



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 13, 2003

Contact: Andy Nielsen  
515/281-5515

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

The County had local tax revenue of \$10,889,468 for the year ended June 30, 2002, which included \$781,769 in tax credits from the state. The County forwarded \$7,577,570 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,311,898 of the local tax revenue to finance County operations, a ten percent increase from the prior year. Other revenues included \$3,801,664 from the state, including indirect federal funding, \$324,426 from the federal government, \$114,312 in local option sales tax and \$212,714 in interest on investments.

Expenditures for County operations totaled \$8,331,437, a 12 percent decrease from the prior year. Expenditures included \$2,455,997 for roads and transportation, \$925,865 for mental health and \$872,398 for public safety.

The significant increase in revenues is due primarily to an increase in the tax levied for the General and Mental Health Funds. The significant decrease in expenditures is primarily due to a decrease in drainage district debt service, construction and repair, and a decrease in secondary roads department roadway maintenance and equipment purchases.

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

# # #



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

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**Pocahontas County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Paul R. Beneke	Board of Supervisors	Jan 2003
Vincent Triggs	Board of Supervisors	Jan 2003
Ralph E. Christiansen	Board of Supervisors	Jan 2005
Jack Dewolf	Board of Supervisors	Jan 2005
C. Wilbur Ekstrand	Board of Supervisors	Jan 2005
Margene A. Bunda	County Auditor	Jan 2005
Shirlee E. Dense	County Treasurer	Jan 2003
Michael P. Bollard	County Recorder	Jan 2003
Robert Lampe	County Sheriff	Jan 2005
Ann E. Beneke	County Attorney	Jan 2003
Brian H. De Wall	County Assessor	Jan 2004

**Pocahontas County**



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**Independent Auditor's Report**

To the Officials of Pocahontas County:

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

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

The general purpose financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Pocahontas 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 Pocahontas County for the year ended June 30, 2002.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2002 on our consideration of Pocahontas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the materials and supplies inventory pertaining primarily to the Special Revenue Funds. 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

December 9, 2002

**Pocahontas County**



## **Financial Statements**

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

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	General	Special Revenue	Internal Service
<b>Assets and Other Debits</b>			
Cash and pooled investments:			
County Treasurer	\$ 355,160	5,225,000	77,379
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	7,025	1,963	-
Succeeding year	2,516,000	1,126,000	-
Interest and penalty on property tax	71,392	-	-
Accounts	59,729	14,257	-
Accrued interest	24,584	-	-
Special assessments	-	-	-
Drainage assessments:			
Current	-	642,839	-
Future	-	35,366	-
Due from other funds (note 3)	3,849	-	-
Due from other governments	110,932	236,117	-
Inventories	22,180	-	-
Prepaid insurance	95,810	29,730	-
Property and equipment (note 4)	-	-	-
Amount available for drainage warrants/ drainage improvement certificates	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of drainage warrants/drainage improvement certificates	-	-	-
<b>Total assets and other debits</b>	<b>\$ 3,266,661</b>	<b>7,311,272</b>	<b>77,379</b>

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
559,721	-	-	6,217,260
100	-	-	100
50,647	-	-	59,635
7,024,000	-	-	10,666,000
-	-	-	71,392
14,331	-	-	88,317
-	-	-	24,584
234,622	-	-	234,622
-	-	-	642,839
-	-	-	35,366
57	-	-	3,906
-	-	-	347,049
-	-	-	22,180
-	-	-	125,540
-	9,419,449	-	9,419,449
-	-	451,255	451,255
-	-	141,320	141,320
-	-	380,617	380,617
<b>7,883,478</b>	<b>9,419,449</b>	<b>973,192</b>	<b>28,931,431</b>

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

	Governmental Fund Types		Proprietary Fund Type
	General	Special Revenue	Internal Service
<b>Liabilities, Fund Equity and Other Credits</b>			
Liabilities:			
Excess of checks outstanding over cash balance	\$ -	-	-
Accounts payable	45,905	89,450	3,441
Salaries and benefits payable	81,562	40,430	-
Due to other funds (note 3)	57	-	-
Due to other governments (note 5)	40,219	71,983	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,516,000	1,126,000	-
Other	88,779	692,261	-
Drainage warrants payable (note 6)	-	-	-
Drainage improvement certificates payable (note 6)	-	-	-
Compensated absences	27,644	14,995	-
<b>Total liabilities</b>	<b>2,800,166</b>	<b>2,035,119</b>	<b>3,441</b>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	73,938
Fund balances:			
Reserved for:			
Supplemental levy purposes	61,593	-	-
Inventories	22,180	-	-
Prepaid insurance	95,810	29,730	-
Drainage warrants/drainage improvement certificates	-	451,255	-
Unreserved	286,912	4,795,168	-
<b>Total fund equity and other credits</b>	<b>466,495</b>	<b>5,276,153</b>	<b>73,938</b>
<b>Total liabilities, fund equity     and other credits</b>	<b>\$ 3,266,661</b>	<b>7,311,272</b>	<b>77,379</b>

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
147	-	-	147
40,484	-	-	179,280
9,959	-	-	131,951
3,849	-	-	3,906
7,750,530	-	-	7,862,732
4,986	-	-	4,986
-	-	-	3,642,000
-	-	-	781,040
-	-	622,485	622,485
-	-	209,387	209,387
21,732	-	141,320	205,691
7,831,687	-	973,192	13,643,605
-	9,419,449	-	9,419,449
-	-	-	73,938
-	-	-	61,593
-	-	-	22,180
-	-	-	125,540
-	-	-	451,255
51,791	-	-	5,133,871
51,791	9,419,449	-	15,287,826
7,883,478	9,419,449	973,192	28,931,431

