



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE February 12, 2003

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

The County had local tax revenue of \$17,753,051 for the year ended June 30, 2002, which included \$1,204,246 in tax credits from the state. The County forwarded \$13,778,839 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,974,212 of the local tax revenue to finance County operations, a six percent increase from the prior year. Other revenues included \$4,565,589 from the state, including indirect federal funding, \$15,532 from direct federal grants and entitlements and \$205,337 in interest on investments.

Expenditures for County operations totaled \$10,297,252, a five percent increase from the prior year. Expenditures included \$3,955,263 for roads and transportation, \$2,272,613 for mental health and \$1,097,592 for public safety.

The report contained recommendations to the Board of Supervisors and other County Officials. For example, the County should investigate alternatives to eliminate a \$329,870 deficit in the Special Revenue, Mental Health Fund. The County responded that the Board of Supervisors adopted a resolution on January 20, 2003 reducing non-mandated mental health services and will provide more oversight on the fund through bi-weekly reports and interaction with the CPC.

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

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

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Jackson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
J. C. Engel	Board of Supervisors	Jan 2003
John J. Willey	Board of Supervisors	Jan 2003
David B. Kendell	Board of Supervisors	Jan 2005
T. M. Cotton	County Auditor	Jan 2005
Alfred Tebbe, Jr.	County Treasurer	Jan 2003
Phyllis Gerlach	County Recorder	Jan 2003
Russell Kettmann	County Sheriff	Jan 2005
John L. Kies	County Attorney	Nov 2002
William Goettler	County Assessor	Jan 2004

Jackson County



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Independent Auditor's Report

To the Officials of Jackson County:

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

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

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

In accordance with Government Auditing Standards, we have also issued our reports dated December 11, 2002 on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 11, 2002

Jackson County

Financial Statements

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

	Governmental Fund Types	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments:		
County Treasurer	\$ 317,073	3,401,555
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	8,878	4,141
Succeeding year	1,848,000	1,438,000
Interest and penalty on property tax	46,361	-
Accounts	7,725	23,703
Accrued interest	2,906	37
Assessments:		
Delinquent	-	-
Succeeding year	-	9,000
Revolving loans (note 6)	-	1,057,623
Due from other funds (note 5)	2,434	1,397
Due from other governments	21,962	508,956
Inventories	-	379,540
Prepaid insurance	40,658	42,808
Advances to other funds (note 7)	-	32,000
Property and equipment (note 3)	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$ 2,295,997	6,898,760

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
179,770	833,705	-	-	4,732,103
-	2,806	-	-	2,806
-	75,049	-	-	88,068
-	12,361,000	-	-	15,647,000
-	-	-	-	46,361
-	-	-	-	31,428
186	424	-	-	3,553
-	459	-	-	459
-	48,000	-	-	57,000
-	-	-	-	1,057,623
-	-	-	-	3,831
-	30,257	-	-	561,175
-	-	-	-	379,540
-	-	-	-	83,466
-	-	-	-	32,000
-	-	9,675,578	-	9,675,578
-	-	-	122,217	122,217
179,956	13,351,700	9,675,578	122,217	32,524,208

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

	Governmental Fund Types	
	General	Special Revenue
Liabilities, Fund Equity and Other Credits		
Liabilities:		
Accounts payable	\$ 36,551	358,480
Salaries and benefits payable	25,900	34,660
Due to other funds (note 5)	1,310	217
Due to other governments (note 4)	5,517	246,291
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	1,848,000	1,447,000
Other	58,949	1,225,476
Advances from other funds (note 7)	32,000	-
Compensated absences	16,616	26,830
Total liabilities	2,024,843	3,338,954
Fund equity and other credits:		
Investment in general fixed assets	-	-
Unreserved retained earnings	-	-
Fund balances:		
Reserved for:		
Inventories	-	379,540
Prepaid insurance	40,658	42,808
Advances to other funds	-	32,000
Unreserved	230,496	3,105,458
Total fund equity and other credits	271,154	3,559,806
Total liabilities, fund equity and other credits	\$ 2,295,997	6,898,760

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
-	1,814	-	-	396,845
-	2,871	-	-	63,431
-	2,304	-	-	3,831
-	13,338,430	-	-	13,590,238
-	502	-	-	502
-	-	-	-	3,295,000
-	-	-	-	1,284,425
-	-	-	-	32,000
-	1,580	-	122,217	167,243
-	13,347,501	-	122,217	18,833,515
-	-	9,675,578	-	9,675,578
179,956	-	-	-	179,956
-	-	-	-	379,540
-	-	-	-	83,466
-	-	-	-	32,000
-	4,199	-	-	3,340,153
179,956	4,199	9,675,578	-	13,690,693
179,956	13,351,700	9,675,578	122,217	32,524,208

Exhibit B

Jackson County

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

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Expendable Trust Fund Type	
Revenues:				
Property and other County tax	\$ 1,776,566	1,936,984	-	3,713,550
Interest and penalty on property tax	51,111	-	-	51,111
Intergovernmental	381,531	4,526,532	5,819	4,913,882
Licenses and permits	4,839	33,189	-	38,028
Charges for service	425,227	22,805	685	448,717
Use of money and property	205,762	228,301	-	434,063
Fines, forfeitures and defaults	12,059	-	-	12,059
Miscellaneous	10,105	69,312	1,206	80,623
Total revenues	2,867,200	6,817,123	7,710	9,692,033
Expenditures:				
Operating:				
Public safety	843,874	253,718	-	1,097,592
Court services	35,682	-	-	35,682
Physical health and education	27,000	197,442	-	224,442
Mental health	-	2,272,613	-	2,272,613
Social services	199,011	46,114	-	245,125
County environment	490,590	274,858	1,057	766,505
Roads and transportation	-	3,955,263	-	3,955,263
State and local government services	310,633	4,012	-	314,645
Interprogram services	882,829	-	-	882,829
Capital projects	40,469	405,287	56,800	502,556
Total expenditures	2,830,088	7,409,307	57,857	10,297,252
Excess (deficiency) of revenues over (under) expenditures	37,112	(592,184)	(50,147)	(605,219)
Other financing sources (uses):				
Sale of general fixed assets	6,305	350	-	6,655
Operating transfers in	-	692,000	9,500	701,500
Operating transfers out	(101,500)	(600,000)	-	(701,500)
Total other financing sources (uses)	(95,195)	92,350	9,500	6,655

Jackson County

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

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	
Deficiency of revenues and other financing sources under expenditures and other financing uses	(58,083)	(499,834)	(40,647)	(598,564)
Fund balances beginning of year	287,872	4,081,092	44,846	4,413,810
Increase (decrease) in reserve for:				
Inventories	-	5,296	-	5,296
Prepaid insurance	9,365	5,252	-	14,617
Advances (to) from other funds	32,000	(32,000)	-	-
Fund balances end of year	\$ 271,154	3,559,806	4,199	3,835,159

See notes to financial statements.

Jackson County

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

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 3,835,094	-
Interest and penalty on property tax	51,146	-
Intergovernmental	5,017,453	3,240
Licenses and permits	38,027	-
Charges for service	443,097	-
Use of money and property	572,810	458
Miscellaneous	101,317	7,902
Total receipts	<u>10,058,944</u>	<u>11,600</u>
Disbursements:		
Public safety	1,100,812	-
Court services	30,991	-
Physical health and education	254,740	-
Mental health	1,943,464	-
Social services	248,543	-
County environment	1,043,065	9,272
Roads and transportation	3,928,180	-
State and local government services	314,140	-
Interprogram services	897,046	-
Non-program	169,866	-
Capital projects	425,896	-
Total disbursements	<u>10,356,743</u>	<u>9,272</u>
Excess (deficiency) of receipts over (under) disbursements	(297,799)	2,328
Other financing sources, net	<u>6,655</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(291,144)	2,328
Balance beginning of year	<u>4,194,341</u>	<u>66,643</u>
Balance end of year	<u>\$ 3,903,197</u>	<u>68,971</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,835,094	3,720,387	114,707	103%
51,146	40,650	10,496	126%
5,014,213	5,449,953	(435,740)	92%
38,027	26,037	11,990	146%
443,097	475,068	(31,971)	93%
572,352	576,588	(4,236)	99%
93,415	222,068	(128,653)	42%
<u>10,047,344</u>	<u>10,510,751</u>	<u>(463,407)</u>	<u>96%</u>
1,100,812	1,133,826	33,014	97%
30,991	45,050	14,059	69%
254,740	256,893	2,153	99%
1,943,464	1,963,467	20,003	99%
248,543	309,228	60,685	80%
1,033,793	1,179,045	145,252	88%
3,928,180	4,201,253	273,073	94%
314,140	353,964	39,824	89%
897,046	957,402	60,356	94%
169,866	175,000	5,134	97%
425,896	426,459	563	100%
<u>10,347,471</u>	<u>11,001,587</u>	<u>654,116</u>	<u>94%</u>
(300,127)	(490,836)		
<u>6,655</u>	<u>111,525</u>		
(293,472)	(379,311)		
<u>4,127,698</u>	<u>4,192,423</u>		
<u>3,834,226</u>	<u>3,813,112</u>		

