$ 4,689,100	6,395,051	78,445

See notes to financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
Internal Service	Agency	General Long-Term Debt	(Memorandum Only)
-	102,852	-	102,852
66,088	9,260	-	427,622
-	-	-	51,312
-	11,809	-	14,066
-	17,366,457	-	17,592,884
-	3,725	-	3,725
-	-	-	4,987,000
-	-	-	287,498
-	-	202,065	202,065
-	2,514	110,150	165,298
66,088	17,496,617	312,215	23,834,322
151,319	-	-	151,319
-	-	-	991,360
-	-	-	80,300
-	-	-	91,667
-	-	-	4,039,867
151,319	-	-	5,354,513
217,407	17,496,617	312,215	29,188,835

Carroll County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances – All Governmental Fund Types

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 2,160,864	2,669,259
Interest and penalty on property tax	36,890	-
Intergovernmental	1,021,399	3,934,266
Licenses and permits	69,796	5,248
Charges for service	1,248,698	-
Use of money and property	261,062	2,316
Fines, forfeitures and defaults	756	-
Miscellaneous	34,796	294,488
Total revenues	4,834,261	6,905,577
Expenditures:		
Operating:		
Public safety	1,871,698	-
Court services	49,156	-
Physical health and education	580,132	54,000
Mental health	-	2,525,443
Social services	560,258	-
County environment	613,980	87,186
Roads and transportation	-	3,679,075
State and local government services	345,484	-
Interprogram services	921,885	-
Non-program	108,304	48,016
Debt service	-	-
Capital projects	-	454,370
Total expenditures	5,050,897	6,848,090
Excess (deficiency) of revenues over (under) expenditures	(216,636)	57,487
Other financing sources (uses):		
Sale of general fixed assets	-	43,275
Operating transfers in	-	1,341,000
Operating transfers out	(166,500)	(1,209,489)
Total other financing sources (uses)	(166,500)	174,786
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(383,136)	232,273
Fund balances beginning of year	2,250,452	2,610,657
Increase (decrease) in reserve for:		
Inventories	-	431,863
Prepaid items	3,353	(987)
Total	3,353	(987)
Fund balances end of year	\$ 1,870,669	3,273,806

See notes to financial statements.

Types		Total
Debt Service	Capital Projects	(Memorandum Only)
-	-	4,830,123
-	-	36,890
118,698	-	5,074,363
-	-	75,044
-	-	1,248,698
-	26,000	289,378
-	-	756
-	31,073	360,357
118,698	57,073	11,915,609
-	-	1,871,698
-	-	49,156
-	-	634,132
-	-	2,525,443
-	-	560,258
-	-	701,166
-	-	3,679,075
-	-	345,484
-	-	921,885
-	-	156,320
118,698	-	118,698
-	336,230	790,600
118,698	336,230	12,353,915
-	(279,157)	(438,306)
-	-	43,275
-	246,749	1,587,749
-	(211,760)	(1,587,749)
-	34,989	43,275
-	(244,168)	(395,031)
-	302,887	5,163,996
-	-	431,863
-	-	2,366
-	58,719	5,203,194

Carroll County

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

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 4,830,586	-
Interest and penalty on property tax	36,997	-
Intergovernmental	5,124,649	-
Licenses and permits	77,125	-
Charges for service	1,267,100	-
Use of money and property	318,665	1,238
Fines, forfeitures, and defaults	666	-
Miscellaneous	352,343	134,099
Total receipts	12,008,131	135,337
Disbursements:		
Public safety	1,832,724	-
Court services	42,568	-
Physical health and education	630,774	-
Mental health	2,531,122	-
Social services	566,040	-
County environment	696,287	19,013
Roads and transportation	3,747,746	-
State and local government services	345,296	-
Interprogram services	933,161	-
Non-program	105,294	-
Debt service	118,698	-
Capital projects	821,842	54,247
Total disbursements	12,371,552	73,260
Excess (deficiency) of receipts over (under) disbursements	(363,421)	62,077
Other financing sources (uses), net	43,275	(22,405)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(320,146)	39,672
Balance beginning of year	4,695,485	106,579
Balance end of year	\$ 4,375,339	146,251

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,830,586	4,867,759	(37,173)	99%
36,997	5,600	31,397	661%
5,124,649	5,246,657	(122,008)	98%
77,125	72,725	4,400	106%
1,267,100	1,163,800	103,300	109%
317,427	438,339	(120,912)	72%
666	-	666	100%
218,244	362,323	(144,079)	60%
<u>11,872,794</u>	<u>12,157,203</u>	<u>(284,409)</u>	<u>98%</u>
1,832,724	1,894,715	61,991	97%
42,568	88,700	46,132	48%
630,774	635,715	4,941	99%
2,531,122	2,717,250	186,128	93%
566,040	663,360	97,320	85%
677,274	799,945	122,671	85%
3,747,746	3,939,200	191,454	95%
345,296	316,695	(28,601)	109%
933,161	998,872	65,711	93%
105,294	430,000	324,706	24%
118,698	118,700	2	100%
767,595	1,014,300	246,705	76%
<u>12,298,292</u>	<u>13,617,452</u>	<u>1,319,160</u>	<u>90%</u>
(425,498)	(1,460,249)		
<u>65,680</u>	-		
(359,818)	(1,460,249)		
<u>4,588,906</u>	<u>3,445,578</u>		
<u>4,229,088</u>	<u>1,985,329</u>		

Exhibit D

Carroll County

Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 717,581
Reimbursements from employees		25,836
Total operating revenues		<u>743,417</u>
Operating expenses:		
Medical and health services	\$ 506,804	
Accounting, auditing and clerical	<u>143,032</u>	<u>649,836</u>
Operating income		93,581
Non-operating revenues:		
Interest on investments		<u>3,763</u>
Net income		97,344
Retained earnings beginning of year		<u>53,975</u>
Retained earnings end of year		<u><u>\$ 151,319</u></u>

See notes to financial statements.

