



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_

March 31, 2003

Contact: Andy Nielsen  
515/281-5515

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

The County had local tax revenue of \$11,589,406 for the year ended June 30, 2002, which included \$779,436 in tax credits from the state. The County forwarded \$7,587,410 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,001,996 of the local tax revenue to finance County operations, a 24 percent increase from the prior year. Other revenues included \$3,193,297 from the state, including indirect federal funding, \$391,727 from direct federal grants and entitlements, \$276,474 from local option sales tax and \$208,437 in interest on investments.

Expenditures for County operations totaled \$9,371,211, a less than one percent increase from the prior year. Expenditures included \$3,663,506 for roads and transportation, \$1,124,287 for public safety and \$1,010,075 for interprogram services.

The increase in local tax revenue was due to increased levies for the General, Mental Health, and Rural Services Funds.

The report contained recommendations to the Board of Supervisors and other County officials. For example, duties in the County Sheriff's office should be segregated to safeguard assets, controls over computer access should be reviewed and policies for use of cellular phones, phone cards and county vehicles should be established. County officials responded favorably to the recommendations.

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

###



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

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5
General Purpose Financial Statements:	<u>Exhibit</u>	
Combined Balance Sheet - All Fund Types and Account Groups	A	8-11
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	B	12-13
Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) - All Governmental Fund Types and Expendable Trust Funds	C	14-15
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	D	16
Statement of Cash Flows - Proprietary Fund Type	E	17
Notes to Financial Statements		18-30
Supplemental Information:	<u>Schedule</u>	
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	1	33-34
Statement of Expenditures	2	35-37
Special Revenue Funds:		
Combining Balance Sheet	3	38-39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	40-49
Trust and Agency Funds:		
Combining Balance Sheet	5	50
Combining Balance Sheet - Expendable Trust Funds	6	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds	7	52
Combining Balance Sheet - Agency Funds	8	54-57
Combining Statement of Changes in Assets and Liabilities - Agency Funds	9	58-61
Comparison of Taxes and Intergovernmental Revenues	10	62
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting		63-64
Schedule of Findings		65-72
Staff		73

**Monona County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard C. Merritt, Sr.	Board of Supervisors	Jan 2003
Stanley Skow	Board of Supervisors	Jan 2003
Lester Nordaker	Board of Supervisors	Jan 2005
Benita J. Davis	County Auditor	Jan 2005
Lawrence Framke	County Treasurer	Jan 2003
Tena L. Hinkel	County Recorder	Jan 2003
Jeffrey R. Pratt	County Sheriff	Jan 2005
Michael P. Jensen	County Attorney	Jan 2003
Lawrence E. Keitges	County Assessor	Jan 2004

**Monona County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**Independent Auditor's Report**

To the Officials of Monona County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Monona County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Monona 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 Monona County at June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Monona County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2003 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 10 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

February 14, 2003

**Monona County**



## **Financial Statements**

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

	Governmental Fund Types	
	General	Special Revenue
<b>Assets and Other Debits</b>		
Cash and pooled investments:		
County Treasurer	\$ 1,963,910	2,896,228
Other County officials	-	-
Receivables:		
Property tax:		
Delinquent	3,837	1,346
Succeeding year	2,166,000	1,502,000
Interest and penalty on property tax	4,441	-
Accounts	90,434	1,183
Accrued interest	36,994	261
Special assessments	-	-
Drainage assessments:		
Current	-	253,797
Future	-	179,588
Due from other funds (note 3)	8,337	13,642
Due from other governments	51,086	230,030
Inventories	-	1,056,342
Prepaid expenditures	70,346	71,497
Property and equipment (note 4)	-	-
Amount available for payment of drainage district warrants	-	-
Amount to be provided for retirement of general long-term debt	-	-
Amount to be provided for retirement of drainage warrants	-	-
	\$ 4,395,385	6,205,914

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Internal Service	Trust and Agency			
342,950	1,160,367	-	-	6,363,455
-	3,278	-	-	3,278
-	15,885	-	-	21,068
-	7,047,000	-	-	10,715,000
-	-	-	-	4,441
-	18,265	-	-	109,882
-	563	-	-	37,818
-	174,840	-	-	174,840
-	-	-	-	253,797
-	457,502	-	-	637,090
-	41,046	-	-	63,025
-	528	-	-	281,644
-	-	-	-	1,056,342
-	-	-	-	141,843
-	-	10,477,756	-	10,477,756
-	-	-	87,537	87,537
-	-	-	387,097	387,097
-	-	-	390,973	390,973
342,950	8,919,274	10,477,756	865,607	31,206,886

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

	Governmental Fund Types	
	General	Special Revenue
<b>Liabilities, Fund Equity and Other Credits</b>		
Liabilities:		
Accounts payable	\$ 18,440	369,091
Due to other funds (note 3)	-	54,503
Due to other governments (note 5)	3,350	79,338
Deferred revenue:		
Succeeding year property tax	2,166,000	1,502,000
Other	66,030	435,771
Deferred payment contract (note 6)	-	-
Capital lease purchase agreements (note 6)	-	-
Drainage district warrants (note 6)	-	-
Compensated absences	21,751	29,250
Total liabilities	2,275,571	2,469,953
Fund equity and other credits:		
Investment in general fixed assets	-	-
Unreserved retained earnings	-	-
Fund balances:		
Reserved for:		
Inventories	-	1,056,342
Prepaid expenditures	70,346	71,497
Supplemental levy purposes	304,918	55,274
Drainage district warrants	-	87,537
Unreserved	1,744,550	2,465,311
Total fund equity and other credits	2,119,814	3,735,961
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 4,395,385</b>	<b>6,205,914</b>

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			
36,545	40,193	-	-	464,269
-	8,522	-	-	63,025
-	8,406,553	-	-	8,489,241
-	-	-	-	3,668,000
-	-	-	-	501,801
-	-	-	24,000	24,000
-	-	-	264,696	264,696
-	449,975	-	478,510	928,485
-	8,150	-	98,401	157,552
36,545	8,913,393	-	865,607	14,561,069
-	-	10,477,756	-	10,477,756
306,405	-	-	-	306,405
-	-	-	-	1,056,342
-	-	-	-	141,843
-	-	-	-	360,192
-	-	-	-	87,537
-	5,881	-	-	4,215,742
306,405	5,881	10,477,756	-	16,645,817
342,950	8,919,274	10,477,756	865,607	31,206,886

**Exhibit B**

## Monona 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	Capital Projects	Fund Type Expendable Trust	
<b>Revenues:</b>					
Property and other County tax	\$ 2,204,272	1,821,008	-	-	4,025,280
Interest and penalty on property tax	36,635	-	-	-	36,635
Intergovernmental	970,006	3,218,167	51,987	-	4,240,160
Licenses and permits	4,830	235	-	-	5,065
Charges for service	220,049	2,130	-	-	222,179
Use of money and property	209,808	4,981	-	-	214,789
Miscellaneous	165,933	472,417	-	80	638,430
<b>Total revenues</b>	<b>3,811,533</b>	<b>5,518,938</b>	<b>51,987</b>	<b>80</b>	<b>9,382,538</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety	1,124,247	40	-	-	1,124,287
Court services	23,317	-	-	-	23,317
Physical health and education	436,178	29,696	-	-	465,874
Mental health	-	799,518	-	-	799,518
Social services	257,498	-	-	-	257,498
County environment	230,048	193,380	-	-	423,428
Roads and transportation	-	3,663,506	-	-	3,663,506
State and local government services	296,038	-	-	-	296,038
Interprogram services	1,010,075	-	-	-	1,010,075
Non-program	-	415,278	-	-	415,278
Debt service	-	184,230	-	-	184,230
Capital projects	-	570,447	137,715	-	708,162
<b>Total expenditures</b>	<b>3,377,401</b>	<b>5,856,095</b>	<b>137,715</b>	<b>-</b>	<b>9,371,211</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>434,132</b>	<b>(337,157)</b>	<b>(85,728)</b>	<b>80</b>	<b>11,327</b>