Exhibit D

Jackson County

Combined Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service Funds</u>
Operating revenues:		
Contributions and reimbursements from employees		\$ 132,431
Operating expenses:		
Claims paid	\$ 167,152	
Administrative fees	2,715	169,867
Operating loss		<u>(37,436)</u>
Non-operating revenues:		
Interest on investments		4,397
Net loss		<u>(33,039)</u>
Retained earnings beginning of year		<u>212,995</u>
Retained earnings end of year		<u><u>\$ 179,956</u></u>

See notes to financial statements.

Jackson County
Combined Statement of Cash Flows
Proprietary Fund Types
Year ended June 30, 2002

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from employees	\$ 132,431
Cash payments for health claims and to administrative provider	<u>(169,867)</u>
Net cash used by operating activities	(37,436)
Cash flows from investing activities:	
Interest on investments	<u>4,896</u>
Net decrease in cash and cash equivalents	(32,540)
Cash and cash equivalents at beginning of year	<u>212,310</u>
Cash and cash equivalents at end of year	<u><u>\$ 179,770</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (37,436)</u>
Net cash used by operating activities	<u><u>\$ (37,436)</u></u>

See notes to financial statements.

Jackson County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Jackson 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, Jackson 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 Jackson 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.

Green Island 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 Jackson County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information for the individual drainage districts can be obtained from the Jackson County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jackson County Assessor's Conference Board, Jackson County Emergency Management Commission, Jackson County Sanitary Disposal Agency, Jackson County Economic Development Commission, East Central Intergovernmental Association, Jackson County Public Safety Commission, Jackson County Joint E911 Service Board and Bear Creek Task Force. 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.

B. Fund Accounting

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

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

Account Groups

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

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

C. Measurement Focus

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

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all 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 (revenue) and decreases (expenses) in net total assets.

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

D. Basis of Accounting

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

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

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

Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

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

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

E. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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 which are due and payable but have not been collected.

Assessments Receivable – Assessments receivable is made up of both City Special Assessments Receivable and Drainage Assessment Receivable.

City special assessments receivable are amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty 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. City Special Assessments represent assessments which are due and payable but have not been collected.

Drainage assessment receivable represents an annual maintenance assessment that is made each January and must be paid by the end of September for that year.

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

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

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

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

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

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

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

Advances to/from Other Funds - Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve which indicates that they do not constitute expendable available financial resources and therefore are not available to liquidate current obligations.

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

Compensated Absences - County employees accumulate an unlimited amount of earned but unused vacation and comp time hours and a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, death or retirement. No payment for unused sick leave shall be made upon the termination of employment with the County. Full-time employees who do not utilize sick leave during a three-month span shall be entitled to a one-half day additional floating personal day which will be credited at the end of each calendar quarter. Floating time is credited to the employee's vacation time.

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 the rates of pay in effect at June 30, 2002.

Unreserved Retained Earnings - The unreserved retained earnings of the Employee Partial Self-Funded Health Plan and Employee Self-Funded Dental Plan Funds are designated for anticipated future health and dental claim deductibles for County Employees.

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 Green Island drainage districts and the 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, expendable trust funds and internal service fund. 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 accrual/modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,926,348	(59,148)	2,867,200	6,986,953	(169,830)	6,817,123
Expenditures/Expenses	2,852,526	(22,438)	2,830,088	7,276,093	133,214	7,409,307
Net	73,822	(36,710)	37,112	(289,140)	(303,044)	(592,184)
Other financing sources (uses)	(95,195)	-	(95,195)	92,350	-	92,350
Beginning fund balances/ retained earnings	338,446	(50,574)	287,872	3,598,345	482,747	4,081,092
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	5,296	5,296
Prepaid insurance	-	9,365	9,365	-	5,252	5,252
Advances (to) from other funds	-	32,000	32,000	-	(32,000)	(32,000)
Ending fund balances/ retained earnings	\$ 317,073	(45,919)	271,154	3,401,555	158,251	3,559,806
	Fiduciary Fund Type			Proprietary Fund Type		
	Expendable Trust			Internal Service		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 8,316	(606)	7,710	137,327	(499)	136,828
Expenditures/Expenses	58,257	(400)	57,857	169,867	-	169,867
Net	(49,941)	(206)	(50,147)	(32,540)	(499)	(33,039)
Other financing sources (uses)	9,500	-	9,500	-	-	-
Beginning fund balances/ retained earnings	45,240	(394)	44,846	212,310	685	212,995
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Advances (to) from other funds	-	-	-	-	-	-
Ending fund balances/ retained earnings	\$ 4,799	(600)	4,199	179,770	186	179,956

	Total		
	Cash Basis	Accrual Adjust- ments	Accrual/ Modified Accrual Basis
Revenues	\$10,058,944	(230,083)	9,828,861
Expenditures/Expenses	10,356,743	110,376	10,467,119
Net	(297,799)	(340,459)	(638,258)
Other financing sources (uses)	6,655	-	6,655
Beginning fund balances/ retained earnings	4,194,341	432,464	4,626,805
Increase (decrease) in reserve for:			
Inventories	-	5,296	5,296
Prepaid insurance	-	14,617	14,617
Advances (to) from other funds	-	-	-
Ending fund balances/ retained earnings	\$ 3,903,197	111,918	4,015,115

G. Total (Memorandum Only)

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

(2) 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 \$1,976,635 pursuant to Rule 2A-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Property and Equipment

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Land	\$ 1,004,163	25,000	-	1,029,163
Buildings	2,005,006	47,259	-	2,052,265
Equipment	<u>6,397,571</u>	<u>554,676</u>	<u>358,097</u>	<u>6,594,150</u>
Total	<u>\$ 9,406,740</u>	<u>626,935</u>	<u>358,097</u>	<u>9,675,578</u>

(4) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 5,517</u>
Special Revenue:		
Mental Health	Services	<u>246,291</u>
Trust and Agency:		
County Assessor	Collections	515,154
Schools		8,369,597
Community Colleges		369,761
Corporations		2,609,696
County Hospital		732,625
E911 Service Commission		358,758
All other		<u>382,839</u>
		<u>13,338,430</u>
Total		<u>\$ 13,590,238</u>

(5) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Attorney	\$ 25
	County Conservation	25
	General Relief	15
	Public Health	100
	Board of Supervisors	50
	County Sheriff	2,089
Special Revenue:	Special Revenue:	
	Mental Health	130
Special Revenue: Secondary Roads	General	1,300
	Special Revenue: Local Health	87
Local Health	General	<u>10</u>
Total		<u><u>\$ 3,831</u></u>

(6) Jackson County Revolving Loan Fund

During the year ended June 30, 1983, the Jackson County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Jackson County. During the year ended June 30, 1983, the County received a Community Development Block Grant from the State for \$1,000,000 which was subsequently loaned to businesses in the County.

Upon receipt of the loan payments from the businesses, the funds remain in the Jackson County Revolving Loan Fund for subsequent loans to other businesses. If the program is dissolved, all monies and interest earned will revert to Jackson County.