**Exhibit B**

## Pocahontas County

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

Year ended June 30, 2002

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	
<b>Revenues:</b>				
Property and other County tax	\$1,772,142	1,433,498	-	3,205,640
Interest and penalty on property tax	20,227	-	-	20,227
Intergovernmental	844,712	3,615,886	2,592	4,463,190
Licenses and permits	20,061	2,455	-	22,516
Charges for service	294,787	32,367	10,492	337,646
Use of money and property	217,300	4,286	3,137	224,723
Miscellaneous	75,732	526,071	604	602,407
<b>Total revenues</b>	<b>3,244,961</b>	<b>5,614,563</b>	<b>16,825</b>	<b>8,876,349</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety	866,097	6,301	-	872,398
Court services	29,948	-	-	29,948
Physical health and education	548,697	45,000	-	593,697
Mental health	-	925,865	-	925,865
Social services	554,914	-	-	554,914
County environment	430,779	134,408	-	565,187
Roads and transportation	-	2,455,997	-	2,455,997
State and local government services	223,862	1,302	-	225,164
Interprogram services	786,768	-	-	786,768
Non-program	22,480	223,966	-	246,446
Debt service	-	785,096	-	785,096
Capital projects	-	267,053	22,904	289,957
<b>Total expenditures</b>	<b>3,463,545</b>	<b>4,844,988</b>	<b>22,904</b>	<b>8,331,437</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(218,584)</b>	<b>769,575</b>	<b>(6,079)</b>	<b>544,912</b>

Pocahontas 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	Fund Type Expendable Trust	
Other financing sources (uses):				
Sale of general fixed assets	-	25,549	-	25,549
Operating transfers in	-	850,000	-	850,000
Operating transfers out	(50,000)	(800,000)	-	(850,000)
Drainage warrant/drainage improvement certificate proceeds	-	410,866	-	410,866
Total other financing sources (uses)	(50,000)	486,415	-	436,415
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(268,584)	1,255,990	(6,079)	981,327
Fund balances beginning of year	733,258	4,040,744	57,870	4,831,872
Increase (decrease) in reserve for:				
Inventories	(8,725)	-	-	(8,725)
Prepaid insurance	10,546	(20,581)	-	(10,035)
Fund balances end of year	\$ 466,495	5,276,153	51,791	5,794,439

See notes to financial statements.

Pocahontas 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
<b>Receipts:</b>		
Property and other County tax	\$ 3,188,166	-
Interest and penalty on property tax	20,227	-
Intergovernmental	4,395,338	452,612
Licenses and permits	22,516	-
Charges for service	338,203	-
Use of money and property	262,888	-
Miscellaneous	574,966	506,339
Total receipts	<u>8,802,304</u>	<u>958,951</u>
<b>Disbursements:</b>		
Public safety	887,836	-
Court services	29,119	-
Physical health and education	552,377	-
Mental health	911,693	-
Social services	543,926	-
County environment	587,176	-
Roads and transportation	2,648,739	-
State and local government services	222,581	-
Interprogram services	820,487	-
Non-program	250,944	228,743
Debt service	785,096	785,096
Capital projects	283,317	-
Total disbursements	<u>8,523,291</u>	<u>1,013,839</u>
Excess (deficiency) of receipts under disbursements	279,013	(54,888)
Other financing sources, net	436,415	410,866
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	715,428	355,978
Balance beginning of year	<u>4,915,539</u>	<u>523,807</u>
Balance end of year	<u>\$ 5,630,967</u>	<u>879,785</u>

See notes to financial statements.



Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,188,166	3,099,241	88,925	103%
20,227	15,000	5,227	135%
3,942,726	4,439,787	(497,061)	89%
22,516	19,750	2,766	114%
338,203	254,485	83,718	133%
262,888	304,825	(41,937)	86%
68,627	43,300	25,327	158%
<u>7,843,353</u>	<u>8,176,388</u>	<u>(333,035)</u>	<u>96%</u>
887,836	914,193	26,357	97%
29,119	68,800	39,681	42%
552,377	824,455	272,078	67%
911,693	1,094,200	182,507	83%
543,926	864,813	320,887	63%
587,176	616,288	29,112	95%
2,648,739	3,113,900	465,161	85%
222,581	224,574	1,993	99%
820,487	910,457	89,970	90%
22,201	25,504	3,303	87%
-	-	-	
283,317	421,674	138,357	67%
<u>7,509,452</u>	<u>9,078,858</u>	<u>1,569,406</u>	<u>83%</u>
333,901	(902,470)		
25,549	500		
359,450	(901,970)		
<u>4,391,732</u>	<u>4,448,379</u>		
<u>4,751,182</u>	<u>3,546,409</u>		

**Exhibit D**

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## Pocahontas County

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

## Proprietary Fund Type

Year ended June 30, 2002

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from employees and others		\$ 12,389
Reimbursements from operating funds		<u>2,672</u>
Total operating revenues		15,061
Operating expenses:		
Medical claims	\$ 40,556	
Insurance premiums	11,972	
Administrative fees	<u>6,216</u>	<u>58,744</u>
Operating loss		(43,683)
Non-operating revenues:		
Interest on investments		<u>2,233</u>
Net loss		(41,450)
Retained earnings beginning of year		<u>115,388</u>
Retained earnings end of year		<u><u>\$ 73,938</u></u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 2,672
Cash received from employees and others	12,389
Cash payments for medical claims	(40,553)
Cash paid for insurance premiums	(11,972)
Cash paid for administrative fees	(6,216)
Net cash used for operating activities	(43,680)
Cash flows from investing activities:	
Interest on investments	2,233
Net decrease in cash and cash equivalents	(41,447)
Cash and cash equivalents at beginning of year	118,826
Cash and cash equivalents at end of year	\$ 77,379
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (43,683)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Increase in accounts payable	3
Net cash used by operating activities	\$ (43,680)

See notes to financial statements.

Pocahontas County

Notes to Financial Statements

June 30, 2002

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

Pocahontas 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, Pocahontas 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 Pocahontas 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 Pocahontas County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Pocahontas 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: Pocahontas County Assessor's Conference Board, Pocahontas County Emergency Management Commission, Pocahontas County E911 Service Board and Pocahontas County Development Commission officially named Resources Unlimited. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Northwest Iowa Multicounty Regional Juvenile Detention Center, Pocahontas County Solid Waste Commission, Region V Hazardous Material Commission and Northwest Central Iowa Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Mental Health Center, North Central Alcohol Research Foundation, Second Judicial District Department of Correctional Services and MIDAS Council of Governments.