Carroll County
Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2002

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 717,581
Cash received from employees and others	25,836
Cash payments to suppliers for services	(724,847)
Net cash provided by operating activities	18,570
Cash flows from investing activities:	
Interest on investments	3,763
Net increase in cash and cash equivalents	22,333
Cash and cash equivalents at beginning of year	195,074
Cash and cash equivalents at end of year	\$ 217,407
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	\$ 93,581
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(75,011)
Net cash provided by operating activities	\$ 18,570

See notes to financial statements.

Carroll County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

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

B. Fund Accounting

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

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other 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 Funds - The Capital Projects Funds are utilized to account for all resources used in the acquisition and construction of capital facilities.

Proprietary Fund

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

Fiduciary Funds

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

Account Group

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

C. Measurement Focus

Governmental Funds 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 operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

D. Basis of Accounting

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

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

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue, charges for service and interest revenue. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when they are received in cash as they are generally not measurable until actually received.

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

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent 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.

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized

since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivables and other receivables not collected within sixty days after year end, excluding grant receivables.

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

Designated Retained Earnings - The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except: the Special Revenue Fund, Drainage Districts and Conservation Foundation, portions of the Capital Projects Funds: Sauk Rail Trail and Four Corner Park; the internal service and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects 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	\$ 4,865,827	(31,566)	4,834,261	6,968,229	(62,652)	6,905,577
Expenditures	5,008,266	42,631	5,050,897	6,923,084	(74,994)	6,848,090
Net	(142,439)	(74,197)	(216,636)	45,145	12,342	57,487
Other financing sources (uses)	(166,500)	-	(166,500)	174,786	-	174,786
Beginning fund balances	2,064,453	185,999	2,250,452	2,323,449	287,208	2,610,657
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	431,863	431,863
Prepaid items	-	3,353	3,353	-	(987)	(987)
Ending fund balances	\$ 1,755,514	115,155	1,870,669	2,543,380	730,426	3,273,806

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 118,698	-	118,698	55,377	1,696	57,073
Expenditures	118,698	-	118,698	321,504	14,726	336,230
Net	-	-	-	(266,127)	(13,030)	(279,157)
Other financing sources (uses)	-	-	-	34,989	-	34,989
Beginning fund balances	-	-	-	307,583	(4,696)	302,887
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Ending fund balances	\$ -	-	-	76,445	(17,726)	58,719

	Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 12,008,131	(92,522)	11,915,609
Expenditures	12,371,552	(17,637)	12,353,915
Net	(363,421)	(74,885)	(438,306)
Other financing sources (uses)	43,275	-	43,275
Beginning fund balances	4,695,485	468,511	5,163,996
Increase (decrease) in reserve for:			
Inventories	-	431,863	431,863
Prepaid items	-	2,366	2,366
Ending fund balances	\$ 4,375,339	827,855	5,203,194

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 does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Deposits and Pooled Investments

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

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

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

(3) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 8,652</u>
Special Revenue:		
Mental Health	Services	217,061
Secondary Roads		<u>714</u>
		<u>217,775</u>
Agency:		
Agricultural Extension	Collections	105,473
County Assessor		345,657
Multi-County Child Support		27,666
Schools		9,558,564
Community Colleges		445,314
Corporations		5,938,938
Townships		207,290
Auto License and Use Tax		431,419
E911 Service Commission		285,748
All other		<u>20,388</u>
		<u>17,366,457</u>
Total		<u>\$17,592,884</u>

(4) Changes in Long-Term Debt

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

	Iowa Natural Heritage Foundation Loan	Compensated Absences	Total
Balance beginning of year	\$ 207,065	97,905	304,970
Additions	-	12,245	12,245
Reductions	5,000	-	5,000
Balance end of year	<u>\$ 202,065</u>	<u>110,150</u>	<u>312,215</u>

(5) 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 salary and the County is required to contribute 5.75% of annual payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$212,288, \$200,875, and \$189,584, respectively, equal to the required contributions for each year.

(6) Risk Management

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$89,303.

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, general county liability and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Employee Group Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Carroll County Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Carroll County Employee Group Health Fund. The County records the plan assets and related liabilities of the Carroll County Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$717,581.

Amounts payable from the Employee Group Health Fund at June 30, 2002 total \$66,088, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for catastrophic losses. That reserve was \$151,319 at June 30, 2002 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2001	\$ 141,099
Incurred claims (including claims incurred but not reported at June 30, 2002)	506,804
Payment on claims during the fiscal year	<u>581,815</u>
Unpaid claims at June 30, 2002	<u>\$ 66,088</u>

(8) County Care Facility

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

(9) Iowa Natural Heritage Foundation Loan

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

In April 2000, the original agreements were combined and payment terms were restructured. Under the terms of the new agreement, the Board will pay interest at a rate of 7.75% on the unpaid balance. There is no formal payment schedule, but the Carroll County Conservation Board agreed to make periodic payments as it has funds available. The unpaid balance at June 30, 2002 totaled \$202,065.

(10) Contingent Liabilities

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

Details of this bonded indebtedness at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	7.40%	\$ 55,000	12,893	67,893
2004	7.45	60,000	8,623	68,623
2005	7.50	60,000	4,137	64,137
2006	7.55	25,000	944	25,944
Total		<u>\$ 200,000</u>	<u>26,597</u>	<u>226,597</u>

During the year ended June 30, 2002, \$50,000 of these bonds were retired by the Carroll County Solid Waste Management Commission.