Loans by the Jackson County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2002
Clark Boat Company, Inc.	Aug-93	195,000	5%	15 years	\$ 98,023
Pacific Coast Feather Co.	Aug-93	204,000	4%	10 years	47,438
Spartan Company	Jan-95	125,000	5%	15 years	75,410
Maquoketa Newspapers, Inc.	Dec-95	178,000	5.5%	10 years	73,650
Spartan Company	Nov-96	78,000	5.5%	7 years	18,290
Plastics Unlimited, Inc.	Mar-97	73,000	5.5%	7 years	20,956
Dynagear Oil Pumps, Inc.	Aug-99	180,000	4.5%	7 years	113,879
Pacific Coast Feather Co.	May-00	236,000	4.5%	10 years	196,878
RENOV Developers, Inc.	Feb-00	63,000	4.5%	5 years	50,400
Precision Metal Works	Dec-00	204,000	5.5%	7 years	166,628
WhatHelps?, Inc.	Jan-01	200,000	4.5%	4 years	<u>196,071</u>
Total					<u><u>\$ 1,057,623</u></u>

(7) Advances to/from Other Funds

Receivable Fund	Payable Fund	Amount
Special Revenue - Local Option Sales Tax	General	<u>\$ 32,000</u>

In a prior year, the County authorized a \$160,000 advance from the Special Revenue - Local Option Sales Tax Fund to the General Fund to pay for voting machines. The advance was for five years and has been repaid at \$32,000 per year, with the final payment in fiscal year 2003.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% 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 \$162,815, \$151,444, and \$144,353 respectively, equal to the required contributions for each year.

(9) Changes in Long-Term Debt

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

	<u>Compensated Absences</u>
Balance beginning of year	\$ 99,977
Additions	22,240
Reductions	<u>-</u>
Balance end of year	<u>\$ 122,217</u>

(10) Jackson County Employee Partial Self-Funded Health Plan

Jackson County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee partial self-funded health plan. The agreement was effective July 1, 1994 and is subject to automatic renewal provisions. The monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of the payment to the Internal Service Fund - Employee Partial Self-Funded Health Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed Seabury & Smith, Inc. with payments from the Internal Service Fund - Employee Partial Self-Funded Health Plan Fund. The employer sponsors a group insurance policy (the "contract") which provides comprehensive hospital and medical coverage for eligible employees and, if elected, their spouses and dependents. Under the partial self-funded plan, the Plan will reimburse an eligible employee for a portion of the deductible and coinsurance expenses under the contract.

(11) Jackson County Employee Self-Funded Dental Plan

Jackson County entered into an administrative services agreement with Seabury & Smith, Inc. to administer the employee self-funded dental plan. The agreement was effective July 1, 1996 and is subject to automatic renewal provisions. The monthly payments of service fees and plan contributions are recorded as expenditures in the operating funds at the time of the payment to the Internal Service Fund - Employee Self-Funded Dental Plan Fund maintained by the County Treasurer. Under the agreement, deductible and coinsurance expenses are processed Seabury & Smith, Inc. with payments from the Internal Service Fund - Employee Self-Funded Dental Plan Fund. The employer sponsors a group insurance policy (the "contract") which provides comprehensive dental coverage for eligible employees and, if elected, their spouses and dependents.

(12) Risk Management

Jackson 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 whose 400 members include 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 \$125,372.

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

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

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Supplemental Information

Schedule 1

Jackson County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 1,702,808	
Utility tax replacement excise taxes	67,763	
Other	<u>5,995</u>	\$ 1,776,566

Interest and penalty on property tax

51,111

Intergovernmental:

State shared revenues:

Franchise tax	43,261	
Other	<u>8,373</u>	
	<u>51,634</u>	

State grants and reimbursements including
indirect federal funding:

Human services administrative reimbursement	41,067	
Other	<u>53,873</u>	
	<u>94,940</u>	

State tax replacements:

State tax credits	149,360	
State allocation	<u>34,259</u>	
	<u>183,619</u>	

Direct federal grants and entitlements:

Other	<u>1,295</u>	
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Contributions and reimbursements from other
governmental units:

Election reimbursements	21,973	
Prisoner care	5,350	
Other	<u>2,554</u>	
	<u>29,877</u>	

Payment in lieu of taxes	<u>20,166</u>	381,531
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Licenses and permits

4,839

Charges for service:

Office fees and collections	158,361	
Auto license, use tax and postage	121,104	
Other	<u>145,762</u>	425,227

Use of money and property:

Interest on investments	199,597	
Other	<u>6,165</u>	205,762

Fines, forfeitures and defaults

12,059

Miscellaneous

10,105

Total revenues

2,867,200

Jackson County

General Fund

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2002

Expenditures:		
Operating:		
Public safety		843,874
Court services		35,682
Physical health and education		27,000
Social services		199,011
County environment		490,590
State and local government services		310,633
Interprogram services		882,829
Capital projects		40,469
Total expenditures		<u>2,830,088</u>
Excess of revenues over expenditures		<u>37,112</u>
Other financing sources (uses):		
Sale of general fixed assets		6,305
Operating transfers out:		
Special Revenue:		
Local Health	(60,000)	
Local Option Sales Tax	(32,000)	
Expendable Trust:		
Conservation Land Acquisition Trust	<u>(9,500)</u>	<u>(101,500)</u>
Total other financing sources (uses)		<u>(95,195)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses		(58,083)
Fund balance beginning of year		287,872
Increase in reserve for:		
Prepaid insurance		9,365
Advances from other funds		<u>32,000</u>
Fund balance end of year		<u><u>\$ 271,154</u></u>

See accompanying independent auditor's report.

Jackson County

Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 256,408	
Investigations	3,878	
Law enforcement communication	90,477	
Adult correction services	206,455	
Administration	135,967	
	<u>693,185</u>	

Legal services:

Criminal prosecution	122,724	
Medical examinations	13,146	
	<u>135,870</u>	

Emergency services:

Disaster services	<u>14,819</u>	\$ 843,874
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Court Services Service Area:

Assistance to judges and magistrates:

Research assistance	<u>3,434</u>	
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Court proceedings:

Detention services	23,474	
Court costs	1,059	
Service of civil papers	964	
	<u>25,497</u>	

Juvenile justice administration:

Court-appointed attorneys for juveniles	<u>6,751</u>	35,682
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Physical Health and Education Service Area:

Educational services:

Historic preservation	15,000	
Fair and 4-H clubs	<u>12,000</u>	27,000

Schedule 2

Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

Administration

100,991

General welfare services

6,064

107,055

Services to military veterans:

Administration

7,855

General services to veterans

2,644

10,499

Children's and family services:

Family protective services

4,000

Services to other adults:

Services to the elderly

10,585

Chemical dependency:

Treatment services

66,872

199,011

County Environment Service Area:

Environmental quality:

Natural resources conservation

48,720

Solid waste disposal

5,250

53,970

Conservation and recreation services:

Administration

79,006

Maintenance and operations

233,789

312,795

County development:

Land use and building controls

54,657

Economic development

58,321

Historic preservation

10,847

123,825

490,590

Jackson County

General Fund

Statement of Expenditures

Year ended June 30, 2002

State and Local Government Services Service Area:

Representation services:

Election administration	54,009	
Local elections	12,834	
	<u>66,843</u>	

State administrative services:

Motor vehicle registrations and licensing	132,309	
Recording of public documents	111,481	
	<u>243,790</u>	310,633

Interprogram Services Service Area:

Policy and administration:

General County management	157,383	
Administrative management services	177,677	
Treasury management services	120,954	
Other policy and administration	30,550	
	<u>486,564</u>	

Central services:

General services	209,642	
Data processing services	117,823	
	<u>327,465</u>	

Risk management services:

Tort liability	6,565	
Safety of workplace	56,943	
Fidelity of public officials	5,292	
	<u>68,800</u>	882,829

Capital Projects Service Area:

Conservation land acquisition and development		<u>40,469</u>
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Total