#### B. Fund Accounting

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

##### Governmental Funds

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

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

##### Proprietary Fund

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

##### Fiduciary Funds

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

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

#### Account Groups

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

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

#### C. Measurement Focus

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

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

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

#### D. Basis of Accounting

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

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general

long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

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

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

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

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

Inventories - Inventories are valued at current market prices as of June 30, 2002. Inventories consist of grain stored in a local elevator which had not been sold as of June 30, 2002. Revenue is reported at the time the grain is sold. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

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



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

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

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

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused compensatory and 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 at 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 funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas. 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, 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 Emergency Management Services by the County Emergency Management Commission and for the E911 System by the E911 Service Board.

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

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$3,203,228	41,733	3,244,961	5,582,426	32,137	5,614,563
Expenditures	3,477,856	(14,311)	3,463,545	5,022,531	(177,543)	4,844,988
Net	(274,628)	56,044	(218,584)	559,895	209,680	769,575
Other financing sources (uses)	(50,000)	-	(50,000)	486,415	-	486,415
Beginning fund balances	679,788	53,470	733,258	4,178,690	(137,946)	4,040,744
Increase (decrease) in reserve for:						
Inventories	-	(8,725)	(8,725)	-	-	-
Prepaid insurance	-	10,546	10,546	-	(20,581)	(20,581)
Ending fund balances	\$ 355,160	111,335	466,495	5,225,000	51,153	5,276,153

  

	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 16,650	175	16,825	8,802,304	74,045	8,876,349
Expenditures	22,904	-	22,904	8,523,291	(191,854)	8,331,437
Net	(6,254)	175	(6,079)	279,013	265,899	544,912
Other financing sources (uses)	-	-	-	436,415	-	436,415
Beginning fund balances	57,061	809	57,870	4,915,539	(83,667)	4,831,872
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(8,725)	(8,725)
Prepaid insurance	-	-	-	-	(10,035)	(10,035)
Ending fund balances	\$ 50,807	984	51,791	5,630,967	163,472	5,794,439

G. Total (Memorandum Only)

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

**(2) Cash and Pooled Investments**

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

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

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.

**(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: Auto License and Use Tax	\$ 3,849
Trust and Agency: County Recorder	General	57
Total		<u>\$ 3,906</u>

**(4) Property and Equipment**

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 858,563	6,352	-	864,915
Buildings	2,003,562	123,207	-	2,126,769
Equipment	6,335,278	292,547	200,060	6,427,765
Total	<u>\$ 9,197,403</u>	<u>422,106</u>	<u>200,060</u>	<u>9,419,449</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:

Fund	Description	Amount
General	Services	\$ 40,219
Special Revenue:		
Secondary Roads	Services	856
Mental Health		71,127
		<u>71,983</u>
Trust and Agency:		
County Assessor	Collections	228,051
Schools		5,090,887
Community Colleges		298,794
Corporations		1,308,958
Auto License and Use Tax		119,390
Emergency Management Services		30,032
E911		91,473
Economic Development		57,403
All other		525,542
		<u>7,750,530</u>
Total		<u>\$ 7,862,732</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:

	Drainage Warrants	Drainage Improvement Certificates	Compen-sated Absences	Total
Balance beginning of year	\$ 1,069,987	42,125	133,576	1,245,688
Additions	214,867	195,999	7,744	418,610
Reductions	662,369	28,737	-	691,106
Balance end of year	<u>\$ 622,485</u>	<u>209,387</u>	<u>141,320</u>	<u>973,192</u>

Drainage Warrants/Drainage Improvement Certificates Payable

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

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments

over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from special assessments against benefited properties and funds available from the alternative drainage system assistance program administered by the Iowa Department of Agriculture and Land Stewardship.

**(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 5.59% and 8.39%, 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 \$157,325, \$152,094 and \$143,632, respectively, equal to the required contributions for each year.

**(8) Employee Group Health**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance plan. The plan is funded by both employee and County contributions and is administered through a service agreement with T.P.A., Ltd. The agreement is subject to automatic renewal provisions.

Monthly contributions to the Internal Service, Employee Group Health Fund are recorded as expenditures from the operating funds. These contributions represent the difference between premiums required for a higher deductible and those for a lower deductible. Payments from the Internal Service, Employee Group Health Fund are for insurance premiums, employee reimbursements of medical claims up to the individual's funded deductible and administrative costs.

**(9) Risk Management**

Pocahontas County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Pocahontas County**

## **Supplemental Information**

**Pocahontas County**



## Pocahontas County

## General Fund

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

Year ended June 30, 2002

## Revenues:

Property and other County tax		
Property tax	\$ 1,706,905	
Utility tax replacement excise tax	63,646	
Other	<u>1,591</u>	\$ 1,772,142
Interest and penalty on property tax		20,227
Intergovernmental:		
State shared revenues:		
Franchise tax	<u>11,405</u>	
State grants and reimbursements including indirect federal funding:		
Home care aide grant	57,412	
Public health nursing grant	31,672	
Human services administration reimbursement	17,309	
Juvenile justice county base reimbursement	6,766	
Well testing and abandonment	14,909	
District court fees	5,241	
Other	<u>108,860</u>	
	<u>242,169</u>	
State tax replacements:		
State tax credits	132,287	
State allocation	<u>80,852</u>	
	<u>213,139</u>	
Direct federal grants and entitlements:		
Medicare and medicaid	<u>324,426</u>	
Contributions and reimbursements from other governmental units:		
Election reimbursements	7,596	
Prisoner care	3,240	
Other	<u>42,737</u>	
	<u>53,573</u>	844,712
Licenses and permits		20,061
Charges for service:		
Office fees and collections	66,463	
Auto registration, use tax and mailing	59,918	
Home care aide service	118,003	
Nursing service	12,703	
Other	<u>37,700</u>	294,787

**Schedule 1**

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## Pocahontas County

## General Fund

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

Year ended June 30, 2002

Use of money and property:		
Interest on investments	208,149	
Rent	8,540	
Other	<u>611</u>	217,300
Miscellaneous:		
Sale of grain	29,384	
Other	<u>46,348</u>	<u>75,732</u>
Total revenues		<u>3,244,961</u>
Expenditures:		
Operating:		
Public safety		866,097
Court services		29,948
Physical health and education		548,697
Social services		554,914
County environment		430,779
State and local government services		223,862
Interprogram services		786,768
Non-program		<u>22,480</u>
Total expenditures		<u>3,463,545</u>
Deficiency of revenues under expenditures		(218,584)
Other financing uses:		
Operating transfers out:		
Special Revenue:		
Secondary Roads		<u>(50,000)</u>
Deficiency of revenues under expenditures and other financing uses		(268,584)
Fund balance beginning of year		733,258
Increase (decrease) in reserve for:		
Inventories	(8,725)	
Prepaid insurance	<u>10,546</u>	<u>1,821</u>
Fund balance end of year		<u>\$ 466,495</u>

See accompanying independent auditor's report.