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

Details of this bonded indebtedness at June 30, 2002 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.85%	\$ 40,000	10,053	50,053
2004	4.95	45,000	8,012	53,012
2005	5.05	45,000	5,807	50,807
2006	5.15	45,000	3,557	48,557
2007	5.15	47,000	1,210	48,210
Total		<u>\$ 222,000</u>	<u>28,639</u>	<u>250,639</u>

During the year ended June 30, 2002, \$40,000 of these bonds were retired by the Carroll County Solid Waste Management Commission.

(11) Due From and Due to Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust and Agency: Auto License and Use Tax	\$ 11,809
Special Revenue: Secondary Roads	General	<u>2,257</u>
Total		<u>\$ 14,066</u>

(12) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by Service Area or amounts appropriated by department. During the year ended June 30, 2002, disbursements exceeded the amount budgeted in the State and Local Government Services Service Area and disbursements in certain departments exceeded the amounts appropriated.

(13) Subsequent Event

In September 2002, the County authorized a loan of \$400,000, with 3½% per annum interest, to remodel a building donated to the County. The loan is due May 1, 2003. The building will house several offices which will provide services to citizens of the County.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the financial activities.

Supplemental Information

Schedule 1

Carroll 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	\$ 2,093,993	
Utility tax replacement excise tax	65,421	
Other	<u>1,450</u>	\$ 2,160,864

Interest and penalty on property tax

36,890

Intergovernmental:

State shared revenues:

Franchise tax	55,966	
Other	<u>6,959</u>	
	<u>62,925</u>	

State grants and reimbursements including indirect federal funding:

Home care aide grant	92,398	
Human services administration reimbursement	56,986	
Other	<u>183,523</u>	
	<u>332,907</u>	

State tax replacements:

State tax credits	134,834	
State allocation	<u>114,795</u>	
	<u>249,629</u>	

Direct federal grants and entitlements:

Medicaid case management	180,410	
Medicaid, ICF, and MR	<u>63,450</u>	
	<u>243,860</u>	

Contributions and reimbursements from other governmental units:

Contract law enforcement	52,265	
Other	<u>79,813</u>	
	<u>132,078</u>	1,021,399

Licenses and permits

69,796

Charges for service:

Office fees and collections	180,357	
Auto registration, use tax and mailing	153,489	
Ambulance service	610,836	
Conservation fees	70,857	
Homemaker health aide service fees	131,444	
Other	<u>101,715</u>	1,248,698

Carroll County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Use of money and property:		
Interest on investments	196,570	
Rent	37,229	
Other	27,263	261,062
		<hr/>
Fines, forfeitures and defaults		756
Miscellaneous		34,796
Total revenues		<hr/> <u>4,834,261</u>
Expenditures:		
Operating:		
Public safety		1,871,698
Court services		49,156
Physical health and education		580,132
Social services		560,258
County environment		613,980
State and local government services		345,484
Interprogram services		921,885
Non-program		108,304
Total expenditures		<hr/> <u>5,050,897</u>
Deficiency of revenues under expenditures		(216,636)
Other financing uses:		
Operating transfers out:		
Special Revenue:		
Secondary Roads		(135,000)
Capital Projects:		
Ambulance		<u>(31,500)</u>
Total other financing uses		<hr/> <u>(166,500)</u>
Deficiency of revenues under expenditures and other financing uses		(383,136)
Fund balance beginning of year		2,250,452
Increase in reserve for prepaid items		<u>3,353</u>
Fund balance end of year		<hr/> <u><u>\$ 1,870,669</u></u>

See accompanying independent auditor's report.

Schedule 2

Carroll County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 397,153	
Contract law enforcement	94,043	
Law enforcement communication	108,619	
Adult correctional services	215,120	
Administration	154,837	
	<u>969,772</u>	

Legal services:

Criminal prosecution	205,549	
Violence against women grant	28,314	
Medical examinations	6,133	
Child support recovery	467	
	<u>240,463</u>	

Emergency services:

Ambulance services	628,040	
Emergency management	33,423	
	<u>661,463</u>	\$ 1,871,698

Court Services Service Area:

Assistance to judges and magistrates:

Office operations	1,179	
Research assistance	15,000	
	<u>16,179</u>	

Court proceedings:

Service of civil papers	<u>8,224</u>	
-------------------------	--------------	--

Juvenile justice administration:

Juvenile probation and restitution	21,033	
Court-appointed attorneys for juveniles	3,720	
	<u>24,753</u>	49,156

Carroll County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	318,428	
Sanitation	166,559	
Health administration	80,145	
	<u>565,132</u>	

Educational services:

Historic preservation	3,000	
Fair and 4-H clubs	12,000	
	<u>15,000</u>	580,132

Social Services Service Area:

Services to the indigent:

Administration	392,366	
General welfare services	9,141	
Care in County Care Facility	34,160	
	<u>435,667</u>	

Services to military veterans:

Administration	13,742	
General services to veterans	9,451	
	<u>23,193</u>	

Children's and family services:

Family protection services	<u>17,500</u>	
----------------------------	---------------	--

Services to other adults:

Services to the elderly	22,823	
Other social services	15,080	
	<u>37,903</u>	

Chemical dependency:

Treatment services	21,814	
Preventive services	24,181	
	<u>45,995</u>	560,258

Schedule 2

Carroll County

General Fund

Statement of Expenditures

Year ended June 30, 2002

County Environment Service Area:

Conservation and recreation services:

Administration	139,351	
Maintenance and operations	390,398	
	<u>529,749</u>	

Animal control:

Animal bounties and domestic animal losses	144	
--	-----	--

County development:

Land use and building controls	7,608	
Economic development	76,479	
	<u>84,087</u>	613,980

State and Local Government Services Service Area:

Representation services:

Elections administration	53,670	
Local elections	32,583	
Township officials	3,900	
	<u>90,153</u>	