\$ 2,830,088

See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads	Recorder's Records Management	Mental Health	Green Island Drainage Districts	Local Health	Resource Enhance- ment and Protection
Assets							
Cash and pooled investments	\$ 87,430	1,201,464	8,772	92,135	68,971	16,126	28,427
Receivables:							
Property tax:							
Delinquent	737	-	-	3,404	-	-	-
Succeeding year	729,000	-	-	709,000	-	-	-
Accounts	-	40	-	22,143	-	-	1,520
Accrued interest	-	-	9	-	-	-	27
Assessments:							
Succeeding year	-	-	-	-	9,000	-	-
Revolving loans	-	-	-	-	-	-	-
Due from other funds	-	1,387	-	-	-	10	-
Due from other governments	-	423,356	-	11,997	-	12,079	240
Inventories	-	379,540	-	-	-	-	-
Prepaid insurance	-	42,808	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Total assets	\$817,167	2,048,595	8,781	838,679	77,971	28,215	30,214
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ 309	71,880	-	203,962	-	5,880	-
Salaries and benefits payable	7,917	22,034	-	3,505	-	1,204	-
Due to other funds	-	-	-	130	-	87	-
Due to other governments	-	-	-	246,291	-	-	-
Deferred revenue:							
Succeeding year property tax	729,000	-	-	709,000	9,000	-	-
Other	709	170,670	-	3,373	-	-	-
Compensated absences	2,812	21,428	-	2,288	-	302	-
Total liabilities	740,747	286,012	-	1,168,549	9,000	7,473	-
Fund equity:							
Fund balance:							
Reserved for:							
Inventories	-	379,540	-	-	-	-	-
Prepaid insurance	-	42,808	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Unreserved	76,420	1,340,235	8,781	(329,870)	68,971	20,742	30,214
Total fund equity	76,420	1,762,583	8,781	(329,870)	68,971	20,742	30,214
Total liabilities and fund equity	\$817,167	2,048,595	8,781	838,679	77,971	28,215	30,214

See accompanying independent auditor's report.

Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preservation	Community Development Block Grant	Sheriff's Forfeiture Property	Local Law Enforcement	Total
1,357,209	523,326	9,282	5,394	1,887	1,014	118	3,401,555
-	-	-	-	-	-	-	4,141
-	-	-	-	-	-	-	1,438,000
-	-	-	-	-	-	-	23,703
-	-	-	-	-	1	-	37
-	-	-	-	-	-	-	9,000
-	1,057,623	-	-	-	-	-	1,057,623
-	-	-	-	-	-	-	1,397
61,284	-	-	-	-	-	-	508,956
-	-	-	-	-	-	-	379,540
-	-	-	-	-	-	-	42,808
32,000	-	-	-	-	-	-	32,000
1,450,493	1,580,949	9,282	5,394	1,887	1,015	118	6,898,760
76,449	-	-	-	-	-	-	358,480
-	-	-	-	-	-	-	34,660
-	-	-	-	-	-	-	217
-	-	-	-	-	-	-	246,291
-	-	-	-	-	-	-	1,447,000
-	1,050,724	-	-	-	-	-	1,225,476
-	-	-	-	-	-	-	26,830
76,449	1,050,724	-	-	-	-	-	3,338,954
-	-	-	-	-	-	-	379,540
-	-	-	-	-	-	-	42,808
32,000	-	-	-	-	-	-	32,000
1,342,044	530,225	9,282	5,394	1,887	1,015	118	3,105,458
1,374,044	530,225	9,282	5,394	1,887	1,015	118	3,559,806
1,450,493	1,580,949	9,282	5,394	1,887	1,015	118	6,898,760

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Revenues:						
Property and other County tax:						
Property tax	\$678,160	-	-	584,335	-	-
Local option sales tax	-	-	-	-	-	-
Utility tax replacement excise taxes	36,203	-	-	23,243	-	-
Other	289	-	-	2,055	-	-
	<u>714,652</u>	<u>-</u>	<u>-</u>	<u>609,633</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
State shared revenues:						
Road use tax	-	2,835,959	-	-	-	-
State grants and reimbursements including indirect federal funding:						
Community development block grant	-	-	-	-	-	-
Social services block grant	-	-	-	107,254	-	-
Other	-	38,528	-	431,622	3,240	100,593
	<u>-</u>	<u>38,528</u>	<u>-</u>	<u>538,876</u>	<u>3,240</u>	<u>100,593</u>
State tax replacements:						
State tax credits	60,070	-	-	51,232	-	-
State allocation	75,295	-	-	11,751	-	-
Mental health tax relief	-	-	-	586,760	-	-
Other	-	-	-	70,516	-	-
	<u>135,365</u>	<u>-</u>	<u>-</u>	<u>720,259</u>	<u>-</u>	<u>-</u>
Direct federal grants and entitlements:						
Watershed protection and flood prevention	-	14,237	-	-	-	-
Contributions and reimbursements from other governmental units:						
Reimbursements from other governments	2	-	-	166	-	-
	<u>135,367</u>	<u>2,888,724</u>	<u>-</u>	<u>1,259,301</u>	<u>3,240</u>	<u>100,593</u>
Licenses and permits	-	1,166	-	-	-	32,023
Charges for service	-	1,504	4,731	-	-	16,570
Use of money and property:						
Interest on investment	-	-	138	-	458	-
Loan and interest repayments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>138</u>	<u>-</u>	<u>458</u>	<u>-</u>
Miscellaneous:						
Sale of materials	-	24,990	-	-	-	-
Damage reimbursements	-	11,957	-	-	-	-
Drainage assessments	-	-	-	-	7,902	-
Other	1,391	16,898	-	4,013	-	2,161
	<u>1,391</u>	<u>53,845</u>	<u>-</u>	<u>4,013</u>	<u>7,902</u>	<u>2,161</u>
Total revenues	<u>851,410</u>	<u>2,945,239</u>	<u>4,869</u>	<u>1,872,947</u>	<u>11,600</u>	<u>151,347</u>

Resource Enhancement and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preservation	Community Development Block Grant	Waste Tire Grant	Sheriff's Forfeiture Property	Local Law Enforcement	Total
-	-	-	-	-	-	-	-	-	1,262,495
-	612,699	-	-	-	-	-	-	-	612,699
-	-	-	-	-	-	-	-	-	59,446
-	-	-	-	-	-	-	-	-	2,344
-	612,699	-	-	-	-	-	-	-	1,936,984
-	-	-	-	-	-	-	-	-	2,835,959
-	-	-	-	-	87,241	-	-	-	87,241
-	-	-	-	-	-	-	-	-	107,254
9,319	-	-	17,974	-	-	3,116	-	-	604,392
9,319	-	-	17,974	-	87,241	3,116	-	-	798,887
-	-	-	-	-	-	-	-	-	111,302
-	-	-	-	-	-	-	-	-	87,046
-	-	-	-	-	-	-	-	-	586,760
-	-	-	-	-	-	-	-	-	70,516
-	-	-	-	-	-	-	-	-	855,624
-	-	-	-	-	-	-	-	-	14,237
8,275	-	-	-	-	13,382	-	-	-	21,825
17,594	-	-	17,974	-	100,623	3,116	-	-	4,526,532
-	-	-	-	-	-	-	-	-	33,189
-	-	-	-	-	-	-	-	-	22,805
723	-	-	-	-	-	-	21	3	1,343
-	-	226,958	-	-	-	-	-	-	226,958
723	-	226,958	-	-	-	-	21	3	228,301
-	-	-	-	-	-	-	-	-	24,990
-	-	-	-	-	-	-	-	-	11,957
-	-	-	-	-	-	-	-	-	7,902
-	-	-	-	-	-	-	-	-	24,463
-	-	-	-	-	-	-	-	-	69,312
18,317	612,699	226,958	17,974	-	100,623	3,116	21	3	6,817,123