## Pocahontas County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## Public Safety Service Area:

## Law enforcement:

Uniformed patrol services	\$ 270,710	
Investigations	9,658	
Law enforcement communication	183,677	
Adult correction services	52,804	
Administration	171,226	
	<u>688,075</u>	

## Legal services:

Criminal prosecution	115,299	
Medical examinations	10,224	
Child support recovery	12,499	
	<u>138,022</u>	

## Emergency services:

Emergency management	<u>40,000</u>	\$ 866,097
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## Court Services Service Area:

## Assistance to district court system:

Research and other assistance	<u>3,793</u>	
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## Court proceedings:

Detention services	18,079	
Court costs	1,429	
Service of civil papers	31	
	<u>19,539</u>	

## Juvenile justice administration:

Juvenile representation services	29	
Court-appointed attorneys and court costs for juveniles	6,587	
	<u>6,616</u>	29,948

## Physical Health and Education Service Area:

## Physical health services:

Personal and family health services	146,263	
Communicable disease prevention and control services	60,078	
Sanitation	92,086	
Health administration	216,270	
	<u>514,697</u>	

## Educational services:

Fairgrounds	<u>34,000</u>	548,697
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**Schedule 2**

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Pocahontas County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:

Services to the poor:

Administration	62,708	
General welfare services	4,740	
	<u>67,448</u>	

Services to military veterans:

Administration	18,143	
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Children and family services:

Youth guidance	6,913	
Family protective services	46,587	
	<u>53,500</u>	

Services to other adults:

Services to the elderly	396,587	
Other social services	3,024	
	<u>399,611</u>	

Chemical dependency:

Treatment services	7,757	
Preventive services	8,455	
	<u>16,212</u>	554,914

County Environment Service Area:

Environmental quality:

Natural resources conservation	7,979	
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Conservation and recreation services:

Administration	97,200	
Maintenance and operations	213,948	
Recreation and environment education	35,860	
	<u>347,008</u>	

County development:

Land use and building controls	3,762	
Economic development	72,030	
	<u>75,792</u>	430,779

State and Local Government Services Service Area:

Representation services:

Elections administration	49,206	
Local elections	7,787	
Township officials	2,175	
	<u>59,168</u>	

## Pocahontas County

## General Fund

## Statement of Expenditures

Year ended June 30, 2002

## State and Local Government Services Service Area (continued):

## State administrative services:

Motor vehicle registrations and licensing	67,852	
Recording of public documents	96,842	
	<u>164,694</u>	223,862

## Interprogram Services Service Area:

## Policy and administration:

General County management	209,476	
Administrative management services	162,448	
Treasury management services	122,389	
Other policy and administration	24,604	
	<u>518,917</u>	

## Central services:

General services	126,262	
Data processing services	25,370	
	<u>151,632</u>	

## Risk management services:

Tort liability	46,533	
Safety of the workplace	66,460	
Fidelity of public officials	1,656	
Unemployment compensation	1,570	
	<u>116,219</u>	786,768

## Non-program Service Area:

County farm operations	22,169	
Other	311	22,480
	<u>311</u>	<u>22,480</u>
Total		<u>\$ 3,463,545</u>

See accompanying independent auditor's report.

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

	Rural Services	Secondary Roads	Resource Enhancement and Protection
<b>Assets</b>			
Cash and pooled investments	\$ 153,063	3,514,207	45,921
Receivables:			
Property tax:			
Delinquent	339	-	-
Succeeding year	718,000	-	-
Accounts	-	14,257	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	17,454	218,663	-
Prepaid insurance	340	29,390	-
<b>Total assets</b>	<b>\$ 889,196</b>	<b>3,776,517</b>	<b>45,921</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	25,327	-
Salaries and benefits payable	3,128	36,813	-
Due to other governments	-	856	-
Deferred revenue:			
Succeeding year	718,000	-	-
Other	313	13,743	-
Compensated absences	-	13,551	-
Total liabilities	721,441	90,290	-
Fund equity:			
Fund balances:			
Reserved for:			
Prepaid insurance	340	29,390	-
Drainage warrants/drainage improvement certificates	-	-	-
Unreserved	167,415	3,656,837	45,921
Total fund equity	167,755	3,686,227	45,921
<b>Total liabilities and fund equity</b>	<b>\$ 889,196</b>	<b>3,776,517</b>	<b>45,921</b>

See accompanying independent auditor's report.

County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
17,011	879,785	613,502	942	569	5,225,000
-	-	1,624	-	-	1,963
-	-	408,000	-	-	1,126,000
-	-	-	-	-	14,257
-	642,839	-	-	-	642,839
-	35,366	-	-	-	35,366
-	-	-	-	-	236,117
-	-	-	-	-	29,730
17,011	1,557,990	1,023,126	942	569	7,311,272
-	19,025	45,098	-	-	89,450
-	-	489	-	-	40,430
-	-	71,127	-	-	71,983
-	-	408,000	-	-	1,126,000
-	678,205	-	-	-	692,261
-	-	1,444	-	-	14,995
-	697,230	526,158	-	-	2,035,119
-	-	-	-	-	29,730
-	451,255	-	-	-	451,255
17,011	409,505	496,968	942	569	4,795,168
17,011	860,760	496,968	942	569	5,276,153
17,011	1,557,990	1,023,126	942	569	7,311,272