State administrative services:

Motor vehicle registrations and licensing	145,056	
Recording of public documents	110,275	
	<u>255,331</u>	345,484

Interprogram Services Service Area:

Policy and administration:

General County management	190,239	
Administration management services	136,451	
Treasury management services	130,035	
Other policy and administration	21,183	
	<u>477,908</u>	

Carroll County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Interprogram Services Service Area (continued):

Central services:

General services	168,726	
Data processing services	<u>81,433</u>	
	<u>250,159</u>	

Risk management services:

Tort liability	89,303	
Safety of the workplace	94,752	
Fidelity of public officials	782	
Unemployment compensation	<u>8,981</u>	
	<u>193,818</u>	921,885

Non-program Service Area:

Other non-program current expenditures:

Pass-through grants to subrecipients		<u>108,304</u>
--------------------------------------	--	----------------

Total		<u><u>\$ 5,050,897</u></u>
-------	--	----------------------------

See accompanying independent auditor's report.

Carroll County
Special Revenue Funds
Combining Balance Sheet
Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Assets			
Cash and pooled investments:			
County Treasurer	\$ 293,922	1,150,948	897,310
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	471	-	7,040
Succeeding year	1,306,000	-	1,334,000
Accounts	-	3,640	46
Accrued interest	-	-	-
Due from other funds	-	2,257	-
Due from other governments	-	206,815	-
Inventories	-	991,360	-
Total assets	\$ 1,600,393	2,355,020	2,238,396
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 309	145,574	82,543
Salaries and benefits payable	-	5,734	-
Due to other governments	-	714	217,061
Deferred revenue:			
Succeeding year property tax	1,306,000	-	1,334,000
Other	471	-	6,965
Compensated absences	-	21,352	-
Total liabilities	1,306,780	173,374	1,640,569
Fund equity:			
Fund balances:			
Reserved for inventories	-	991,360	-
Unreserved	293,613	1,190,286	597,827
Total fund equity	293,613	2,181,646	597,827
Total liabilities and fund equity	\$ 1,600,393	2,355,020	2,238,396

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
11,857	40,096	35,503	3,716	2,433,352
-	-	-	110,028	110,028
-	-	-	-	7,511
-	-	-	-	2,640,000
-	-	-	-	3,686
-	42	-	-	42
-	-	-	-	2,257
-	-	-	-	206,815
-	-	-	-	991,360
11,857	40,138	35,503	113,744	6,395,051
-	-	522	-	228,948
-	-	-	-	5,734
-	-	-	-	217,775
-	-	-	-	2,640,000
-	-	-	-	7,436
-	-	-	-	21,352
-	-	522	-	3,121,245
-	-	-	-	991,360
11,857	40,138	34,981	113,744	2,282,446
11,857	40,138	34,981	113,744	3,273,806
11,857	40,138	35,503	113,744	6,395,051

Carroll County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Revenues:			
Property and other County tax:			
Property tax	\$ 1,303,026	-	1,282,925
Utility tax replacement excise tax	42,191	-	40,082
Other	146	-	889
	<u>1,345,363</u>	<u>-</u>	<u>1,323,896</u>
Intergovernmental:			
State shared revenues:			
Road use tax	-	2,270,630	-
Other	-	57,658	-
	<u>-</u>	<u>2,328,288</u>	<u>-</u>
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	86,607
MH-DD community services fund allocation	-	-	112,281
Highway planning and construction	-	228,182	-
	<u>-</u>	<u>228,182</u>	<u>198,888</u>
State tax replacements:			
State tax credits	75,345	-	82,609
Mental health property tax relief	-	-	841,162
Mental health allowed growth factor adjustment allocation	-	-	51,391
	<u>75,345</u>	<u>-</u>	<u>975,162</u>
Contributions and reimbursements from other governmental units	-	88,103	29,131
	<u>75,345</u>	<u>2,644,573</u>	<u>1,203,181</u>
Licenses and permits	-	185	-
Use of money and property:			
Interest on investments	-	-	-

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
-	-	-	-	2,585,951
-	-	-	-	82,273
-	-	-	-	1,035
-	-	-	-	2,669,259
-	-	-	-	2,270,630
11,167	-	-	-	68,825
11,167	-	-	-	2,339,455
-	-	-	-	86,607
-	-	-	-	112,281
-	-	-	-	228,182
-	-	-	-	427,070
-	-	-	-	157,954
-	-	-	-	841,162
-	-	-	-	51,391
-	-	-	-	1,050,507
-	-	-	-	117,234
11,167	-	-	-	3,934,266
-	5,063	-	-	5,248
97	981	-	1,238	2,316

Carroll County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
Revenues (continued):			
Miscellaneous:			
Drainage assessments	-	-	-
Sale of gasoline and materials	-	144,924	-
Donations	-	-	-
Miscellaneous	-	14,503	46
	-	<u>159,427</u>	<u>46</u>
Total revenues	<u>1,420,708</u>	<u>2,804,185</u>	<u>2,527,123</u>
Expenditures:			
Operating:			
Physical Health and Education Service Area:			
Educational services:			
Libraries	54,000	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
General administration	-	-	27,484
Treatment services	-	-	128,586
Vocational and day services	-	-	1,131
Institutional, hospital and commitment services	-	-	9,830
	-	-	<u>167,031</u>
Persons with chronic mental illness:			
Coordination services	-	-	51
Personal and environmental support	-	-	5,340
Treatment services	-	-	56,828
Vocational and day services	-	-	30,959
Licensed or certified living arrangements	-	-	183,195
Institutional, hospital and commitment services	-	-	22,714
	-	-	<u>299,087</u>