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Expenditures:						
Operating:						
Public Safety Service Area:						
Law enforcement:						
Uniformed patrol services	228,208	-	-	-	-	-
Emergency services:						
Ambulance services	16,800	-	-	-	-	-
	<u>245,008</u>	-	-	-	-	-
Physical Health and Education Service Area:						
Physical health services:						
Sanitation	-	-	-	-	-	76,056
Health administration	-	-	-	-	-	47,334
Ground water safety	-	-	-	-	-	22,552
	-	-	-	-	-	<u>145,942</u>
Educational services:						
Libraries	51,500	-	-	-	-	-
	<u>51,500</u>	-	-	-	-	<u>145,942</u>
Mental Health Service Area:						
Persons with mental health problems - mental illness:						
General administration	-	-	-	12,432	-	-
Coordination services	-	-	-	34,785	-	-
Treatment services	-	-	-	175,165	-	-
Institutional, hospital and commitment services	-	-	-	20,532	-	-
	-	-	-	<u>242,914</u>	-	-
Persons with chronic mental illness:						
Personal and environmental support	-	-	-	762	-	-
Treatment services	-	-	-	19,888	-	-
Vocational and day services	-	-	-	26,501	-	-
Licensed or certified living arrangements	-	-	-	416,217	-	-
Institutional, hospital and commitment services	-	-	-	72,556	-	-
	-	-	-	<u>535,924</u>	-	-
Persons with mental retardation:						
Coordination services	-	-	-	254,601	-	-
Personal and environmental support	-	-	-	26,054	-	-
Vocational and day services	-	-	-	353,465	-	-
Licensed or certified living arrangements	-	-	-	769,365	-	-
Institutional, hospital and commitment services	-	-	-	49,823	-	-
	-	-	-	<u>1,453,308</u>	-	-

Resource Enhancement and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preservation	Community Development Block Grant	Waste Tire Grant	Sheriff's Forfeiture Property	Local Law Enforcement	Total
-	-	-	-	-	-	-	-	18	228,226
-	-	-	8,692	-	-	-	-	-	25,492
-	-	-	8,692	-	-	-	-	18	253,718
-	-	-	-	-	-	-	-	-	76,056
-	-	-	-	-	-	-	-	-	47,334
-	-	-	-	-	-	-	-	-	22,552
-	-	-	-	-	-	-	-	-	145,942
-	-	-	-	-	-	-	-	-	51,500
-	-	-	-	-	-	-	-	-	197,442
-	-	-	-	-	-	-	-	-	12,432
-	-	-	-	-	-	-	-	-	34,785
-	-	-	-	-	-	-	-	-	175,165
-	-	-	-	-	-	-	-	-	20,532
-	-	-	-	-	-	-	-	-	242,914
-	-	-	-	-	-	-	-	-	762
-	-	-	-	-	-	-	-	-	19,888
-	-	-	-	-	-	-	-	-	26,501
-	-	-	-	-	-	-	-	-	416,217
-	-	-	-	-	-	-	-	-	72,556
-	-	-	-	-	-	-	-	-	535,924
-	-	-	-	-	-	-	-	-	254,601
-	-	-	-	-	-	-	-	-	26,054
-	-	-	-	-	-	-	-	-	353,465
-	-	-	-	-	-	-	-	-	769,365
-	-	-	-	-	-	-	-	-	49,823
-	-	-	-	-	-	-	-	-	1,453,308

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Expenditures:						
Operating:						
Mental Health Service Area:						
Persons with other developmental disabilities:						
Coordination services	-	-	-	1,221	-	-
Personal and environmental support	-	-	-	19,475	-	-
Vocational and day services	-	-	-	18,077	-	-
Licensed or certified living arrangements	-	-	-	1,694	-	-
	-	-	-	40,467	-	-
	-	-	-	2,272,613	-	-
Social Services Service Area:						
Services to other adults:						
Services to the elderly	-	-	-	-	-	46,114
County Environment Service Area:						
Environmental quality:						
Natural resources conservation	-	-	-	-	6,007	-
Weed eradication	2,310	-	-	-	-	-
Solid waste disposal	134,833	-	-	-	-	-
	137,143	-	-	-	6,007	-
Conservation and recreation services:						
Maintenance and operations	-	-	-	-	-	-
Animal control:						
Animal shelter	5,980	-	-	-	-	-
County development:						
Economic development	-	-	-	-	-	-
	143,123	-	-	-	6,007	-
Roads and Transportation Service Area:						
Secondary roads administration and engineering:						
Administration	-	210,343	-	-	-	-
Engineering	-	223,592	-	-	-	-
	-	433,935	-	-	-	-
Roadway maintenance:						
Bridges and culverts	-	234,492	-	-	-	-
Roads	-	2,311,063	-	-	-	-
Snow and ice control	-	95,721	-	-	-	-
Traffic controls	-	67,089	-	-	-	-
Road clearing	-	3,779	-	-	-	-
	-	2,712,144	-	-	-	-

Resource Enhance- ment and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preser- vation	Community Develop- ment Block Grant	Waste Tire Grant	Sheriff's Forfeiture Property	Local Law Enforce- ment	Total
-	-	-	-	-	-	-	-	-	1,221
-	-	-	-	-	-	-	-	-	19,475
-	-	-	-	-	-	-	-	-	18,077
-	-	-	-	-	-	-	-	-	1,694
-	-	-	-	-	-	-	-	-	40,467
-	-	-	-	-	-	-	-	-	2,272,613
-	-	-	-	-	-	-	-	-	46,114
12,141	-	-	-	-	-	-	-	-	18,148
-	-	-	-	-	-	-	-	-	2,310
-	-	-	-	-	-	3,116	-	-	137,949
12,141	-	-	-	-	-	3,116	-	-	158,407
11,733	-	-	-	-	-	-	-	-	11,733
-	-	-	-	-	-	-	-	-	5,980
-	-	-	-	-	98,738	-	-	-	98,738
23,874	-	-	-	-	98,738	3,116	-	-	274,858
-	-	-	-	-	-	-	-	-	210,343
-	-	-	-	-	-	-	-	-	223,592
-	-	-	-	-	-	-	-	-	433,935
-	-	-	-	-	-	-	-	-	234,492
-	-	-	-	-	-	-	-	-	2,311,063
-	-	-	-	-	-	-	-	-	95,721
-	-	-	-	-	-	-	-	-	67,089
-	-	-	-	-	-	-	-	-	3,779
-	-	-	-	-	-	-	-	-	2,712,144

Jackson County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Recorder's Records Manage- ment	Mental Health	Green Island Drainage Districts	Local Health
Expenditures (continued):						
Operating:						
Roads and Transportation Service Area:						
General roadway:						
Equipment	-	300,335	-	-	-	-
Equipment operations	-	257,580	-	-	-	-
Tool, materials, and supplies	-	201,764	-	-	-	-
Real estate and buildings	-	49,505	-	-	-	-
	-	809,184	-	-	-	-
	-	3,955,263	-	-	-	-
State and Local Government Services Service Area:						
Representation service:						
Township officials	2,588	-	-	-	-	-
State administrative services:						
Recording of public documents	-	-	1,424	-	-	-
	2,588	-	1,424	-	-	-
Capital Projects Service Area:						
Roadway construction	-	147,232	-	-	-	-
Total expenditures	442,219	4,102,495	1,424	2,272,613	6,007	192,056
Excess (deficiency) of revenues over (under) expenditures	409,191	(1,157,256)	3,445	(399,666)	5,593	(40,709)
Other financing sources (uses):						
Sale of general fixed assets	-	350	-	-	-	-
Operating transfers in (out):						
General	-	-	-	-	-	60,000
Special Revenue:						
Rural Services	-	600,000	-	-	-	-
Secondary Roads	(600,000)	-	-	-	-	-
Local Option Sales Tax	149,698	-	-	-	-	-
Total other financing sources (uses)	(450,302)	600,350	-	-	-	60,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(41,111)	(556,906)	3,445	(399,666)	5,593	19,291
Fund balances beginning of year	117,531	2,308,941	5,336	69,796	63,378	1,451
Increase (decrease) in reserve for:						
Inventories	-	5,296	-	-	-	-
Prepaid insurance	-	5,252	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Fund balances end of year	\$ 76,420	1,762,583	8,781	(329,870)	68,971	20,742

See accompanying independent auditor's report.