Monona 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
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Other financing sources (uses):					
Sale of general fixed assets	9,186	55	-	-	9,241
Operating transfers in	-	1,019,032	-	-	1,019,032
Operating transfers out	-	(1,019,032)	-	-	(1,019,032)
Deferred payment contract	-	32,000	-	-	32,000
Capital lease purchase agreements	-	297,852	-	-	297,852
Drainage district warrant proceeds	-	317,519	-	-	317,519
Total other financing sources (uses)	9,186	647,426	-	-	656,612
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	443,318	310,269	(85,728)	80	667,939
Fund balances beginning of year	1,656,051	3,305,096	85,728	5,801	5,052,676
Increase in reserve for:					
Inventories	-	106,927	-	-	106,927
Prepaid expenditures	20,445	13,669	-	-	34,114
Fund balances end of year	\$ 2,119,814	3,735,961	-	5,881	5,861,656

See notes to financial statements.

Monona County

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

Year ended June 30, 2002

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other County tax	\$ 3,748,418	-	3,748,418
Local option sales tax	278,151	-	278,151
Interest and penalty on property tax	36,110	-	36,110
Intergovernmental	4,296,859	29,842	4,267,017
Licenses and permits	5,065	-	5,065
Charges for service	223,347	-	223,347
Use of money and property	244,076	4,905	239,171
Fines, forfeitures and defaults	143	-	143
Miscellaneous	638,155	334,171	303,984
Total receipts	<u>9,470,324</u>	<u>368,918</u>	<u>9,101,406</u>
<b>Disbursements:</b>			
Public safety	1,137,209	-	1,137,209
Court services	20,977	-	20,977
Physical health and education	467,364	-	467,364
Mental health	791,081	-	791,081
Social services	253,448	-	253,448
County environment	426,190	-	426,190
Roads and transportation	3,308,975	-	3,308,975
State and local government services	296,954	-	296,954
Interprogram services	1,012,426	-	1,012,426
Non-program	431,385	431,385	-
Debt service	184,230	184,230	-
Capital projects	701,622	-	701,622
Total disbursements	<u>9,031,861</u>	<u>615,615</u>	<u>8,416,246</u>
Excess (deficiency) of receipts over (under) disbursements	438,463	(246,697)	685,160
Other financing sources, net	<u>326,760</u>	<u>317,519</u>	<u>9,241</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	765,223	70,822	694,401
Balance beginning of year	<u>4,100,796</u>	<u>266,538</u>	<u>3,834,258</u>
Balance end of year	<u>\$ 4,866,019</u>	<u>337,360</u>	<u>4,528,659</u>

See notes to financial statements.



Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
4,081,185	(332,767)	92%
-	278,151	
3,950	32,160	914%
5,389,693	(1,122,676)	79%
11,885	(6,820)	43%
146,770	76,577	152%
273,000	(33,829)	88%
-	143	
318,782	(14,798)	95%
10,225,265	(1,123,859)	89%
1,299,011	161,802	88%
45,500	24,523	46%
505,780	38,416	92%
855,400	64,319	92%
311,581	58,133	81%
474,651	48,461	90%
4,294,882	985,907	77%
334,047	37,093	89%
1,229,760	217,334	82%
-	-	
-	-	
1,400,000	698,378	50%
10,750,612	2,334,366	78%
(525,347)		
5,050		
(520,297)		
3,886,495		
3,366,198		

**Exhibit D**

---

## Monona County

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

## Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Net reimbursements from operating funds		\$ 369,139
Reimbursements from employees		12,746
Reimbursements and refunds		7,019
Total operating revenues		<u>388,904</u>
Operating expenses:		
Medical claims	\$ 293,520	
Insurance premiums	175,328	
Miscellaneous	195	469,043
Operating loss		<u>(80,139)</u>
Non-operating revenues:		
Interest on investments		6,653
Net loss		<u>(73,486)</u>
Retained earnings beginning of year		<u>379,891</u>
Retained earnings end of year		<u><u>\$ 306,405</u></u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows for operating activities:	
Cash received from operating fund reimbursements	\$ 369,139
Cash received from employees and others	12,746
Cash received from reimbursements and refunds	7,019
Cash payments for medical claims	(272,109)
Cash payments for premiums	(175,328)
Cash payments for miscellaneous	(195)
Net cash used for operating activities	(58,728)
Cash flows from investing activities:	
Interest on investments	7,922
Net decrease in cash and cash equivalents	(50,806)
Cash and cash equivalents at beginning of year	393,756
Cash and cash equivalents at end of year	\$ 342,950
<b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (80,139)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase in accounts payable	21,411
Net cash used for operating activities	\$ (58,728)

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2002

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

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

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

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Monona 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: Monona County Assessor's Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's' fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, WESCO Industries, Department of Human Services Cluster Board, West Central Development Corporation, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County's financial statements.

#### 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.

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

##### Proprietary Fund

Internal Service Fund - The Internal Service Fund is utilized to account for the financing of goods and 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 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

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

All Proprietary Funds are accounted for using the accrual basis of accounting. 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 deposits 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 tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

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

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

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

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



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

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

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

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

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

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

#### F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service and agency, 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, capital projects fund and expendable trust funds. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

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

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

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 3,828,840	(17,307)	3,811,533	5,577,417	(58,479)	5,518,938
Expenditures	3,388,051	(10,650)	3,377,401	5,503,823	352,272	5,856,095
Net	440,789	(6,657)	434,132	73,594	(410,751)	(337,157)
Other financing sources (uses)	9,186	-	9,186	317,574	329,852	647,426
Beginning fund balances	1,513,935	142,116	1,656,051	2,505,060	800,036	3,305,096
Increase in reserve for:						
Inventories	-	-	-	-	106,927	106,927
Prepaid expenditures	-	20,445	20,445	-	13,669	13,669
Ending fund balances	\$ 1,963,910	155,904	2,119,814	2,896,228	839,733	3,735,961

  

	Governmental Fund Types		
	Capital Projects		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 63,987	(12,000)	51,987
Expenditures	139,987	(2,272)	137,715
Net	(76,000)	(9,728)	(85,728)
Other financing sources (uses)	-	-	-
Beginning fund balances,	76,000	9,728	85,728
Increase in reserve for:			
Inventories	-	-	-
Prepaid expenditures	-	-	-
Ending fund balances	\$ -	-	-

  