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
-	-	7	-	7
-	-	-	-	144,924
-	-	-	133,657	133,657
-	-	-	1,351	15,900
-	-	7	135,008	294,488
11,264	6,044	7	136,246	6,905,577
-	-	-	-	54,000
-	-	-	-	27,484
-	-	-	-	128,586
-	-	-	-	1,131
-	-	-	-	9,830
-	-	-	-	167,031
-	-	-	-	51
-	-	-	-	5,340
-	-	-	-	56,828
-	-	-	-	30,959
-	-	-	-	183,195
-	-	-	-	22,714
-	-	-	-	299,087

Carroll County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with mental retardation:			
Coordination services	-	-	24,467
Personal and environmental support	-	-	12,525
Vocational and day services	-	-	586,366
Licensed or certified living arrangements	-	-	1,138,178
Institutional, hospital and commitment services	-	-	263,361
	-	-	<u>2,024,897</u>
Persons with other developmental disabilities:			
Coordination services	-	-	1,376
Vocational and day services	-	-	32,790
Licensed or certified living arrangements	-	-	262
	-	-	<u>34,428</u>
	-	-	<u>2,525,443</u>
County Environment Service Area:			
Environmental quality:			
Weed eradication	3,109	-	-
Solid waste disposal	65,064	-	-
	<u>68,173</u>	-	-
Conservation and recreation services:			
Recreation and environmental education services	-	-	-
	<u>68,173</u>	-	-
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	-	147,317	-
Engineering	-	251,224	-
	-	<u>398,541</u>	-

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
-	-	-	-	24,467
-	-	-	-	12,525
-	-	-	-	586,366
-	-	-	-	1,138,178
-	-	-	-	263,361
-	-	-	-	2,024,897
-	-	-	-	1,376
-	-	-	-	32,790
-	-	-	-	262
-	-	-	-	34,428
-	-	-	-	2,525,443
-	-	-	-	3,109
-	-	-	-	65,064
-	-	-	-	68,173
-	-	-	19,013	19,013
-	-	-	19,013	87,186
-	-	-	-	147,317
-	-	-	-	251,224
-	-	-	-	398,541

Carroll County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Roads and Transportation Service Area:			
Roadway maintenance:			
Bridges and culvert	-	74,530	-
Roads	-	1,659,646	-
Snow and ice control	-	87,417	-
Traffic controls	-	75,223	-
Road clearing	12,000	44,151	-
	<u>12,000</u>	<u>1,940,967</u>	-
General roadway expenditures:			
Equipment	-	358,880	-
Equipment operation	-	827,349	-
Tool, materials, and supplies	-	99,184	-
Real estate and buildings	-	42,154	-
	-	<u>1,327,567</u>	-
	<u>12,000</u>	<u>3,667,075</u>	-
Non-program Service Area:			
Other	-	-	-
Capital Projects Service Area:			
Roadway construction	-	454,370	-
Total expenditures	<u>134,173</u>	<u>4,121,445</u>	<u>2,525,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,286,535</u>	<u>(1,317,260)</u>	<u>1,680</u>

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
-	-	-	-	74,530
-	-	-	-	1,659,646
-	-	-	-	87,417
-	-	-	-	75,223
-	-	-	-	56,151
-	-	-	-	1,952,967
-	-	-	-	358,880
-	-	-	-	827,349
-	-	-	-	99,184
-	-	-	-	42,154
-	-	-	-	1,327,567
-	-	-	-	3,679,075
-	-	48,016	-	48,016
-	-	-	-	454,370
-	-	48,016	19,013	6,848,090
11,264	6,044	(48,009)	117,233	57,487

Carroll County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
Other financing sources (uses):			
Sale of general fixed assets	-	43,275	-
Operating transfers in (out):			
General	-	135,000	-
Special Revenue:			
Rural Services	-	1,206,000	-
Secondary Roads	(1,206,000)	-	-
Capital Projects:			
Sauk Rail Trail	-	-	-
Total other financing sources (uses)	<u>(1,206,000)</u>	<u>1,384,275</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	80,535	67,015	1,680
Fund balances beginning of year	213,078	1,683,755	596,147
Increase (decrease) in reserve for:			
Inventories	-	431,863	-
Prepaid items	-	(987)	-
Fund balances end of year	<u>\$ 293,613</u>	<u>2,181,646</u>	<u>597,827</u>

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Conservation Foundation	Total
-	-	-	-	43,275
-	-	-	-	135,000
-	-	-	-	1,206,000
-	-	-	-	(1,206,000)
-	-	-	(3,489)	(3,489)
-	-	-	(3,489)	174,786
11,264	6,044	(48,009)	113,744	232,273
593	34,094	82,990	-	2,610,657
-	-	-	-	431,863
-	-	-	-	(987)
11,857	40,138	34,981	113,744	3,273,806

Carroll County

Carroll County

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Intergovernmental:

Carroll County Solid Waste Commission	\$ 118,698
---------------------------------------	------------

Expenditures:

Debt Service Service Area:

Bonds redeemed	\$ 90,000	
Interest paid	<u>28,698</u>	<u>118,698</u>

Excess of revenues over expenditures	-
--------------------------------------	---

Fund balance beginning of year	<u>-</u>
--------------------------------	----------

Fund balance end of year	<u><u>\$ -</u></u>
--------------------------	--------------------

See accompanying independent auditor's report.

Carroll County
 Capital Projects Funds
 Combining Balance Sheet
 June 30, 2002

	Care Facility	Four Corner Park
Assets		
Cash and pooled investments:		
County Treasurer	\$ 18,542	23,683
Four Corner Park	-	720
Accounts receivable	2,000	-
Total assets	\$ 20,542	24,403
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	19,726
Fund equity:		
Unreserved fund balance	20,542	4,677
Total liabilities and fund equity	\$ 20,542	24,403

See accompanying independent auditor's report.