Resource Enhancement and Protection	Local Option Sales Tax	Jackson County Revolving Loan	Emergency Training Grant	Historic Preservation	Community Development Block Grant	Waste Tire Grant	Sheriff's Forfeiture Property	Local Law Enforcement	Total
-	-	-	-	-	-	-	-	-	300,335
-	-	-	-	-	-	-	-	-	257,580
-	-	-	-	-	-	-	-	-	201,764
-	-	-	-	-	-	-	-	-	49,505
-	-	-	-	-	-	-	-	-	809,184
-	-	-	-	-	-	-	-	-	3,955,263
-	-	-	-	-	-	-	-	-	2,588
-	-	-	-	-	-	-	-	-	1,424
-	-	-	-	-	-	-	-	-	4,012
-	258,055	-	-	-	-	-	-	-	405,287
23,874	258,055	-	8,692	-	98,738	3,116	-	18	7,409,307
(5,557)	354,644	226,958	9,282	-	1,885	-	21	(15)	(592,184)
-	-	-	-	-	-	-	-	-	350
-	32,000	-	-	-	-	-	-	-	92,000
-	(149,698)	-	-	-	-	-	-	-	450,302
-	-	-	-	-	-	-	-	-	(600,000)
-	-	-	-	-	-	-	-	-	149,698
-	(117,698)	-	-	-	-	-	-	-	92,350
(5,557)	236,946	226,958	9,282	-	1,885	-	21	(15)	(499,834)
35,771	1,169,098	303,267	-	5,394	2	-	994	133	4,081,092
-	-	-	-	-	-	-	-	-	5,296
-	-	-	-	-	-	-	-	-	5,252
-	(32,000)	-	-	-	-	-	-	-	(32,000)
30,214	1,374,044	530,225	9,282	5,394	1,887	-	1,015	118	3,559,806

Schedule 5

Jackson County

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended June 30, 2002

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Operating revenues:			
Contributions and reimbursements from employees	\$ 112,865	19,566	132,431
Operating expenses:			
Claims paid	160,908	6,244	167,152
Administrative fees	2,715	-	2,715
Total expenses	163,623	6,244	169,867
Operating income (loss)	(50,758)	13,322	(37,436)
Non-operating revenues:			
Interest on investments	4,397	-	4,397
Net income (loss)	(46,361)	13,322	(33,039)
Retained earnings beginning of year	212,995	-	212,995
Retained earnings end of year	\$ 166,634	13,322	179,956

See accompanying independent auditor's report.

Jackson County
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2002

	Employee Partial Self-Funded Health Plan	Employee Self-Funded Dental Plan	Total
Cash flows from operating activities:			
Cash received from employees	\$ 112,865	19,566	132,431
Cash payments for health claims and to administrative provider	(163,623)	(6,244)	(169,867)
Net cash provided (used) by operating activities	(50,758)	13,322	(37,436)
Cash flows from investing activities:			
Interest on investments	4,896	-	4,896
Net increase (decrease) in cash and cash equivalents	(45,862)	13,322	(32,540)
Cash and cash equivalents at beginning of year	212,310	-	212,310
Cash and cash equivalents at end of year	\$ 166,448	13,322	179,770
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (50,758)	13,322	(37,436)
Net cash provided (used) by operating activities	\$ (50,758)	13,322	(37,436)

See accompanying independent auditor's report.

Schedule 7

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

	<u>Expendable</u>		
	Trust	Agency	Total
Assets			
Cash and pooled investments:			
County Treasurer	\$ 4,799	828,906	833,705
Other County Officials	-	2,806	2,806
Receivables:			
Property tax:			
Delinquent	-	75,049	75,049
Succeeding year	-	12,361,000	12,361,000
Accrued interest	-	424	424
Assessments:			
Delinquent	-	459	459
Succeeding year	-	48,000	48,000
Due from other governments	-	30,257	30,257
Total assets	<u>\$ 4,799</u>	<u>13,346,901</u>	<u>13,351,700</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 600	1,214	1,814
Salaries and benefits payable	-	2,871	2,871
Due to other funds	-	2,304	2,304
Due to other governments	-	13,338,430	13,338,430
Trusts payable	-	502	502
Compensated absences	-	1,580	1,580
Total liabilities	<u>600</u>	<u>13,346,901</u>	<u>13,347,501</u>
Fund equity:			
Unreserved fund balance	<u>4,199</u>	-	<u>4,199</u>
Total liabilities and fund equity	<u>\$ 4,799</u>	<u>13,346,901</u>	<u>13,351,700</u>

See accompanying independent auditor's report.

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

		Pioneer Cemetery Trust	Conservation Land Acquisition Trust	Total
Assets				
Cash and pooled investments	\$	618	4,181	4,799
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$	-	600	600
Fund equity:				
Unreserved fund balance		618	3,581	4,199
Total liabilities and fund equity	\$	618	4,181	4,799

See accompanying independent auditor's report.

Schedule 9

Jackson County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

	Pioneer Cemetery Trust	Conservation Land Acquisition Trust	Total
Revenues:			
Intergovernmental:			
State grants and reimbursements including indirect federal funding	\$ -	5,588	5,588
Contributions and reimbursements from other governmental units	-	231	231
	-	5,819	5,819
Charges for service:			
Office fees and collections	-	685	685
Miscellaneous:			
Donations	220	986	1,206
Total revenues	220	7,490	7,710
Expenditures:			
Operating:			
County Environment Service Area:			
Environmental quality:			
Natural resources conservation	-	930	930
County development:			
Historic preservation	127	-	127
	127	930	1,057
Capital Projects Service Area:			
Conservation land acquisition	-	56,800	56,800
Total expenditures	127	57,730	57,857
Excess (deficiency) of revenues over (under) expenditures	93	(50,240)	(50,147)
Other financing sources:			
Operating transfers in:			
General	-	9,500	9,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures	93	(40,740)	(40,647)
Fund balances beginning of year	525	44,321	44,846
Fund balances end of year	\$ 618	3,581	4,199

See accompanying independent auditor's report.

Jackson County

Jackson County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	County Offices				
	County Attorney	County Conser- vation	General Relief	Public Health	Board of Supervisors
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	-	-	-	-
Other County officials	25	25	15	100	50
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accrued interest	-	-	-	-	-
Assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 25	25	15	100	50
Liabilities					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	25	25	15	100	50
Due to other governments	-	-	-	-	-
Trusts payable	-	-	-	-	-
Compensated absences	-	-	-	-	-
Total liabilities	\$ 25	25	15	100	50

County Sheriff	Agricultural Extension Education	County Assessor	Fire Districts	Schools	Community Colleges	Corporations
-	1,244	262,237	1,023	133,910	6,013	31,293
2,591	-	-	-	-	-	-
-	325	1,229	23	41,687	1,748	26,403
-	68,000	256,000	47,000	8,194,000	362,000	2,552,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,591	69,569	519,466	48,046	8,369,597	369,761	2,609,696

-	-	47	-	-	-	-
-	-	2,685	-	-	-	-
2,089	-	-	-	-	-	-
-	69,569	515,154	48,046	8,369,597	369,761	2,609,696
502	-	-	-	-	-	-
-	-	1,580	-	-	-	-
2,591	69,569	519,466	48,046	8,369,597	369,761	2,609,696

Jackson County
 Agency Funds
 Combining Balance Sheet
 June 30, 2002

	Town- ships	City Special Assessments	Brucellosis and Tuberculosis Eradication
Assets			
Cash and pooled investments:			
County Treasurer	3,252	514	1,107
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	186	-	11
Succeeding year	164,000	-	2,000
Accrued interest	-	-	-
Assessments:			
Delinquent	-	459	-
Succeeding year	-	48,000	-
Due from other governments	-	-	-
Total assets	167,438	48,973	3,118
Liabilities			
Liabilities:			
Salaries and benefits payable	-	-	-
Accounts payable	-	-	-
Due to other funds	-	-	-
Due to other governments	167,438	48,973	3,118
Trusts payable	-	-	-
Compensated absences	-	-	-
Total liabilities	167,438	48,973	3,118

See accompanying independent auditor's report.