	Fiduciary Fund Type			Total		
	Expendable Trust					
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 80	-	80	9,470,324	(87,786)	9,382,538
Expenditures	-	-	-	9,031,861	339,350	9,371,211
Net	80	-	80	438,463	(427,136)	11,327
Other financing sources (uses)	-	-	-	326,760	329,852	656,612
Beginning fund balances	5,801	-	5,801	4,100,796	951,880	5,052,676
Increase in reserve for:						
Inventories	-	-	-	-	106,927	106,927
Prepaid expenditures	-	-	-	-	34,114	34,114
Ending fund balances	\$ 5,881	-	5,881	4,866,019	995,637	5,861,656

G. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

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

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and 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 \$1,412,424 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

**(3) Due from and Due to Other Funds**

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

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Recorder	\$ 3,282
	County Sheriff	323
	Auto License and Use Tax	4,732
Special Revenue:	Special Revenue:	
Drainage Districts	Secondary Roads	13,457
County Recorder's Records Management	Trust and Agency:	
	County Recorder	185
Trust and Agency:	Special Revenue:	
Drainage Districts	Secondary Roads	41,046
Total		\$ 63,025

**(4) Property and Equipment**

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

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Land	\$ 250,601	21,297	-	271,898
Buildings	1,658,433	52,088	-	1,710,521
Equipment	8,026,091	822,920	353,674	8,495,337
Total	<u>\$ 9,935,125</u>	<u>896,305</u>	<u>353,674</u>	<u>10,477,756</u>

**(5) 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>\$ 3,350</u>
Special Revenue:		
Secondary Roads	Services	<u>79,338</u>
Trust and Agency:		
County Assessor	Collections	349,987
Schools		4,824,959
Community Colleges		394,741
Corporations		1,478,086
Townships		168,374
Auto License and Use Tax		148,995
City Special Assessments		174,840
Drainage Districts		558,069
E911 Surcharge		163,511
All other		<u>144,991</u>
		<u>8,406,553</u>
Total		<u>\$ 8,489,241</u>

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

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

	<u>Deferred</u>	<u>Capital</u>	<u>Drainage</u>	<u>Compen-</u>	<u>Total</u>
	<u>Payment</u>	<u>Lease</u>	<u>District</u>	<u>sated</u>	
	<u>Contract</u>	<u>Purchase</u>	<u>District</u>	<u>Absences</u>	
		<u>Agreements</u>	<u>Warrants</u>		
Balance beginning of year	\$ -	-	327,652	90,417	418,069
Additions	32,000	297,852	317,519	7,984	655,355
Reductions	8,000	33,156	166,661	-	207,817
Balance end of year	<u>\$ 24,000</u>	<u>264,696</u>	<u>478,510</u>	<u>98,401</u>	<u>865,607</u>

### Deferred Payment Contract

On August 21, 2001, Monona County entered into a deferred payment contract with the Iowa Department of Transportation for the purchase of a maintenance facility for \$32,000. The County agreed to make payments of \$8,000 on September 1 of each year beginning on September 1, 2001 until the contract is paid off. The balance remaining at June 30, 2002 is \$24,000.

### Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a motor grader and three tractors. The following is a schedule of the future minimum lease payments, including interest ranging from 4.50% to 4.90% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2002:

<u>Year ending June 30,</u>	<u>Motor Grader</u>	<u>Tractors</u>	<u>Total</u>
2003	\$ 33,540	33,156	66,696
2004	33,540	33,156	66,696
2005	33,540	33,156	66,696
2006	33,540	33,156	66,696
2007	33,540	-	33,540
Total minimum lease payments	167,700	132,624	300,324
Less amount representing interest	(20,847)	(14,781)	(35,628)
Present value of net minimum lease payments	<u>\$ 146,853</u>	<u>117,843</u>	<u>264,696</u>

Payments under capital lease purchase agreements for the year ended June 30, 2002 totaled \$33,156.

### Drainage District Warrants

Drainage district warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Drainage district warrants are paid from the Special Revenue Fund solely from special assessments against benefited properties.

## **(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001 and 2000 were \$183,035, 179,985 and \$172,868 respectively, equal to the required contributions for each year.

**(8) Risk Management**

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

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2002 were \$144,962.

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 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 \$1,000,000 and \$200,000, 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.

**(9) Employee Group Health Plan**

The Monona County Employee Group Health Fund was established June 1, 2001 to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Principal Life Insurance Company. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Principal Life Insurance Company from the Internal Service, Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2002 was \$369,139.

Amounts payable from the Internal Service, Employee Group Health Fund at June 30, 2002 total \$36,545, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$306,405 at June 30, 2002 and is reported as a designation of the Internal Service, Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements did not exceed the stop-loss coverage during the past year the plan has been operational. Information on a reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

Unpaid claims at July 1, 2001	\$ 15,134
Incurred claims (including claims incurred but not reported at June 30, 2002):	314,931
Payment on claims during the fiscal year	<u>(293,520)</u>
Unpaid claims at June 30, 2002	<u>\$ 36,545</u>

**(10) Industrial Development Revenue Bonds**

The County has issued a total of \$3,970,000 of health care facility and industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.



## **Supplemental Information**

**Monona County**

## Monona County

## General Fund

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

Year ended June 30, 2002

## Revenues:

## Property and other County tax:

Property tax	\$ 2,144,931	
Utility tax replacement excise tax	57,015	
Other	<u>2,326</u>	\$ 2,204,272

## Interest and penalty on property tax

36,635

## Intergovernmental:

## State shared revenues:

Franchise tax	14,010	
Other	<u>618</u>	
	<u>14,628</u>	

## State grants and reimbursements including

## indirect federal funding:

Home care aide grant	35,859	
Human services administration reimbursement	20,650	
Public health nursing grant	32,695	
Childhood lead poisoning prevention projects	22,817	
Social services worker grant	47,959	
Other	<u>41,597</u>	
	<u>201,577</u>	

## State tax replacements:

State tax credits	158,896	
State allocation	<u>68,345</u>	
	<u>227,241</u>	

## Direct federal grants and entitlements:

Medicare and medicaid	278,889	
Other	<u>33,179</u>	
	<u>312,068</u>	

## Contributions and reimbursements from

## other governmental units:

Communications and contract law enforcement	50,147	
Drainage district services	70,019	
Elections	24,180	
Other	<u>69,748</u>	
	<u>214,094</u>	

## Payments in lieu of taxes

398

970,006

## Licenses and permits

4,830

**Schedule 1**

## Monona County

## General Fund

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

Year ended June 30, 2002

Revenues (continued):		
Charges for service:		
Office fees and collections	84,444	
Auto registration, use tax and mailing	66,609	
Camping fees	8,380	
Health fees	46,183	
Other	<u>14,433</u>	220,049
Use of money and property:		
Interest on investments	196,803	
Land rent	<u>13,005</u>	209,808
Miscellaneous:		
Reimbursements	153,488	
Miscellaneous	<u>12,445</u>	<u>165,933</u>
Total revenues		<u>3,811,533</u>
Expenditures:		
Operating:		
Public safety		1,124,247
Court services		23,317
Physical health and education		436,178
Social services		257,498
County environment		230,048
State and local government services		296,038
Interprogram services		<u>1,010,075</u>
Total expenditures		<u>3,377,401</u>
Excess of revenues over expenditures		434,132
Other financing sources:		
Sale of general fixed assets		<u>9,186</u>
Excess of revenues and other financing sources over expenditures		443,318
Fund balance beginning of year		1,656,051
Increase in reserve for prepaid expenditures		<u>20,445</u>
Fund balance end of year		<u>\$2,119,814</u>

See accompanying independent auditor's report.