<u>Ambulance</u>	<u>Sanitarian</u>	<u>Total</u>
31,500	2,000	75,725
		720
-	-	2,000
<u>31,500</u>	<u>2,000</u>	<u>78,445</u>
-	-	19,726
<u>31,500</u>	<u>2,000</u>	<u>58,719</u>
<u>31,500</u>	<u>2,000</u>	<u>78,445</u>

Carroll County

Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Courthouse Improvement	Care Facility	Sauk Rail Trail
Revenues:			
Use of money and property:			
Rent	\$ -	26,000	-
Miscellaneous:			
Donations	-	-	-
Total revenues	<u>-</u>	<u>26,000</u>	<u>-</u>
Expenditures:			
Capital Projects Service Area:			
Other capital projects	<u>286,145</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(286,145)</u>	<u>26,000</u>	<u>-</u>
Other financing sources (uses):			
Operating transfers in (out):			
General	-	-	-
Special Revenue:			
Conservation Foundation	-	-	3,489
Capital Projects:			
Courthouse Improvement	-	(211,760)	-
Care Facility	<u>211,760</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>211,760</u>	<u>(211,760)</u>	<u>3,489</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(74,385)</u>	<u>(185,760)</u>	<u>3,489</u>
Fund balances (deficit) beginning of year	<u>74,385</u>	<u>206,302</u>	<u>(3,489)</u>
Fund balances end of year	<u>\$ -</u>	<u>20,542</u>	<u>-</u>

See accompanying independent auditor's report.

Four Corner Park	Ambulance	Sanitarian	Total
-	-	-	26,000
29,073	-	2,000	31,073
29,073	-	2,000	57,073
50,085	-	-	336,230
(21,012)	-	2,000	(279,157)
-	31,500	-	31,500
-	-	-	3,489
-	-	-	(211,760)
-	-	-	211,760
-	31,500	-	34,989
(21,012)	31,500	2,000	(244,168)
25,689	-	-	302,887
4,677	31,500	2,000	58,719

Carroll County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	County Office	Agricultural Extension
	County Sheriff	Education
Assets		
Cash and pooled investments:		
County Treasurer	\$ -	944
Other County officials	11,615	-
Receivables:		
Property tax:		
Delinquent	-	529
Succeeding year	-	104,000
Accounts	-	-
Drainage assessments	-	-
Accrued interest	-	-
Due from other governments	-	-
Total assets	\$ 11,615	105,473
Liabilities		
Excess of warrants issued over cash balance	\$ -	-
Accounts payable	-	-
Due to other funds	-	-
Due to other governments	7,890	105,473
Trusts payable	3,725	-
Compensated absences	-	-
Total liabilities	\$ 11,615	105,473

County Assessor	Multi-County Child Support	Schools	Community Colleges	Corporations	Townships
91,117	11,320	88,898	4,056	47,246	2,224
-	-	-	-	-	-
1,558	-	51,666	2,258	86,692	66
217,000	-	9,418,000	439,000	5,805,000	205,000
37,448	24	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	18,127	-	-	-	-
347,123	29,471	9,558,564	445,314	5,938,938	207,290
-	-	-	-	-	-
707	50	-	-	-	-
-	-	-	-	-	-
345,657	27,666	9,558,564	445,314	5,938,938	207,290
-	-	-	-	-	-
759	1,755	-	-	-	-
347,123	29,471	9,558,564	445,314	5,938,938	207,290

Carroll County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Anatomical Gift Public Awareness Transplantation
Assets			
Cash and pooled investments:			
County Treasurer	443,228	39	35
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	21	-
Succeeding year	-	3,000	-
Accounts	-	-	-
Drainage assessments	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Total assets	443,228	3,060	35
Liabilities			
Excess of warrants issued over cash balance	-	-	-
Accounts payable	-	-	-
Due to other funds	11,809	-	-
Due to other governments	431,419	3,060	35
Trusts payable	-	-	-
Compensated absences	-	-	-
Total liabilities	443,228	3,060	35

See accompanying independent auditor's report.

Drainage Districts	Emergency Management Services	Advance Tax	E911 Service Commission	Total
-	4,203	4,163	292,339	989,812
-	-	-	-	11,615
-	-	-	-	142,790
-	-	-	-	16,191,000
-	-	-	-	37,472
102,852	-	-	-	102,852
-	-	-	1,912	1,912
-	1,037	-	-	19,164
102,852	5,240	4,163	294,251	17,496,617
102,852	-	-	-	102,852
-	-	-	8,503	9,260
-	-	-	-	11,809
-	5,240	4,163	285,748	17,366,457
-	-	-	-	3,725
-	-	-	-	2,514
102,852	5,240	4,163	294,251	17,496,617

Carroll County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	
Assets and Liabilities			
Balances beginning of year	\$ -	17,049	106,515
Additions:			
Property and other County tax	-	-	98,440
E911 surcharge	-	-	-
State tax credits	-	-	6,202
Office fees and collections	238,570	87,670	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	188,247	-
Miscellaneous	-	-	-
Total additions	<u>238,570</u>	<u>275,917</u>	<u>104,642</u>
Deductions:			
Agency Remittances:			
To other funds	123,317	151,380	-
To other governments	115,253	111	105,684
Trusts paid out	-	129,860	-
Total deductions	<u>238,570</u>	<u>281,351</u>	<u>105,684</u>
Balances end of year	\$ -	11,615	105,473