Agency Funds						
Emergency Management Services	Advanced Tax Collection	County Hospital	E911 Service Commission	Tax Sale Redemption Trust		Total
23,467	14,102	13,188	329,259	8,297		828,906
-	-	-	-	-		2,806
-	-	3,437	-	-		75,049
-	-	716,000	-	-		12,361,000
-	15	-	409	-		424
-	-	-	-	-		459
-	-	-	-	-		48,000
-	-	-	30,257	-		30,257
23,467	14,117	732,625	359,925	8,297		13,346,901
-	-	-	1,167	-		1,214
186	-	-	-	-		2,871
-	-	-	-	-		2,304
23,281	14,117	732,625	358,758	8,297		13,338,430
-	-	-	-	-		502
-	-	-	-	-		1,580
23,467	14,117	732,625	359,925	8,297		13,346,901

Jackson County

Combining Statement of Changes in Assets and Liabilities
Agency Funds

Year ended June 30, 2002

	County Offices					
	County Attorney	County Conser- vation	General Relief	Public Health	Board of Super- visors	County Auditor
Assets and Liabilities						
Balance beginning of year	\$ 25	25	15	100	50	-
Additions:						
Property and other County tax	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-
Office fees and collections	-	-	-	-	-	3,141
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total additions	-	-	-	-	-	3,141
Deductions:						
Agency Remittances:						
To other funds	-	-	-	-	-	3,141
To other governments	-	-	-	-	-	-
Trusts paid out	-	-	-	-	-	-
Total deductions	-	-	-	-	-	3,141
Balance end of year	\$ 25	25	15	100	50	-

County Recorder	County Sheriff	Agricultural Extension Education	County Assessor	Fire Districts	Schools	Community Colleges	Corporations	Townships
-	6,791	68,856	465,372	45,126	7,496,333	329,801	2,436,587	152,569
-	-	70,461	265,117	49,181	8,514,847	377,052	2,636,867	173,614
-	-	-	-	-	-	-	-	-
-	-	5,839	18,491	4,158	636,770	28,248	174,390	13,557
230,022	47,792	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	70,910	-	-	-	-	-	-	-
-	-	19	6,441	21	1,914	92	1,334	705
230,022	118,702	76,319	290,049	53,360	9,153,531	405,392	2,812,591	187,876
127,373	47,533	-	-	-	-	-	-	-
102,649	259	75,606	235,955	50,440	8,280,267	365,432	2,639,482	173,007
-	75,110	-	-	-	-	-	-	-
230,022	122,902	75,606	235,955	50,440	8,280,267	365,432	2,639,482	173,007
-	2,591	69,569	519,466	48,046	8,369,597	369,761	2,609,696	167,438

Jackson County

Combining Statement of changes in Assets and Liabilities
Agency Funds

Year ended June 30, 2002

	Auto License and Use Tax	City Special Assess- ments	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Advanced Tax Collection
Assets and Liabilities					
Balance beginning of year	-	9,618	4,059	17,740	14,457
Additions:					
Property and other County tax	-	-	1,784	-	-
E911 surcharge	-	-	-	-	-
State tax credits	-	-	234	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	4,096,277	-	-	-	-
Assessments	-	43,617	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	55	42,917	16,067
Total additions	4,096,277	43,617	2,073	42,917	16,067
Deductions:					
Agency Remittances:					
To other funds	139,500	-	-	-	-
To other governments	3,956,777	4,262	3,014	37,190	16,407
Trusts paid out	-	-	-	-	-
Total deductions	4,096,277	4,262	3,014	37,190	16,407
Balance end of year	-	48,973	3,118	23,467	14,117

See accompanying independent auditor's report

County Hospital	E911 Service Commission	Tax Sale Redemption Trust	Flood and Erosion Control	Anatomical Gift Public Awareness and Transplantation	Total
726,691	339,927	8,109	-	-	12,122,251
746,332	-	-	-	-	12,835,255
-	128,460	-	-	-	128,460
61,897	-	-	-	-	943,584
-	-	-	-	-	280,955
-	-	-	-	-	4,096,277
-	-	-	-	-	43,617
-	-	207,764	-	-	278,674
201	12,994	-	56,946	127	139,833
808,430	141,454	207,764	56,946	127	18,746,655
-	-	-	-	6	317,553
802,496	121,456	-	56,946	121	16,921,766
-	-	207,576	-	-	282,686
802,496	121,456	207,576	56,946	127	17,522,005
732,625	359,925	8,297	-	-	13,346,901

Jackson County

Jackson County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property tax	\$ 2,965,303	2,785,709	2,766,660	2,673,106
Local option sales tax	612,699	587,625	595,079	536,623
Utility tax replacement excise tax	127,209	121,081	-	-
Other	8,339	8,058	8,126	8,347
	<u>3,713,550</u>	<u>3,502,473</u>	<u>3,369,865</u>	<u>3,218,076</u>
Intergovernmental:				
State shared revenues:				
Road use tax allocation	2,835,959	2,719,539	2,759,088	2,677,575
Other	51,634	51,012	28,118	42,133
State grants and reimbursements including indirect federal funding:				
Community development block grant	87,241	431,895	140,962	208,242
Social services block grant	107,254	115,578	114,264	115,578
Other	704,920	594,275	1,237,558	585,541
State tax replacements:				
State tax credits	260,662	247,956	253,028	263,611
State allocation	121,305	142,760	136,923	126,756
Mental health property tax relief	586,760	586,760	586,760	586,760
Other	70,516	154,230	131,213	94,668
Direct federal grants and entitlements:				
Watershed protection and flood prevention	14,237	14,420	14,114	13,625
Other	1,295	-	-	-
Contributions and reimbursements from other governmental units	51,933	21,301	58,812	103,205
Payment in lieu of taxes	20,166	8,193	6,700	5,873
	<u>4,913,882</u>	<u>5,087,919</u>	<u>5,467,540</u>	<u>4,823,567</u>
Total	<u>\$ 8,627,432</u>	<u>8,590,392</u>	<u>8,837,405</u>	<u>8,041,643</u>

See accompanying independent auditor's report.

Schedule 13

Jackson County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
Direct:			
U.S. Department of Justice:			
Office of National Drug Control Policy			
Organized Crime Drug Enforcement Task Forces	16.000	WC-IAN-057	\$ <u>1,476</u>
Indirect:			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778		<u>10,715</u>
Temporary Assistance for Needy Families	93.558		<u>10,532</u>
Foster Care - Title IV-E	93.658		<u>3,539</u>
Refugee and Entrant Assistance-State			
Administered Programs	93.566		<u>46</u>
Adoption Assistance	93.659		<u>1,202</u>
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596		<u>1,370</u>
Social Services Block Grant	93.667		<u>6,925</u>
Social Services Block Grant	93.667		<u>107,254</u>
			<u>114,179</u>
			<u>141,583</u>
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>6,738</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants / State's Program	14.228	00-PF-001	<u>87,241</u>

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Department of Justice:			
Governor's Alliance on Substance Abuse Department:			
Bear Creek Narcotics Task Force:			
Bryne Formula Grant Program	16.579	01A-0233	<u>2,670</u>
U. S. Department of Transportation:			
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Traffic Safety Program	20.205	PAP02-157, Task 56	<u>2,388</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
State Emergency Management Division:			
Public Assistance Grants - Secondary Roads	83.544	DR-1367-IA	8,583
Public Assistance Grants - Conservation	83.544	DR-1367-IA	1,678
Public Assistance Grants - Drainage Districts	83.544	DR-1367-IA	3,240
Public Assistance Grants - Secondary Roads	83.544	DR-1420-IA	107,430
Public Assistance Grants - Conservation	83.544	DR-1420-IA	<u>1,641</u>
			122,572
Emergency Management Performance Grants	83.552		<u>6,888</u>
			<u>129,460</u>
Total indirect			<u>370,080</u>
Total			<u>\$ 371,556</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Jackson 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.

Jackson County



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

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Auditor of State

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

To the Officials of Jackson County:

We have audited the general purpose financial statements of Jackson County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Jackson 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.

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

Internal Control Over Financial Reporting

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

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

This report, a public record by law, is intended for the information and use of the officials, employees and citizens of Jackson County and other parties to whom Jackson 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 Jackson 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 11, 2002

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

Jackson County



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

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

To the Officials of Jackson County:

Compliance

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

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

Internal Control Over Compliance

The management of Jackson 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 Jackson 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.