## Monona County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Public Safety Service Area:

## Law enforcement:

Uniformed patrol services	\$ 283,886	
Investigations	7,134	
Contract law enforcement	3,550	
Law enforcement communication	216,714	
Adult correctional services	202,410	
Administration	225,198	
	<u>938,892</u>	

## Legal services:

Criminal prosecution	144,376	
Medical examinations	2,445	
	<u>146,821</u>	

## Emergency services:

Emergency management	<u>38,534</u>	\$ 1,124,247
----------------------	---------------	--------------

## Court Services Service Area:

## Assistance to district court system:

Physical operations	555	
Research and other assistance	4,797	
	<u>5,352</u>	

## Court proceedings:

Juries and witnesses	330	
Detention services	13,973	
Court costs	182	
Service of civil papers	2,348	
	<u>16,833</u>	

## Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>1,132</u>	23,317
---	--------------	--------

## Physical Health and Education Service Area:

## Physical health services:

Personal and family health services	263,041	
Health administration	149,137	
	<u>412,178</u>	

## Educational services:

Historic preservation	2,000	
Fairgrounds	20,000	
Other educational services	2,000	
	<u>24,000</u>	436,178

**Schedule 2**

---

Monona County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

Administration	74,546	
General welfare services	16,070	
	<u>90,616</u>	

Services to military veterans:

Administration	6,730	
General services to veterans	39,207	
	<u>45,937</u>	

Services to other adults:

Services to the elderly	114,251	
-------------------------	---------	--

Chemical dependency:

Treatment services	5,759	
Preventive services	935	
	<u>6,694</u>	257,498

County Environment Service Area:

Conservation and recreation services:

Administration	71,516	
Maintenance and operations	105,987	
	<u>177,503</u>	

Animal control:

Animal bounties and domestic animal losses	1,935	
--	-------	--

County development:

Land use and building controls	45,061	
Economic development	5,549	
	<u>50,610</u>	230,048

State and Local Government Services Service Area:

Representation services:

Elections administration	74,122	
Local elections	25,616	
Township officials	4,455	
	<u>104,193</u>	

State administrative services:

Motor vehicle registrations and licensing	94,137	
Recording of public documents	97,708	
	<u>191,845</u>	296,038

## Monona County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Interprogram Services Service Area:

## Policy and administration:

General County management	98,189	
Administrative management services	258,068	
Treasury management services	121,451	
Other policy and administration	61,492	
	<u>539,200</u>	

## Central services:

General services	217,635	
Data processing services	150,740	
	<u>368,375</u>	

## Risk management services:

Tort liability	65,854	
Safety of the workplace	35,477	
Fidelity of public officials	1,169	
	<u>102,500</u>	<u>1,010,075</u>

## Total

\$ 3,377,401

See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads	Mental Health
<b>Assets</b>			
Cash and pooled investments	\$ 419,282	1,555,100	535,948
Receivables:			
Property tax:			
Delinquent	1,090	-	256
Succeeding year	1,316,000	-	186,000
Accounts	-	1,183	-
Accrued interest	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other funds	-	-	-
Due from other governments	-	230,030	-
Inventories	-	1,056,342	-
Prepaid insurance	26	71,471	-
<b>Total assets</b>	<b>\$ 1,736,398</b>	<b>2,914,126</b>	<b>722,204</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 7,013	320,513	28,839
Due to other funds	-	54,503	-
Due to other governments	-	1,150	78,188
Deferred revenue:			
Succeeding year property tax	1,316,000	-	186,000
Other	1,053	919	228
Compensated absences	-	29,250	-
Total liabilities	<b>1,324,066</b>	<b>406,335</b>	<b>293,255</b>
Fund equity:			
Fund balances:			
Reserved for:			
Inventories	-	1,056,342	-
Prepaid expenditures	26	71,471	-
Supplemental levy purposes	55,274	-	-
Drainage district warrants	-	-	-
Unreserved	357,032	1,379,978	428,949
Total fund equity	<b>412,332</b>	<b>2,507,791</b>	<b>428,949</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,736,398</b>	<b>2,914,126</b>	<b>722,204</b>

See accompanying independent auditor's report.



Resource Enhance- ment and Protection	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
14,751	20,001	1,025	12,126	635	337,360	2,896,228
-	-	-	-	-	-	1,346
-	-	-	-	-	-	1,502,000
-	-	-	-	-	-	1,183
10	16	-	-	-	235	261
-	-	-	-	-	253,797	253,797
-	-	-	-	-	179,588	179,588
-	185	-	-	-	13,457	13,642
-	-	-	-	-	-	230,030
-	-	-	-	-	-	1,056,342
-	-	-	-	-	-	71,497
<b>14,761</b>	<b>20,202</b>	<b>1,025</b>	<b>12,126</b>	<b>635</b>	<b>784,437</b>	<b>6,205,914</b>
1,241	-	-	-	-	11,485	369,091
-	-	-	-	-	-	54,503
-	-	-	-	-	-	79,338
-	-	-	-	-	-	1,502,000
-	185	-	-	-	433,386	435,771
-	-	-	-	-	-	29,250
<b>1,241</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,871</b>	<b>2,469,953</b>
-	-	-	-	-	-	1,056,342
-	-	-	-	-	-	71,497
-	-	-	-	-	-	55,274
-	-	-	-	-	87,537	87,537
<b>13,520</b>	<b>20,017</b>	<b>1,025</b>	<b>12,126</b>	<b>635</b>	<b>252,029</b>	<b>2,465,311</b>
<b>13,520</b>	<b>20,017</b>	<b>1,025</b>	<b>12,126</b>	<b>635</b>	<b>339,566</b>	<b>3,735,961</b>
<b>14,761</b>	<b>20,202</b>	<b>1,025</b>	<b>12,126</b>	<b>635</b>	<b>784,437</b>	<b>6,205,914</b>

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
<b>Revenues:</b>			
Property and other County tax:			
Property tax	\$ 1,358,510	-	142,941
Local option sales tax	-	276,474	-
Utility tax replacement excise tax	39,050	-	3,799
Other	79	-	155
	<u>1,397,639</u>	<u>276,474</u>	<u>146,895</u>
<b>Intergovernmental:</b>			
State shared revenues:			
Road use tax allocation	-	2,385,893	-
State grants and reimbursements including indirect federal funding:			
Social services block grant	-	-	58,119
Resource enhancement and protection	-	-	-
Integrated roadside vegetation management	-	17,054	-
Other	-	11,063	-
	<u>-</u>	<u>28,117</u>	<u>58,119</u>
State tax replacements:			
State tax credits	83,705	-	10,589
State allocation	22,190	-	-
Mental health property tax relief allocation	-	-	347,513
	<u>105,895</u>	<u>-</u>	<u>358,102</u>
Direct federal grants and entitlements:			
Watershed protection and flood prevention	-	79,659	-
Contributions and reimbursements from other governmental units:			
Project reimbursements	-	132,923	-
Drainage district services	-	2,288	-
Other	-	9,655	-
	<u>-</u>	<u>144,866</u>	<u>-</u>
	<u>105,895</u>	<u>2,638,535</u>	<u>416,221</u>