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Pocahontas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues:		
Property and other County tax:		
Property tax	\$ 876,937	-
Local option sales tax	114,312	-
Utility tax replacement excise tax	32,045	-
Other	-	-
	<u>1,023,294</u>	<u>-</u>
Intergovernmental:		
State shared revenues:		
Road use tax	-	2,607,138
Sales and use tax	-	4,922
	<u>-</u>	<u>2,612,060</u>
State grants and reimbursements including indirect federal funding:		
Emergency medical services grant	-	-
Resource enhancement and protection grant	-	-
Social services block grant	-	-
Agricultural drainage wells - alternative drainage system assistance program	-	-
Other	-	-
	<u>-</u>	<u>-</u>
State tax replacements:		
State tax credits	57,682	-
Mental health property tax relief	-	-
	<u>57,682</u>	<u>-</u>
Contributions and reimbursements from other governmental units:		
Drainage district reimbursements	-	22,719
Other	61	28,453
	<u>61</u>	<u>51,172</u>
	<u>57,743</u>	<u>2,663,232</u>



Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
-	-	-	395,314	-	-	1,272,251
-	-	-	-	-	-	114,312
-	-	-	14,723	-	-	46,768
-	-	-	167	-	-	167
-	-	-	410,204	-	-	1,433,498
-	-	-	-	-	-	2,607,138
-	-	-	-	-	-	4,922
-	-	-	-	-	-	2,612,060
-	-	-	-	-	6,301	6,301
6,544	-	-	-	-	-	6,544
-	-	-	38,450	-	-	38,450
-	-	440,887	-	-	-	440,887
-	-	-	-	942	-	942
6,544	-	440,887	38,450	942	6,301	493,124
-	-	-	30,601	-	-	88,283
-	-	-	359,462	-	-	359,462
-	-	-	390,063	-	-	447,745
-	-	-	-	-	-	22,719
-	-	11,724	-	-	-	40,238
-	-	11,724	-	-	-	62,957
6,544	-	452,611	428,513	942	6,301	3,615,886

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Pocahontas County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues (continued):		
Licenses and permits	-	2,455
Charges for service:		
Document management fee	-	-
Other	-	26,455
	-	26,455
Use of money and property:		
Interest on investments	-	-
Rent	-	2,400
	-	2,400
Miscellaneous:		
Drainage assessments	-	-
Sale of materials	-	6,472
Other	-	19,754
	-	26,226
Total revenues	<u>1,081,037</u>	<u>2,720,768</u>
Expenditures:		
Operating:		
Public Safety Service Area:		
Emergency services:		
Emergency management	-	-
Physical Health and Education Service Area:		
Educational services:		
Libraries	<u>45,000</u>	-

Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
-	-	-	-	-	-	2,455
-	2,358	-	-	-	-	2,358
-	-	-	3,554	-	-	30,009
-	2,358	-	3,554	-	-	32,367
1,547	339	-	-	-	-	1,886
-	-	-	-	-	-	2,400
1,547	339	-	-	-	-	4,286
-	-	497,515	-	-	-	497,515
-	-	-	-	-	-	6,472
-	-	2,330	-	-	-	22,084
-	-	499,845	-	-	-	526,071
8,091	2,697	952,456	842,271	942	6,301	5,614,563
-	-	-	-	-	6,301	6,301
-	-	-	-	-	-	45,000

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Pocahontas 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>
Expenditures (continued):		
Operating:		
Mental Health Service Area:		
Persons with mental health problems - mental illness:		
Information and education services	-	-
Coordination services	-	-
Treatment services	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with chronic mental illness:		
Information and education services	-	-
Coordination services	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with mental retardation:		
Coordination services	-	-
Treatment services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
Institutional, hospital, and commitment services	-	-
	<u>-</u>	<u>-</u>
Persons with other developmental disabilities:		
Coordination services	-	-
Vocational and day services	-	-
Licensed or certified living arrangements	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
-	-	-	7,074	-	-	7,074
-	-	-	3,063	-	-	3,063
-	-	-	13,323	-	-	13,323
-	-	-	1,371	-	-	1,371
-	-	-	24,831	-	-	24,831
-	-	-	300	-	-	300
-	-	-	2,220	-	-	2,220
-	-	-	30,301	-	-	30,301
-	-	-	26,526	-	-	26,526
-	-	-	86,103	-	-	86,103
-	-	-	26,501	-	-	26,501
-	-	-	171,951	-	-	171,951
-	-	-	31,897	-	-	31,897
-	-	-	180	-	-	180
-	-	-	174,824	-	-	174,824
-	-	-	465,330	-	-	465,330
-	-	-	39,358	-	-	39,358
-	-	-	711,589	-	-	711,589
-	-	-	8,665	-	-	8,665
-	-	-	3,328	-	-	3,328
-	-	-	5,501	-	-	5,501
-	-	-	17,494	-	-	17,494
-	-	-	925,865	-	-	925,865

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Pocahontas 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>
Expenditures (continued):		
Operating:		
County Environment Service Area:		
Environmental quality:		
Weed eradication	3,879	-
Solid waste disposal	59,511	-
	<u>63,390</u>	-
Conservation and recreation services:		
Roadside management	71,018	-
	<u>134,408</u>	-
Roads and Transportation Service Area:		
Secondary roads administration and engineering:		
Administration	-	137,471
Engineering	-	101,158
	-	<u>238,629</u>
Roadway maintenance:		
Bridges and culvert	-	54,226
Roads	-	1,128,547
Snow and ice control	-	125,987
Traffic controls	-	81,478
Road clearing	-	20,810
	-	<u>1,411,048</u>
General roadway expenditures:		
Equipment	-	168,084
Equipment operation	-	516,595
Tools, materials, and supplies	-	64,171
Real estate and buildings	-	57,470
	-	<u>806,320</u>
	-	<u>2,455,997</u>

Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
-	-	-	-	-	-	3,879
-	-	-	-	-	-	59,511
-	-	-	-	-	-	63,390
-	-	-	-	-	-	71,018
-	-	-	-	-	-	134,408
-	-	-	-	-	-	137,471
-	-	-	-	-	-	101,158
-	-	-	-	-	-	238,629
-	-	-	-	-	-	54,226
-	-	-	-	-	-	1,128,547
-	-	-	-	-	-	125,987
-	-	-	-	-	-	81,478
-	-	-	-	-	-	20,810
-	-	-	-	-	-	1,411,048
-	-	-	-	-	-	168,084
-	-	-	-	-	-	516,595
-	-	-	-	-	-	64,171
-	-	-	-	-	-	57,470
-	-	-	-	-	-	806,320
-	-	-	-	-	-	2,455,997