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. Our consideration of the internal control over compliance 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. 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 Jackson County and other parties to whom Jackson 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 11, 2002

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

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 93.667 - Social Services Block Grant
 - CFDA Number 83.544 - Public Assistance Grants.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Jackson County did not qualify as a low-risk auditee.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

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

	<u>Applicable Offices</u>
(1) The opening and listing of mail receipts and the collection, deposit preparation and reconciliation function are not segregated from those for recording and accounting for cash receipts.	Treasurer
(2) Secondary roads inventory - The receiving, issuing, accounting, and storing responsibilities are not properly segregated. Also, an independent person who is not responsible for the inventory records does not verify inventory counts.	County Engineer

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

Responses:

Treasurer - The opening of mail and a listing of certain items from the mail collection for that day will be listed in a book, distributed to certain individuals and checked with the deposit slips several days later to see that all deposits and work is done in a timely manner.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

County Engineer – We will do random inventory checks at least every quarter and place them in the inventory files. A copy will be provided to the County Auditor's office for their records.

Conclusion – Responses accepted.

II-B-02 Information Systems – During our review of internal control, the existing control activities in the County's computer based system 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 a written policy regarding password privacy and confidentiality, nor is there a policy on periodic password changes.
- There is no timeout/log off function on the system. There is also no written policy to log off when leaving a terminal unattended.
- The County does not have adequate fire protection such as fire alarms, smoke detectors, and water sprinklers or water sensor devices.
- The County does not have a written disaster recovery plan.

Recommendation – The County should review its control activities and establish policies pertaining to its information systems.

Response – In the past, not all computers were networked together. Now that the County has internet services along with virus protection, the network can be controlled by an administrator and a password policy will be written. The policy will also include procedures for signing off when leaving a terminal unattended.

The County is in the process of acquiring a security system which can be expanded to include fire alarms and smoke detection. However, budget constraints limit full implementation and the process must be achieved in steps.

The County will inquire into the cost of installing a water sprinkler system and water sensor devices.

The County will start to develop a written disaster recovery plan.

Conclusion – Response accepted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-C-02 Secondary Roads Department Property and Equipment - Detailed property and equipment records are maintained. However, the year end asset listing was not reconciled to the prior year ending balance plus additions less deletions.

Recommendation - The year end detailed fixed asset listing should be reconciled to the prior year ending balance plus additions less deletions.

Response - We will do random inventory checks at least every quarter and place them in the inventory files. A copy will be provided to the County Auditor's office for their records.

Conclusion - Response accepted.

IV-D-02 Compensation to County Sheriff Office Employee - Time cards sent to the County Auditor for payroll processing for an hourly employee recorded 8 hours worked per day. However, the time cards did not indicate the time in and/or out each day although the information is required on the time card. A review of additional supporting payroll records indicated that the employee often worked more or less than the 8 hours actually reported each day. Although time cards recorded vacation and sick leave used, they did not record compensatory time earned or used.

Recommendation - The County should ensure that all offices and departments maintain complete and accurate time cards. The time cards should reflect actual hours worked in addition to vacation, sick leave and compensatory time.

Response - A Department Head meeting will be held to inform them that they must insure that daily times must include the hours and minutes worked by the employees before approving and signing time cards. The Department Head must also communicate with the Deputy Auditor of Payroll when any deviations from normal policy are authorized. The deviations should be noted in writing and signed by the Department Head.

Conclusion - Response accepted.

Jackson 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.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Depository Resolution - 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 , except as follows:

Office	Depository	Maximum Authorized Deposit
County Treasurer	Maquoketa State Bank	\$5,000,000

However, a new resolution for Maquoketa State Bank for \$7,500,000 was approved on June 28, 2002.

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

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Ward's Repair Shop, owner is husband of Board of Public Health and Zoning secretary	Repairs, parts and welding	\$ 37
Schwager's Auto, owner is husband of County Attorney's secretary	Vehicle maintenance and repairs	90
Zeimet's Garage Inc., owner is husband of Auditor's Office Deputy	Vehicle maintenance and repairs	1,064

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

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

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

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

Minutes of the Board of Supervisor proceedings were published. However, the minutes for the meeting on January 28, 2002 were not published as required by Chapter 349.18 of the Code of Iowa.

Recommendation - The County should insure that minutes are published as required.

Response - The Board of Supervisors took minutes of this meeting themselves. The minutes were placed in the minute book, but were not taken to the newspapers with other minutes for publication. The Board of Supervisors will consult the Auditor if another meeting takes place without him or staff member clerking the meeting.

Conclusion - Response accepted.

IV-H-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-I-02 Deposits and Pooled Investments - No instances of non-compliance with the deposits and pooled investments provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policies were noted.

IV-J-02 Overpayment/Underpayment of Official Salaries - The County Attorney was paid compensation in excess of that authorized while the County Recorder was paid compensation less than authorized due to payroll calculation errors. The amount of the overpayment/underpayment was as follows:

Name and Title	Authorized Salary	Amounts	
		Actually paid	Over (Under) Payment
John L. Kies, County Attorney	\$55,861	55,906	45
Phyllis Gerlach, County Recorder	\$35,509	35,414	(95)

Recommendation - The Board of Supervisors should consult legal counsel to determine the disposition of the matter.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Response - The Board has corrected the situation by Resolution 60-09-24-02 which corrects salary amounts. The County Attorney has reimbursed the County for the overpayment and the County Recorder has been reimbursed by the County for the underpayment.

Conclusion - Response accepted.

- IV-K-02 Cellular Telephone Policy - The County has established a cellular telephone policy indicating that "County owned cellular telephones are primarily for business purposes only. Any personal calls made from County owned cellular telephones will be for emergencies only. If personal use of county owned cellular telephones is unavoidable it will be used as a last resort only. The employee will pay all associated charges for unauthorized use of cell telephones."

In the Central Point of Coordination office the cellular telephone plan allows 550 minutes per month. Employees reimbursed the County for amounts over the basic fee prior to April 2002. However, reimbursement was not received for the months of April, May, June or July 2002, although the cellular telephone billings exceeded the basic fee amount each month. A review of the cellular telephone bills indicated that a number of calls were to private residences and a number of other calls were to businesses and individuals with which there appears no County or business justification or purpose.

Recommendation - The Board should ensure that the written cellular telephone policy is adhered to and should seek reimbursement from employees for personal use of cellular telephones as required by the policy.

Response - The Board will evaluate the current cellular telephone policy and determine if the policy needs to be revised with more emphasis on deterring personal use of cell telephones. A department head meeting will be held to reinforce the policy and remind them that they need to tell employees about prohibitions on personal use. The County Attorney will be contacted and directed to seek reimbursement from individuals who have abused the current policy.

Conclusion - Response accepted.

- IV-L-02 Deficit Cash Balances - The Special Revenue, Community Development Block Grant and Conservation Land Acquisition Trust Funds had deficit cash balances during the year ended June 30, 2002. This appears to violate Chapter 331.476 of the Code of Iowa.

Recommendation - Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other formal short-term debt instruments or obligations.

Response - In both cases, the expected revenues did not get deposited when anticipated. The Conservation Department Director has been made aware that he must more closely watch his fund. Revenues for the CDBG Fund were deposited into the wrong fund and subsequently placed back in the CDBG Fund.

Conclusion - Response accepted.

Jackson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

IV-M-02 Financial Condition – The Special Revenue, Mental Health Fund had a deficit balance at June 30, 2002 of \$329,870.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The Board adopted a resolution on January 20, 2003 reducing non-mandated mental health services. The resolution reduces expenditures and grants to vendors for the remainder of FY03 and for all of FY04. The CPC will make application to the State of Iowa Risk Pool in April 2003. These funds are to be used to assist in paying for unforeseen expenses that created the deficit for FY02. The board will provide more oversight on the Mental Health Fund through bi-weekly reports and interaction with the CPC.

Conclusion – Response accepted.

IV-N-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.

Minutes of the County Agricultural Extension Council for May 21, 2002 were not signed as required by Chapter 176A.14(3) of the Code of Iowa.

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

Response – The appropriate Council officers (chairperson and secretary) will review and sign these minutes at the next Council meeting.

Conclusion – Response accepted.

Jackson County

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Elizabeth A. Wichtendahl, CPA, Staff Auditor
Curtis J. Schroeder, Assistant Auditor

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