**Schedule 4**

---

- - - - - 79,659

---

Resource Enhance- ment and Protection	Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	-	1,501,451
-	-	-	-	-	-	-	276,474
-	-	-	-	-	-	-	42,849
-	-	-	-	-	-	-	234
-	-	-	-	-	-	-	1,821,008
-	-	-	-	-	-	-	2,385,893
-	-	-	-	-	-	-	58,119
12,689	-	-	-	-	-	-	12,689
-	-	-	-	-	-	-	17,054
-	-	-	-	128	1,150	961	13,302
12,689	-	-	-	128	1,150	961	101,164
-	-	-	-	-	-	-	94,294
-	-	-	-	-	-	-	22,190
-	-	-	-	-	-	-	347,513
-	-	-	-	-	-	-	463,997
-	-	-	-	-	-	-	79,659
-	-	-	-	-	-	-	132,923
-	-	-	-	-	-	-	2,288
-	-	-	-	-	250	42,338	52,243
-	-	-	-	-	250	42,338	187,454
12,689	-	-	-	128	1,400	43,299	3,218,167

---

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Mental Health</u>
Revenues (continued):			
Licenses and permits	-	235	-
Charges for service:			
Document management fee	-	-	-
Use of money and property:			
Interest on investments	-	-	-
Miscellaneous:			
Drainage assessments	-	-	-
Reimbursements	-	125,000	-
Other	-	11,115	1,900
	-	136,115	1,900
Total revenues	<u>1,503,534</u>	<u>3,051,359</u>	<u>565,016</u>
Expenditures:			
Operating:			
Public Safety Service Area:			
Law enforcement:			
Investigations	-	-	-
Physical Health and Education Service Area:			
Education services:			
Libraries	27,550	-	-
Other education services	-	-	-
	<u>27,550</u>	-	-
Mental Health Service Area:			
Persons with mental health problems - mental illness:			
General administration	-	-	2,379
Treatment services	-	-	51,512
Institution, hospital and commitment services	-	-	39,943
	-	-	<u>93,834</u>

Resource Enhance- ment and Protection	Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	-	235
-	-	2,130	-	-	-	-	2,130
395	-	295	-	-	-	4,291	4,981
-	-	-	-	-	-	277,040	277,040
-	-	-	-	-	-	-	125,000
-	-	-	-	-	231	57,131	70,377
-	-	-	-	-	231	334,171	472,417
13,084	-	2,425	-	128	1,631	381,761	5,518,938
-	-	-	40	-	-	-	40
-	-	-	-	-	-	-	27,550
-	-	-	-	-	2,146	-	2,146
-	-	-	-	-	2,146	-	29,696
-	-	-	-	-	-	-	2,379
-	-	-	-	-	-	-	51,512
-	-	-	-	-	-	-	39,943
-	-	-	-	-	-	-	93,834

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Mental Health Service Area:			
Persons with chronic mental illness:			
Personal and environmental support	-	-	18,344
Treatment services	-	-	18,900
Vocational and day services	-	-	20,113
Licensed or certified living arrangements	-	-	19,151
Institutional, hospital and commitment services	-	-	6,715
	-	-	<u>83,223</u>
Persons with mental retardation:			
Information and education	-	-	11,628
Coordination services	-	-	8,016
Personal and environmental support	-	-	78,061
Vocational and day services	-	-	186,920
Licensed or certified living arrangements	-	-	251,858
Institutional, hospital and commitment services	-	-	75,699
	-	-	<u>612,182</u>
Persons with other developmental disabilities:			
Information and education	-	-	2,326
Coordination services	-	-	3
Vocational and day services	-	-	7,950
	-	-	<u>10,279</u>
	-	-	<u>799,518</u>
County Environment Service Area:			
Environmental quality:			
Natural resources conservation	-	-	-
Weed eradication	25,748	-	-
Solid waste disposal	136,880	-	-
	<u>162,628</u>	-	-
Conservation and recreation services:			
Maintenance and operations	-	-	-
	<u>162,628</u>	-	-

Resource Enhance- ment and Protection	Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	-	18,344
-	-	-	-	-	-	-	18,900
-	-	-	-	-	-	-	20,113
-	-	-	-	-	-	-	19,151
-	-	-	-	-	-	-	6,715
-	-	-	-	-	-	-	83,223
-	-	-	-	-	-	-	11,628
-	-	-	-	-	-	-	8,016
-	-	-	-	-	-	-	78,061
-	-	-	-	-	-	-	186,920
-	-	-	-	-	-	-	251,858
-	-	-	-	-	-	-	75,699
-	-	-	-	-	-	-	612,182
-	-	-	-	-	-	-	2,326
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	7,950
-	-	-	-	-	-	-	10,279
-	-	-	-	-	-	-	799,518
-	10,000	-	-	-	-	-	10,000
-	-	-	-	-	-	-	25,748
-	-	-	-	-	-	-	136,880
-	10,000	-	-	-	-	-	172,628
20,752	-	-	-	-	-	-	20,752
20,752	10,000	-	-	-	-	-	193,380

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Rural Services	Secondary Roads	Mental Health
Expenditures (continued):			
Operating:			
Roads and Transportation Service Area:			
Secondary roads administration and engineering:			
Administration	6,395	63,266	-
Engineering	17,271	178,655	-
	<u>23,666</u>	<u>241,921</u>	<u>-</u>
Roadway maintenance:			
Bridges and culverts	5,812	126,855	-
Roads	72,330	1,553,518	-
Snow and ice control	9,940	128,572	-
Traffic controls	4,015	63,756	-
Road clearing	19,145	185,435	-
	<u>111,242</u>	<u>2,058,136</u>	<u>-</u>
General roadway:			
Equipment	-	449,749	-
Equipment operations	27,916	650,745	-
Tools, materials, and supplies	-	18,285	-
Real estate and buildings	-	81,846	-
	<u>27,916</u>	<u>1,200,625</u>	<u>-</u>
	<u>162,824</u>	<u>3,500,682</u>	<u>-</u>
Non-Program Service Area:			
Drainage district construction and repair	-	-	-
Debt Service Service Area:			
Drainage district warrants paid	-	-	-
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Capital Projects Service Area:			
Roadway construction	-	570,447	-
Total expenditures	<u>353,002</u>	<u>4,071,129</u>	<u>799,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,150,532</u>	<u>(1,019,770)</u>	<u>(234,502)</u>



Resource Enhance- ment and Protection	Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	-	69,661
-	-	-	-	-	-	-	195,926
-	-	-	-	-	-	-	265,587
-	-	-	-	-	-	-	132,667
-	-	-	-	-	-	-	1,625,848
-	-	-	-	-	-	-	138,512
-	-	-	-	-	-	-	67,771
-	-	-	-	-	-	-	204,580
-	-	-	-	-	-	-	2,169,378
-	-	-	-	-	-	-	449,749
-	-	-	-	-	-	-	678,661
-	-	-	-	-	-	-	18,285
-	-	-	-	-	-	-	81,846
-	-	-	-	-	-	-	1,228,541
-	-	-	-	-	-	-	3,663,506
-	-	-	-	-	-	415,278	415,278
-	-	-	-	-	-	166,661	166,661
-	-	-	-	-	-	17,569	17,569
-	-	-	-	-	-	184,230	184,230
-	-	-	-	-	-	-	570,447
20,752	10,000	-	40	-	2,146	599,508	5,856,095
(7,668)	(10,000)	2,425	(40)	128	(515)	(217,747)	(337,157)