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Pocahontas 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>
Expenditures (continued):		
Operating:		
State and Local Government Services Service Area:		
State administrative services		
Recording of public documents	-	-
Non-program Service Area:		
Drainage district construction and repair	-	-
Debt Service Service Area:		
Drainage improvement certificates redeemed	-	-
Drainage district warrants redeemed	-	-
Interest on drainage district certificates and warrants	-	-
	-	-
Capital Projects Service Area:		
Roadway construction	-	254,410
Conservation land acquisition	-	-
	-	254,410
Total expenditures	<u>179,408</u>	<u>2,710,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>901,629</u>	<u>10,361</u>
Other financing sources (uses):		
Sale of general fixed assets	-	25,549
Operating transfers in (out):		
General	-	50,000
Special Revenue:		
Rural Services	-	800,000
Secondary Roads	(800,000)	-
Proceeds from drainage warrants/ drainage improvement certificates	-	-
Total other financing sources (uses)	<u>(800,000)</u>	<u>875,549</u>



Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
-	1,302	-	-	-	-	1,302
-	-	223,966	-	-	-	223,966
-	-	28,737	-	-	-	28,737
-	-	662,369	-	-	-	662,369
-	-	93,990	-	-	-	93,990
-	-	785,096	-	-	-	785,096
-	-	-	-	-	-	254,410
12,643	-	-	-	-	-	12,643
12,643	-	-	-	-	-	267,053
12,643	1,302	1,009,062	925,865	-	6,301	4,844,988
(4,552)	1,395	(56,606)	(83,594)	942	-	769,575
-	-	-	-	-	-	25,549
-	-	-	-	-	-	50,000
-	-	-	-	-	-	800,000
-	-	-	-	-	-	(800,000)
-	-	410,866	-	-	-	410,866
-	-	410,866	-	-	-	486,415

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

	Rural Services	Secondary Roads
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	101,629	885,910
Fund balances beginning of year	67,453	2,819,571
Decrease in reserve for:		
Prepaid insurance	(1,327)	(19,254)
Fund balances end of year	\$ 167,755	3,686,227

See accompanying independent auditor's report.

Resource Enhancement and Protection	County Recorder's Records Management	Drainage Districts	Mental Health	Courthouse Security	Emergency Medical Services	Total
(4,552)	1,395	354,260	(83,594)	942	-	1,255,990
50,473	15,616	506,500	580,562	-	569	4,040,744
-	-	-	-	-	-	(20,581)
45,921	17,011	860,760	496,968	942	569	5,276,153

**Pocahontas County**

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

	Expendable Trust	Agency	Total
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 50,807	508,914	559,721
Other County officials	-	100	100
Receivables:			
Property tax:			
Delinquent	-	50,647	50,647
Succeeding year	-	7,024,000	7,024,000
Accounts	984	13,347	14,331
Special assessments	-	234,622	234,622
Due from other funds	-	57	57
<b>Total assets</b>	<b>\$ 51,791</b>	<b>7,831,687</b>	<b>7,883,478</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Excess of outstanding checks over cash balance	\$ -	147	147
Accounts payable	-	40,484	40,484
Salaries and benefits payable	-	9,959	9,959
Due to other funds	-	3,849	3,849
Due to other governments	-	7,750,530	7,750,530
Trusts payable	-	4,986	4,986
Compensated absences	-	21,732	21,732
Total liabilities	-	7,831,687	7,831,687
Fund equity:			
Unreserved fund balance	51,791	-	51,791
<b>Total liabilities and fund equity</b>	<b>\$ 51,791</b>	<b>7,831,687</b>	<b>7,883,478</b>

See accompanying independent auditor's report.

**Schedule 6**

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

	Conservation Land Acquisition Trust	Environ- mental Education Trust	Total
<b>Assets</b>			
Cash and pooled investments:	\$ 46,879	3,928	50,807
Accounts receivable	984	-	984
<b>Total assets</b>	<b>\$ 47,863</b>	<b>3,928</b>	<b>51,791</b>
<b>Fund Equity</b>			
Fund equity:			
Unreserved fund balances	\$ 47,863	3,928	51,791
<b>Total fund equity</b>	<b>\$ 47,863</b>	<b>3,928</b>	<b>51,791</b>

See accompanying independent auditor's report.

## Pocahontas County

## Expendable Trust Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Conservation Land Acquisition Trust	Environ- mental Education Trust	Total
Revenues:			
Intergovernmental:			
State grants and reimbursements:			
Iowa Department of Transportation	\$ 2,592	-	2,592
Charges for service:			
Camping fees	4,280	-	4,280
Other	6,212	-	6,212
	<u>10,492</u>	<u>-</u>	<u>10,492</u>
Use of money and property:			
Interest on investments	324	122	446
Rent	2,691	-	2,691
	<u>3,015</u>	<u>122</u>	<u>3,137</u>
Miscellaneous:			
Other	604	-	604
Total revenues	<u>16,703</u>	<u>122</u>	<u>16,825</u>
Expenditures:			
Capital Projects Service Area:			
Conservation land acquisition and development	22,904	-	22,904
Excess (deficiency) of revenues over (under) expenditures	(6,201)	122	(6,079)
Fund balances beginning of year	<u>54,064</u>	<u>3,806</u>	<u>57,870</u>
Fund balances end of year	<u>\$ 47,863</u>	<u>3,928</u>	<u>51,791</u>

See accompanying independent auditor's report.