County Assessor	Multi-County Child Support	Schools	Community Colleges	Corporations	Townships
382,167	21,485	10,034,250	458,685	6,030,292	219,505
199,794	-	8,865,084	414,354	5,480,882	192,824
-	-	-	-	-	-
18,423	-	577,965	26,673	333,916	12,009
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
43,472	228,720	-	-	-	-
261,689	228,720	9,443,049	441,027	5,814,798	204,833
-	-	-	-	-	-
296,733	220,734	9,918,735	454,398	5,906,152	217,048
-	-	-	-	-	-
296,733	220,734	9,918,735	454,398	5,906,152	217,048
347,123	29,471	9,558,564	445,314	5,938,938	207,290

Carroll County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Anatomical Gift and Public Awareness Transplantation</u>
Assets and Liabilities			
Balances beginning of year	<u>382,392</u>	<u>4,061</u>	<u>14</u>
Additions:			
Property and other County tax	-	2,895	-
E911 surcharge	-	-	-
State tax credits	-	243	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	5,245,251	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	-	131
Total additions	<u>5,245,251</u>	<u>3,138</u>	<u>131</u>
Deductions:			
Agency Remittances:			
To other funds	145,052	-	-
To other governments	5,039,363	4,139	110
Trusts paid out	-	-	-
Total deductions	<u>5,184,415</u>	<u>4,139</u>	<u>110</u>
Balances end of year	<u>443,228</u>	<u>3,060</u>	<u>35</u>

See accompanying independent auditor's report.

Drainage Districts	Emergency Management Services	Special Assessments	Advance Tax	E911 Service Commission	Total
(86,624)	3,816	70,495	6,030	400,217	18,050,349
-	-	-	-	-	15,254,273
-	-	-	-	153,668	153,668
-	-	-	-	-	975,431
-	-	-	-	-	326,240
-	-	-	-	-	5,245,251
66,410	-	77,926	-	-	144,336
-	-	-	-	-	188,247
-	16,402	-	3,460	-	292,185
66,410	16,402	77,926	3,460	153,668	22,579,631
-	-	-	-	-	419,749
82,638	14,978	148,421	5,327	259,634	22,789,458
-	-	-	-	-	129,860
82,638	14,978	148,421	5,327	259,634	23,339,067
(102,852)	5,240	-	4,163	294,251	17,290,913

Schedule 10

Carroll County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property and other County tax	\$4,682,429	3,945,865	4,295,687	4,156,599
Utility tax replacement excise tax	147,694	127,806	-	-
	<u>4,830,123</u>	<u>4,073,671</u>	<u>4,295,687</u>	<u>4,156,599</u>
Intergovernmental:				
State shared revenues:				
Road use tax	2,270,630	2,177,399	2,220,724	2,021,662
Franchise tax	55,966	33,979	49,384	49,519
Other	75,784	12,096	6,989	33,510
State grants and reimbursements including indirect federal funding:				
Home care aide grant	92,398	103,190	90,767	76,822
Human services administration reimbursements	56,986	63,100	67,639	75,089
Community development block grant	-	-	-	192,500
Social services block grant	86,607	87,942	97,524	92,423
MH-DD community services fund allocation	112,281	145,545	137,991	129,487
Miscellaneous state grants and reimbursements	-	18,953	69,165	210,178
Highway planning and construction	228,182	121,686	190,858	176,623
Other	183,523	152,233	240,559	220,758
State tax replacements:				
State tax credits	292,788	293,341	270,073	287,499
State allocation	114,795	124,842	127,279	125,054
Mental health property tax relief	841,162	841,163	841,163	841,163
Other	51,391	113,229	128,028	139,669
Direct federal grants and entitlements:				
Medicaid case management	180,410	163,330	166,357	141,707
Other	63,450	38,215	24,108	26,513
Contributions and reimbursements from other governmental units	368,010	328,859	355,403	169,807
	<u>5,074,363</u>	<u>4,819,102</u>	<u>5,084,011</u>	<u>5,009,983</u>
Total	<u>\$9,904,486</u>	<u>8,892,773</u>	<u>9,379,698</u>	<u>9,166,582</u>

See accompanying independent auditor's report.

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>8,656</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>13,565</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>63</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>1,767</u>
Foster Care - Title IV-E	93.658		<u>4,539</u>
Adoption Assistance	93.659		<u>1,536</u>
Medical Assistance Program	93.778		<u>13,760</u>
Social Services Block Grant	93.667		<u>8,915</u>
Social Services Block Grant	93.667		<u>86,607</u>
			<u>95,522</u>
U.S. Department of Health and Human Services:			
Iowa Department of Elder Affairs:			
Elderbridge Area Agency on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>24,500</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO14(89)-8J-14	225,916
Highway Planning and Construction	20.205	BROS-CO14(91)-8J-14	<u>9,354</u>
			<u>235,270</u>

Schedule 11

Carroll 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 Justice:			
Governor's Office on Drug Control Policy:			
Violence Against Women Formula Grants	16.588	00V-0220	<u>23,527</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Emergency Management - State and Local Assistance	83.534		<u>4,402</u>
Total			<u>\$ 427,107</u>

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

See accompanying independent auditor's report.



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

State Capitol Building
Des Moines, Iowa 50319-0004

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

David A. Vaudt, CPA
Auditor of State

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

To the Officials of Carroll County:

We have audited the general purpose financial statements of Carroll County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002. Our report on the general purpose financial statements expressed a qualified opinion due to the omission of the general fixed assets account group, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Carroll 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 except for items IV-K-02, IV-L-02, and IV-N-02.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items II-A-02, II-B-02, and II-C-02.

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

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2002

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

Carroll County



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Carroll County:

Compliance

We have audited the compliance of Carroll County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. Carroll County's major federal program is 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 its major federal program is the responsibility of Carroll County's management. Our responsibility is to express an opinion on Carroll County's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2002

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

- (a) A qualified 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. The reportable conditions were not considered material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were 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) The major program was as follows:
 - CFDA Number 20.205 - Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Carroll County did not qualify as a low-risk auditee.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 Jail Commissary - Profits from the jail commissary are deposited into and disbursed from the jail commissary bank account.