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

	Rural Services	Secondary Roads	Mental Health
Other financing sources (uses):			
Sale of general fixed assets	-	55	-
Operating transfers in (out):			
Special Revenue:			
Rural Services	-	1,009,032	-
Secondary Roads	(1,009,032)	-	-
Flood and Erosion	(10,000)	-	-
Deferred payment contract	-	32,000	-
Capital lease purchase agreements	-	297,852	-
Drainage district warrant proceeds	-	-	-
Total other financing sources (uses)	<u>(1,019,032)</u>	<u>1,338,939</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	131,500	319,169	(234,502)
Fund balances beginning of year	280,832	2,068,026	663,451
Increase in reserve for:			
Inventories	-	106,927	-
Prepaid expenditures	-	13,669	-
Fund balances end of year	<u>\$ 412,332</u>	<u>2,507,791</u>	<u>428,949</u>

See accompanying independent auditor's report.

Resource Enhance- ment and Protection	Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	-	55
-	10,000	-	-	-	-	-	1,019,032
-	-	-	-	-	-	-	(1,009,032)
-	-	-	-	-	-	-	(10,000)
-	-	-	-	-	-	-	32,000
-	-	-	-	-	-	-	297,852
-	-	-	-	-	-	317,519	317,519
-	10,000	-	-	-	-	317,519	647,426
(7,668)	-	2,425	(40)	128	(515)	99,772	310,269
21,188	-	17,592	1,065	11,998	1,150	239,794	3,305,096
-	-	-	-	-	-	-	106,927
-	-	-	-	-	-	-	13,669
13,520	-	20,017	1,025	12,126	635	339,566	3,735,961

**Schedule 5**

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

	<u>Expendable</u>		
	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 5,881	1,154,486	1,160,367
Other County officials	-	3,278	3,278
Receivables:			
Property tax:			
Delinquent	-	15,885	15,885
Succeeding year	-	7,047,000	7,047,000
Accounts	-	18,265	18,265
Accrued interest	-	563	563
Special assessments	-	174,840	174,840
Future drainage assessments	-	457,502	457,502
Due from other funds	-	41,046	41,046
Due from other governments	-	528	528
<b>Total assets</b>	<b>\$ 5,881</b>	<b>8,913,393</b>	<b>8,919,274</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	40,193	40,193
Due to other funds	-	8,522	8,522
Due to other governments	-	8,406,553	8,406,553
Drainage warrants payable	-	449,975	449,975
Compensated absences	-	8,150	8,150
Total liabilities	-	8,913,393	8,913,393
Fund equity:			
Unreserved fund balance	5,881	-	5,881
<b>Total liabilities and fund equity</b>	<b>\$ 5,881</b>	<b>8,913,393</b>	<b>8,919,274</b>

See accompanying independent auditor's report.

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

	Conservation Land Acquisition Trust	Conservation Trust	Total
<b>Assets</b>			
Cash and pooled investments	\$ 128	5,753	5,881
<b>Liabilities and Fund Equity</b>			
Liabilities:			
None	\$ -	-	-
Fund equity:			
Unreserved fund balances	128	5,753	5,881
<b>Total liabilities and fund equity</b>	<b>\$ 128</b>	<b>5,753</b>	<b>5,881</b>

See accompanying independent auditor's report.

**Schedule 7**

---

Monona County

Expendable Trust Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2002

	Conserva- tion Land Acquisition Trust	Conser- vation Trust	Total
Revenues:			
Miscellaneous:			
Donations	\$ -	30	30
Other	-	50	50
Total revenues	-	80	80
Expenditures:			
None	-	-	-
Excess of revenues over expenditures	-	80	80
Fund balances beginning of year	128	5,673	5,801
Fund balances end of year	\$ 128	5,753	5,881

See accompanying independent auditor's report.

**Monona County**

Monona County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	County Offices		Agricultural Extension Education
	County Recorder	County Sheriff	
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ -	-	1,155
Other County officials	2,976	302	-
Receivables:			
Property tax:			
Delinquent	-	-	122
Succeeding year	-	-	70,000
Accounts	581	21	-
Accrued interest	-	-	-
Special assessments	-	-	-
Future drainage assessments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 3,557</b>	<b>323</b>	<b>71,277</b>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Due to other funds	3,467	323	-
Due to other governments	90	-	71,277
Drainage district warrants payable	-	-	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>\$ 3,557</b>	<b>323</b>	<b>71,277</b>



County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
117,923	75,036	4,287	32,213	2,249	153,727
-	-	-	-	-	-
384	7,923	454	6,873	125	-
238,000	4,742,000	390,000	1,439,000	166,000	-
975	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>357,282</b>	<b>4,824,959</b>	<b>394,741</b>	<b>1,478,086</b>	<b>168,374</b>	<b>153,727</b>
-	-	-	-	-	-
-	-	-	-	-	4,732
349,987	4,824,959	394,741	1,478,086	168,374	148,995
-	-	-	-	-	-
7,295	-	-	-	-	-
<b>357,282</b>	<b>4,824,959</b>	<b>394,741</b>	<b>1,478,086</b>	<b>168,374</b>	<b>153,727</b>

Monona County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	Brucellosis and Tuberculosis Eradication	Drainage Districts	Emergency Management Services
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	91	548,688	55,627
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	4	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Accrued interest	-	402	47
Special assessments	-	-	-
Future drainage assessments	-	457,502	-
Due from other funds	-	41,046	-
Due from other governments	-	528	-
<b>Total assets</b>	<b>2,095</b>	<b>1,048,166</b>	<b>55,674</b>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	-	40,122	-
Due to other funds	-	-	-
Due to other governments	2,095	558,069	54,819
Drainage district warrants payable	-	449,975	-
Compensated absences	-	-	855
<b>Total liabilities</b>	<b>2,095</b>	<b>1,048,166</b>	<b>55,674</b>

See accompanying independent auditor's report.