Pocahontas County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	County Offices		Agricultural
	County Recorder	County Sheriff	Extension Education
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ -	689	1,579
Other County officials	100	-	-
Receivables:			
Property tax:			
Delinquent	-	-	421
Succeeding year	-	-	107,000
Accounts	6	-	-
Special assessments	-	-	-
Due from other funds	57	-	-
<b>Total assets</b>	<b>\$ 163</b>	<b>689</b>	<b>109,000</b>
<b>Liabilities</b>			
Liabilities:			
Excess of outstanding checks over cash balance	\$ 147	-	-
Accounts payable	-	-	-
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Due to other governments	16	-	109,000
Trusts payable	-	689	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>\$ 163</b>	<b>689</b>	<b>109,000</b>



County Assessor	Schools	Community Colleges	Corporations	Townships
66,149	69,798	3,785	16,514	2,786
-	-	-	-	-
593	18,089	1,009	30,444	83
179,000	5,003,000	294,000	1,262,000	177,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>245,742</b>	<b>5,090,887</b>	<b>298,794</b>	<b>1,308,958</b>	<b>179,869</b>
-	-	-	-	-
-	-	-	-	-
7,152	-	-	-	-
-	-	-	-	-
228,051	5,090,887	298,794	1,308,958	179,869
-	-	-	-	-
10,539	-	-	-	-
<b>245,742</b>	<b>5,090,887</b>	<b>298,794</b>	<b>1,308,958</b>	<b>179,869</b>

Pocahontas County  
 Agency Funds  
 Combining Balance Sheet  
 June 30, 2002

	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Economic Develop- ment
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	123,239	9	64,030
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	-	8	-
Succeeding year	-	2,000	-
Accounts	-	-	-
Special assessments	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>123,239</b>	<b>2,017</b>	<b>64,030</b>
<b>Liabilities</b>			
Liabilities:			
Excess of outstanding checks over cash balance	-	-	-
Accounts payable	-	-	230
Salaries and benefits payable	-	-	1,487
Due to other funds	3,849	-	-
Due to other governments	119,390	2,017	57,403
Trusts payable	-	-	-
Compensated absences	-	-	4,910
<b>Total liabilities</b>	<b>123,239</b>	<b>2,017</b>	<b>64,030</b>

See accompanying independent auditor's report.

Emergency Management Services	Special Assessments	E911	Anatomical Gift Donations	Advance Tax	Total
37,839	-	118,182	18	4,297	508,914
-	-	-	-	-	100
-	-	-	-	-	50,647
-	-	-	-	-	7,024,000
-	-	13,341	-	-	13,347
-	234,622	-	-	-	234,622
-	-	-	-	-	57
<b>37,839</b>	<b>234,622</b>	<b>131,523</b>	<b>18</b>	<b>4,297</b>	<b>7,831,687</b>
-	-	-	-	-	147
204	-	40,050	-	-	40,484
1,320	-	-	-	-	9,959
-	-	-	-	-	3,849
30,032	234,622	91,473	18	-	7,750,530
-	-	-	-	4,297	4,986
6,283	-	-	-	-	21,732
<b>37,839</b>	<b>234,622</b>	<b>131,523</b>	<b>18</b>	<b>4,297</b>	<b>7,831,687</b>

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Pocahontas County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	County Offices	
	County Recorder	County Sheriff
<b>Assets and Liabilities</b>		
Balances beginning of year	\$ 41	793
Additions:		
Property and other County tax	-	-
E911 surcharge	-	-
State tax credits	-	-
State allocation	-	-
Office fees and collections	110,213	19,321
Auto licenses, use tax and postage	-	-
Assessments	-	-
Trusts	135	30,163
Miscellaneous	-	-
Total additions	110,348	49,484
Deductions:		
Agency Remittances:		
To other funds	49,786	17,700
To other governments	60,304	1,621
Trusts paid out	136	30,267
Total deductions	110,226	49,588
Balances end of year	\$ 163	689

Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corporations	Townships
108,047	212,331	4,777,471	259,727	1,207,185	179,549
107,470	178,943	5,010,923	297,231	1,240,864	178,682
-	-	-	-	-	-
7,950	11,348	352,126	19,074	159,372	11,159
-	4,131	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,482	-	-	-	-
115,420	195,904	5,363,049	316,305	1,400,236	189,841
-	-	-	-	-	-
114,467	162,493	5,049,633	277,238	1,298,463	189,521
-	-	-	-	-	-
114,467	162,493	5,049,633	277,238	1,298,463	189,521
109,000	245,742	5,090,887	298,794	1,308,958	179,869

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Pocahontas County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2002

	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Economic Development</u>
<b>Assets and Liabilities</b>			
Balances beginning of year	<u>142,810</u>	<u>2,040</u>	<u>27,951</u>
Additions:			
Property and other County tax	-	2,258	-
E911 surcharge	-	-	-
State tax credits	-	170	-
State allocation	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	1,787,860	-	-
Assessments	-	-	-
Trusts	-	-	-
Miscellaneous	-	2	90,167
Total additions	<u>1,787,860</u>	<u>2,430</u>	<u>90,167</u>
Deductions:			
Agency Remittances:			
To other funds	57,947	-	-
To other governments	1,749,484	2,453	54,088
Trusts paid out	-	-	-
Total deductions	<u>1,807,431</u>	<u>2,453</u>	<u>54,088</u>
Balances end of year	<u>123,239</u>	<u>2,017</u>	<u>64,030</u>

See accompanying independent auditor's report.

Emergency Management Services	Special Assessments	E911	Anatomical Gift Donations	Tax Sale Redemption	Advance Tax	Total
36,657	82,113	110,218	6	-	508	7,147,447
-	-	-	-	-	-	7,016,371
-	-	63,187	-	-	-	63,187
-	-	-	-	-	-	561,199
-	-	-	-	-	-	4,131
-	-	-	-	-	-	129,534
-	-	-	-	-	-	1,787,860
-	166,656	-	-	-	-	166,656
-	-	-	-	43,948	4,100	78,346
60,598	-	3,578	140	-	-	155,967
60,598	166,656	66,765	140	43,948	4,100	9,963,251
-	-	-	-	-	-	125,433
59,416	14,147	45,460	128	-	-	9,078,916
-	-	-	-	43,948	311	74,662
59,416	14,147	45,460	128	43,948	311	9,279,011
37,839	234,622	131,523	18	-	4,297	7,831,687