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

Response - Why burden the taxpayers with a line item in the budget? The taxpayers did not put the prisoners in jail and why should the taxpayers pay for items the prisoners need when the prisoners have money to pay for the items they need? They should pay for it themselves.

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

II-B-02 Information Systems - During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

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

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

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

Response – Policies are being developed which will address the issues listed above. The policy will include provisions on password privacy and confidentiality, password changes every 90 days, schedule of backups on servers, and off-site storage, automatic logoff procedures for unattended computers, and general electronic media policies.

A committee has been formed to develop a disaster recovery plan for the computer systems. We are considering a proposal from an outside vendor to conduct an evaluation of the County’s disaster preparedness, and make recommendations on policy and procedure development.

Conclusion – Response accepted

II-C-02 Timesheets – Timesheets were not approved by Department Heads.

Recommendation – Timesheets should be approved and initialed by the employee’s supervisor.

Response – The County Auditor has advised each employee that timesheets will require initials of their department head. The department heads have been notified they need to review and initial timesheets.

Conclusion – Response accepted.

Carroll 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.

Carroll 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 exceeded the amount budgeted in the State and Local Government Services Service Area. Disbursements in certain departments exceeded the amounts appropriated prior to amendments.

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

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

Response - This involved the Treasurer's Office in which an employee was reclassified from service area 8 to service area 9. The Treasurer's total disbursements did not exceed the budget. However, the money from the service area did not follow the employee so the budget was exceeded in that service area. This has been corrected for fiscal year 2003. In the future the Board of Supervisors will amend the budget before disbursements exceed the budget.

Conclusion - Response accepted.

IV-C-02 Questionable Expenditures - Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Paid to	Purpose	Amount
Fareway Store	Groceries	\$ 19
Hy-Vee Store	Rolls and pop	270
Don's Place	Meals	947

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved closed scrutiny. The line to be drawn between the proper and an improper purpose is very thin.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation – The Board of Supervisors should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the Board should establish written policies and procedures, including the requirements for proper documentation.

Response – The above expenditures was money we spent to feed prisoners from the North Iowa Correctional Facility. The prisoners were used in the cleanup of a building located at 608 N. Court Street that was damaged by a fire and given to the County. We agreed to provide meals for the prisoners while they were in our County. They did not receive any monetary compensation from the County. The County picked up and returned the prisoners to Rockwell City daily for approximately 30 days. The prisoners were used to clean up over 50 tons of debris from the fire in addition to sheet-rocking and painting the building. There were four to nine prisoners working on the project. In the future, we will document in the minutes and on the voucher the public purpose served by questionable disbursements. The estimated savings of using the prisoners was \$30,000 to \$40,000 of contractor expense. We used our local Council of Governments to do the transport in vans, along with one county worker.

Conclusion – Response accepted.

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 - The following business transaction between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Dave Potthoff, Deputy Sheriff, owner of Shooters Outlet	Gun supplies, per bid	\$ 2,514

In accordance with Chapter 331.342 of the Code of Iowa, the gun supplies purchased from Shooters Outlet does not appear to represent a conflict of interest since it was entered into through competitive bidding.

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

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.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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 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.

IV-K-02 Capital Projects Fund – Carroll County does not maintain separate general ledger accounts for each of its capital projects.

Recommendation – Separate general ledger accounts should be maintained for each capital project for improved accountability and reporting.

Response – This is a fund that will not have a great deal of activity. The Sauk Rail Trail is finished and no additional funds are being raised. The electrical project was finished a few years ago and still appeared in the 2001 audit. 4-Corner Park is going to be active.

The funds marked for the courthouse improvement and care facility should be combined into just a building fund.

We will work with the County Treasurer to set up the necessary separate accounts in the capital projects fund.

Conclusion – Response accepted.

IV-L-02 E911 Surcharge – The E911 Service Board had a surplus of \$78,625 in the operating account at the end of fiscal year 2000. This fund balance was not designated by the Board.

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

The E911 Service Board did not reduce the surcharge asking for fiscal year 2002.

Recommendation – The E911 Service Board should consult the Iowa Department of Public Defense to determine the disposition of the incorrect computation of surcharge asking for the year ended June 30, 2002.

Response – The E911 board has now designated this money for future projects, to purchase more radio and mobile data system equipment.

Conclusion – Response accepted.

Carroll County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-M-02 E911 Budget - Disbursements during the year ended June 30, 2002 exceeded the amount budgeted prior to amendment.

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

Response - When purchases were made, we did not check the total on the budget and went over the budgeted amount. We then had a hearing and amended the budget to take care of the bills.

Thee budget will be watched closer so that this problem will not happen again.

Conclusion - Response accepted.

IV-N-02 Economic Development - The following economic development payments were noted:

<u>Payee</u>	<u>Amount</u>
Region XII	\$ 14,479
Carroll Area Development Corporation (CADC)	<u>35,000</u>
Total	<u>\$ 49,479</u>

These payments may not be an appropriate expenditure of public funds since the public benefits to be derived have not been clearly documented.

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

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

Response - Region XII writes grants for the County and other agencies the County supports. Grants are for many various reasons and include economic development.

Carroll Area Development Corporation is the County arm of economic development and is responsible for bringing industries to Carroll County. The CADC does issue quarterly reports to the Board as to activities for each quarter.

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

Conclusion - Response accepted.

Carroll County

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager
Randi J. Rowedder, CPA, Senior Auditor II
Mary Crystal A. Berg, CPA, Staff Auditor
Billie Jo Heth, Staff Auditor
Matthew J. Anfinson, Assistant Auditor
Trevor L. Theulen, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State