City Special Assess- ments	Radio Tower	E911 Surcharge	E911 Operations	Advance Tax	Total
-	8,430	146,709	1,188	7,163	1,154,486
-	-	-	-	-	3,278
-	-	-	-	-	15,885
-	-	-	-	-	7,047,000
-	-	16,688	-	-	18,265
-	-	114	-	-	563
174,840	-	-	-	-	174,840
-	-	-	-	-	457,502
-	-	-	-	-	41,046
-	-	-	-	-	528
<b>174,840</b>	<b>8,430</b>	<b>163,511</b>	<b>1,188</b>	<b>7,163</b>	<b>8,913,393</b>
-	71	-	-	-	40,193
-	-	-	-	-	8,522
174,840	8,359	163,511	1,188	7,163	8,406,553
-	-	-	-	-	449,975
-	-	-	-	-	8,150
<b>174,840</b>	<b>8,430</b>	<b>163,511</b>	<b>1,188</b>	<b>7,163</b>	<b>8,913,393</b>

Monona County  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year ended June 30, 2002

	County Offices	
	County Recorder	County Sheriff
<b>Assets and Liabilities</b>		
Balances beginning of year	\$ 8,656	574
Additions:		
Property and other County tax	-	-
E911 surcharge	-	-
State tax credits	-	-
State allocation	-	-
Office fees and collections	118,799	130,484
Auto licenses, use tax and postage	-	-
Assessments	-	-
Trusts	-	7,522
Miscellaneous	-	-
Total additions	118,799	138,006
Deductions:		
Agency Remittances:		
To other funds	62,956	130,227
To other governments	60,942	257
Trusts paid out	-	7,773
Total deductions	123,898	138,257
Balances end of year	\$ 3,557	323

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships	Auto License and Use Tax
71,373	299,263	4,669,963	264,853	1,559,679	148,507	177,745
70,202	243,596	4,745,817	390,710	1,427,571	181,170	-
-	-	-	-	-	-	-
5,062	15,903	329,139	18,795	147,574	9,622	-
-	2,138	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,141,559
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,432	-	-	-	-	-
75,264	272,069	5,074,956	409,505	1,575,145	190,792	2,141,559
-	-	-	-	-	-	67,090
75,360	214,050	4,919,960	279,617	1,656,738	170,925	2,098,487
-	-	-	-	-	-	-
75,360	214,050	4,919,960	279,617	1,656,738	170,925	2,165,577
71,277	357,282	4,824,959	394,741	1,478,086	168,374	153,727

Monona County  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2002

	Brucellosis and Tuberculosis Eradication	Drainage Districts	Emergency Management Services
<b>Assets and Liabilities</b>			
Balances beginning of year	2,040	689,723	41,957
Additions:			
Property and other County tax	2,098	-	-
E911 surcharge	-	-	-
State tax credits	151	-	-
State allocation	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	962,202	-
Trusts	-	-	-
Miscellaneous	-	395,165	61,563
Total additions	2,249	1,357,367	61,563
Deductions:			
Agency Remittances:			
To other funds	-	-	-
To other governments	2,194	1,448,899	47,846
Trusts paid out	-	-	-
Total deductions	2,194	1,448,899	47,846
Balances end of year	2,095	598,191	55,674

See accompanying independent auditor's report.

City Special Assess- ments	Radio Tower	Tax Sale Redemp- tion	E911 Surcharge	E911 Operations	Advance Tax	Total
4,675	-	-	186,751	1,087	600	8,127,446
-	-	-	-	-	-	7,061,164
-	-	-	73,388	-	-	73,388
-	-	-	-	-	-	526,246
-	-	-	-	-	-	2,138
-	-	-	-	-	-	249,283
-	-	-	-	-	-	2,141,559
183,598	-	-	-	-	-	1,145,800
-	-	57,881	-	-	7,163	72,566
-	12,000	-	2,598	101	-	481,859
183,598	12,000	57,881	75,986	101	7,163	11,754,003
-	-	-	-	-	-	260,273
13,433	3,570	-	99,226	-	-	11,091,504
-	-	57,881	-	-	600	66,254
13,433	3,570	57,881	99,226	-	600	11,418,031
174,840	8,430	-	163,511	1,188	7,163	8,463,418

**Schedule 10**

## Monona County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
<b>Taxes:</b>				
Property and other County tax	\$ 3,646,382	2,919,965	2,864,074	2,956,302
Local option sales tax	276,474	244,160	276,289	292,569
Utility tax replacement excise tax	99,864	85,082	-	-
Other	2,560	2,104	1,810	1,775
	<u>4,025,280</u>	<u>3,251,311</u>	<u>3,142,173</u>	<u>3,250,646</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Franchise tax	14,010	11,581	12,632	14,064
Road use tax allocation	2,385,893	2,287,888	2,321,155	2,262,446
Other	618	618	618	1,348
State grants and reimbursements including indirect federal funding:				
Home care aide grant	35,859	65,208	46,539	47,686
Human services administrative reimbursements	20,650	30,210	31,839	32,375
Public health nursing grant	32,695	26,918	19,036	16,880
Childhood lead poisoning prevention projects	22,817	22,875	22,875	24,400
Social services block grant	58,119	60,830	60,657	60,311
MH-DD community services fund allocation	-	76,094	76,947	71,619
Resource enhancement and protection	12,689	9,255	8,823	8,048
Highway planning and construction grant	-	-	188,561	111,917
County bridge construction funding	-	-	52,332	447,668
Project reimbursements	-	22,501	23,422	48,463
Community development block grant	-	345,079	79,071	117,587
Other	171,899	153,080	130,898	106,117
State tax replacements:				
State tax credits	253,190	222,340	229,607	241,090
State allocation	90,535	96,578	96,857	96,742
Mental health property tax relief allocation	347,513	389,710	347,514	347,514
MH-DD allowed growth factor adjustment	-	7,135	47,985	40,072
Direct federal grants and entitlements:				
Watershed protection and flood prevention	79,659	103,605	39,592	32,000
Medicare and medicaid	278,889	309,602	259,963	274,877
Other	33,179	21,100	37,516	10,650
Contributions and reimbursements from other governmental units:				
Communications and contract law enforcement	50,147	50,041	48,333	50,000
Drainage district services	70,019	88,169	81,427	80,281
Project reimbursements	132,923	61,877	275,933	86,357
Elections	24,180	17,717	20,033	14,997
Other	124,279	33,864	75,040	19,373
Payments in lieu of taxes	398	278	499	322
	<u>4,240,160</u>	<u>4,514,153</u>	<u>4,635,704</u>	<u>4,665,204</u>
<b>Total</b>	<u>\$ 8,265,440</u>	<u>7,765,464</u>	<u>7,777,877</u>	<u>7,915,850</u>

See accompanying independent auditor's report.





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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of Monona County:

We have audited the general purpose financial statements of Monona County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated February 14, 2003. 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 Monona County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (5).

**Internal Control Over Financial Reporting**

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

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

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

February 14, 2003

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

Monona County  
Schedule of Findings  
Year ended June 30, 2002

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

- (A) Segregation of Duties - During our review of internal control, 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 County Sheriff's office may have control over the responsibilities for collection, deposit preparation and reconciliation functions and recording and accounting for cash receipts for which no compensating control exist.

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

Response - Currently, attempts are being made to review both incoming checks and cash. Due to few staff it is hard to have different staff do multiple jobs. Currently, dispatch staff checks in all checks received via the mail. The County Sheriff and the dispatcher supervisor then compare the deposits against checks received to make sure that they match. Two signatures are required on all checks written from the County Sheriff's account. The clerk is not a signature person on these checks. Deposits in the County Sheriff's account and the checks written are done by the clerk and reviewed by the County Sheriff and the dispatch supervisor. Cash that is received is deposited daily and this deposit is verified by the County Sheriff. Only cash received would be from the issuance of gun permits.

Conclusion - Response accepted.

- (B) Electronic Data Processing Systems - The following weaknesses in the County's computer based systems were noted:
- A time out and/or log off function, which will protect a terminal or PC if left unattended is not in place.
  - Passwords are not changed at least every 60-90 days
  - Critical files that reside on a stand-alone PC should be backed up using the same procedures as the main frame computer.

Monona County

Schedule of Findings

Year ended June 30, 2002

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

Recommendation - Although the County does have written policies, the above controls should be added to insure protection, privacy and limit access to computer terminals. A complete written disaster recovery plan should be developed.

Response - The comments as set out above are currently correct. However, the Board of Supervisors have entered into an agreement with Jeremy Yanak and Brian Kepner d/b/a Iowa Computers, Inc. to provide services for programming all of the above stated issues. The project is to commence in this fiscal year.

Conclusion - Response accepted.

- (C) Time Clocks - Where time clocks are in use, they were not consistently used by certain employees.

Recommendation - Where time clocks are in use, employees should be required to use the time clocks in order to accurately record time in and out. For internal control, as well as for potential legal claims (payroll disputes/grievances), time cards would provide an accurate record of hours worked. Time cards also provide a record and documentation of authorized absences from work or any other variations from the normal work week. Supervisory review and approval should be required to provide the assurance that the time cards are correct.

Response - Employees time cards are reviewed by the Supervisor prior to payroll to match worked hours to scheduled hours. Employees will be made aware of the need for accurate accountability.

Conclusion - Response accepted.

- (D) Cellular Phone, Phone Card and Credit Card Policies - Expenditures were made by the County for cellular telephone service, telephone credit card charges and other credit card charges. However, written policies governing the use of cellular phones, telephone credit cards, and other credit cards have not been adopted.

Recommendation - The Board of Supervisors, in conjunction with the various office and department heads, should establish written policies governing the use of cellular phones, telephone cards and other credit cards. In addition, cellular phone bills, phone bills and credit card bills should be scrutinized for proper usage by office and department heads, the County Auditor's office and the Board of Supervisors.

Response - The Board of Supervisors will schedule a meeting with the various offices and department heads to establish a written policy governing the use of cellular phones, telephone cards and other credit cards for proper usage and bills will be scrutinized by the appropriate department head, County Auditor and Board of Supervisors.

Conclusion - Response accepted.

Monona County

Schedule of Findings

Year ended June 30, 2002

- (E) Public Health Nurse Receivables - Accounts receivable listings were not retained at the end of each month. Also, amounts billed, collections and accounts receivable for medicare, medicaid and other reimbursements were not reconciled.

Also, uncollected accounts written off during the year were not approved by the Local Board of Health.

Recommendation - Accounts receivable listings should be retained and billings, collections and accounts receivable should be reconciled monthly. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response - Accounts receivable listings will be retained and a reconciliation of billings, collections and accounts receivable will be prepared monthly. The Local Board of Health will review and approve all write-offs of uncollectible accounts.

Conclusion - Response accepted.

- (F) Sanitarian/Zoning/Well Closing Office - Prenumbered receipts are not issued.

Recommendation - Prenumbered receipts should be issued for all collections.

Response - We will issue prenumbered receipts for all collections.

Conclusion - Response accepted.

- (G) County Vehicle Policy - The County owns vehicles for use by various employees while on County business. The County has not established a complete formal policy to regulate the use of these vehicles.

Recommendation - The County should adopt a complete formal written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle uses, reimbursement by employees for personal use, and additional compensation for employees. Documentation required should include mileage logs to be maintained and turned in periodically.

Response - The current vehicle policies have been referred to the County Attorney for review and recommendations as to appropriate language to be merged with IRS regulations and compliance.

Conclusion - Response accepted.

- (H) County Treasurer - During the year, receipts for cash collections were not written when cash was received and cash was not placed in the cash drawer at the time of collection. The County incurred a loss of approximately \$1,200 on April 5, 2002 when cash was taken from the vault.

Monona County

Schedule of Findings

Year ended June 30, 2002

Recommendation - All money should be recorded on the system and a receipt should be printed immediately upon collection. The audit trail should allow each transaction to be traced back to the individual that entered that transaction.

Response - We are now making sure collections are immediately receipted into the system. Individuals log on with their own cashier number allowing each transaction to be traced back to the individual that entered that transaction. A security camera system has been installed to monitor the office.

Conclusion - Response accepted.

Monona County  
Schedule of Findings  
Year ended June 30, 2002

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

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

The County did not prepare a new depository resolution when Firststar Bank became U.S. Bank.

Recommendation - A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board.

Response - A resolution is on the February 25, 2003 Supervisors' agenda for the consideration and adoption as to the naming of the official depositories. We will endeavor to be more alert to name changes of our depositories and more timely to have the Supervisors adopt the appropriate resolution.

Conclusion - Response accepted.

- (2) Certified Budget - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted. Disbursements in one department exceeded the appropriation before it was amended.

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

Response - The County Auditor is knowledgeable of this requirement and will be more diligent in the future that this does not occur again.

Conclusion - Response accepted.

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

- (4) Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Monona County

Schedule of Findings

Year ended June 30, 2002

- (5) Business Transactions - The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Richard Merritt, Sr., Board of Supervisor, owner of Merritt Pumping Service	Cesspool pumping	\$ 610
Gregory Collett, husband of County Treasurer's Office employee, owner of CBS	Windows for law enforcement building remodeling and establish bid specifications	1,537
Walter Fox, Jr., son of County Auditor's office employee, owner of Arcola Repair	Service County Sheriff's car	19

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Merritt Pumping Service and Arcola Repair do not appear to represent conflicts of interest since total cumulative transactions by individual were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342(10) of the Code, the transaction with CBS may represent a conflict of interest since the total cumulative transactions exceeded \$1,500 during the fiscal year.

Recommendation - The County should consult with legal counsel to determine the disposition of these matters.

Response - As to Collett and Fox, the expenditures were not made from the employees office. The employee did not make the contract. I don't believe there is a conflict of interest.

As to Mr. Merritt, the amount is minimal. However, in the future there should be competitive bidding and Mr. Merritt should not participate in decision making.

Conclusion - Response accepted. Chapter 331.342(10) of the Code of Iowa should be complied with in the future.

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



Monona County

Schedule of Findings

Year ended June 30, 2002

- (8) Deposits and Investments - Except as noted above, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) Deferred Payment Contract - During the year ended June 30, 2002, the County entered into a deferred payment contract with the Iowa Department of Revenue and Finance for the purchase of real estate in Mapleton, Iowa. However, a public hearing was not held prior to the authorization of this deferred payment contract as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Chapter 331.478 of the Code of Iowa allows a County to authorize, by resolution, non-current debt, including installment purchase contracts and other formal debt instruments or obligations other than bonds, payable from resources accruing after the end of the fiscal year in which the debt is incurred, in accordance with Chapter 331.479 of the Code of Iowa. Chapter 331.479 of the Code of Iowa requires a notice of public hearing to be published and a public hearing to be held before the Board may institute proceedings for the incurrence of non-current debt.

Recommendation - The County should consult legal counsel for the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a deferred payment contract as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Response - I agree with the recommendation above.

Conclusion - Response accepted.

- (11) Health Insurance - The County provides employees health insurance and other benefits through partial self funding of the County's health insurance plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

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

Response - The County Auditor has contacted the Insurance Broker for the County's health insurance program to discuss this comment and recommendation.

Conclusion - Response acknowledged.

Monona County

Schedule of Findings

Year ended June 30, 2002

- (12) 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.

---

Monona County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor  
Nicholas A. Freymann, CGFM, Senior Auditor  
Kip M. Druecker, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State