**Schedule 10**

## Pocahontas County

## Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2002	2001	2000	1999
<b>Taxes:</b>				
Property tax	\$ 2,979,156	2,692,377	2,545,259	2,894,415
Utility tax replacement excise tax	110,414	102,878	-	-
Local option sales tax	114,312	-	-	-
Other	1,758	1,912	1,820	2,212
	<u>3,205,640</u>	<u>2,797,167</u>	<u>2,547,079</u>	<u>2,896,627</u>
<b>Intergovernmental:</b>				
State shared revenues:				
Road use tax	2,607,138	2,500,119	2,536,477	1,740,910
Other	16,327	28,038	34,300	19,663
State grants and reimbursements including indirect federal funding:				
Home care aide grant	57,412	64,826	53,602	42,404
Public health nursing grant	31,672	29,087	17,041	15,363
Human services administration reimbursements	17,309	21,999	25,071	21,661
Juvenile justice county base reimbursement	6,766	2,529	1,037	5,694
Emergency medical services grants	6,301	6,301	6,301	6,301
Resource enhancement and protection grant	6,544	8,501	32,222	17,191
Social services block grant	38,450	39,769	40,753	41,592
MH-DD community services fund allocation	-	63,930	55,292	55,292
Iowa Department of Transportation cooperative agreement project reimbursement	-	-	14,042	234,641
Agricultural drainage wells - alternative drainage system assistance program	440,887	1,059,113	-	-
Other	132,544	57,988	129,202	155,256
State tax replacements:				
State tax credits	220,570	219,844	217,860	215,605
State allocation	80,852	87,988	88,241	88,136
Mental health property tax relief	359,462	359,462	359,462	359,462
MH-DD allowed growth factor adjustment	-	36,693	40,414	43,556
Direct federal grants and entitlements:				
Medicare and medicaid	324,426	321,674	331,353	306,507
Other	-	15,892	450	-
Contributions and reimbursements from other governmental units:				
Election reimbursements	7,596	7,820	7,389	10,251
Prisoner care	3,240	11,205	29,745	51,923
Drainage assessments from other counties	11,724	16,259	21,991	845
Other	93,970	62,221	64,071	39,431
	<u>4,463,190</u>	<u>5,021,258</u>	<u>4,106,316</u>	<u>3,471,684</u>
<b>Total</b>	<u>\$ 7,668,830</u>	<u>7,818,425</u>	<u>6,653,395</u>	<u>6,368,311</u>

See accompanying independent auditor's report.





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

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David A. Vaudt, CPA  
Auditor of State

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

To the Officials of Pocahontas County:

We have audited the general purpose financial statements of Pocahontas County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 9, 2002. Our report expressed a qualified opinion on the financial statements due to the omission of materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform with U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Pocahontas County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. 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 items (2), (10) and (11).

**Internal Control Over Financial Reporting**

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

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

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

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 9, 2002

Pocahontas County  
Schedule of Findings  
Year ended June 30, 2002

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

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

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	Recorder
(2) Investments - The person responsible for the detailed record keeping of investments is not independent of the custodian. Employees having no responsibility for custody or record keeping do not verify recorded investment earnings to determine the accuracy.	Treasurer

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

Response -

Recorder - We will try to comply with the recommendations in the future.

Treasurer - We shall make every effort to comply; although, I do have the Chairman of the Board of Supervisors reconcile quarterly the CD ledger to the actual certificates of deposit here in the office. There is a checklist in the front of the ledger that the Chairman dates, checks and initials.

Conclusion - Responses accepted.

Pocahontas County  
Schedule of Findings  
Year ended June 30, 2002

(B) Information Systems - The County does not have written policies for:

- password privacy and confidentiality.
- requiring password changes because software does not require the user to change log-ins/passwords periodically.
- ensuring that only software licensed to the County is installed on computers.
- usage of the internet.
- requiring the use of an anti-virus program on computers.
- requiring user profiles to help limit access to programs to those who have a legitimate need.
- personal use of computer equipment and software.
- requiring personnel who share the same computer terminal to log-on and log-off prior to other personnel entering transactions on the same terminal.

Also, the County does not have a written disaster recovery plan and does not require back up tapes to be stored off site daily in a fire proof vault or safe.

Recommendation - The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. A written disaster recovery plan should be developed and back-up tapes should be stored off site daily in a fireproof vault or safe.

Response - We currently store nightly back-up tapes off site in a bank vault. Monthly system back-up tapes are stored off site also. The Board recognizes it needs to continue working on policy developments.

Conclusion - Response accepted.

(C) Property and Equipment - Approval for disposal of property and equipment is not required. Property and equipment listings are not periodically observed by an official not having responsibility for these assets.

Recommendation - The Board of Supervisors should establish a policy which requires approval for disposal of property and equipment. To provide additional control over the proper recording of property and equipment, a physical inventory should be observed periodically and reconciled to detailed property and equipment records by a person not having custody of the these assets.

Response - The Board continues to recognize this need and will again attempt to develop a policy.

Conclusion - Response acknowledged. The Board should also require a physical inventory periodically and reconcile to detailed property and equipment records by a person not having custody of these assets.

Pocahontas County

Schedule of Findings

Year ended June 30, 2002

- (D) Public Health Nurse Receivables - Accounts receivable listings are retained at the end of each month. However, a summary reconciling billings, collections and accounts receivable for medicare, medicaid and other reimbursements was not prepared monthly. Bad debts written off during the year were not approved by the Local Board of Health.

Recommendation - Accounts receivable listings should continue to be prepared and retained and a reconciliation of billings, collections and accounts receivable should be prepared monthly. The listing of accounts receivable at the end of each fiscal year and the payments made on each of the categories for each of the subsequent months should be prepared and retained to support the amount of accrued revenues and deferred revenues. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response - The recommendation will be complied with.

Conclusion - Response accepted.

Pocahontas County

Schedule of Findings

Year ended June 30, 2002

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

- (1) **Official Depositories** - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) **Certified Budget** - Disbursements during the year ended June 30, 2002 did not exceed the amounts budgeted. Disbursements exceeded the amounts appropriated in the County Recorder, Medical Examiner and Duplicating Services Departments. The original appropriations resolution exceeded the adopted budget by \$30,000 because the Public Health Department appropriation exceeded the original appropriation. The appropriations amendment exceeded the amendments to the budget by \$31,000. The total amended appropriations exceeded the amended budget by \$61,000.

**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 increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation. In addition, the Board should insure that the appropriations do not exceed the budget.

**Response** - The County Auditor will monitor more closely the appropriations and disbursements. We were not aware these had been exceeded in either area.

**Conclusion** - Response accepted.

- (3) **Questionable Expenditures** - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (4) **Travel Expense** - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (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
John Pohlman, part-time Sheriff's Deputy, owner of Farm Plan	Parts	\$ 63 (a)
Dennis Devereaux, Patrol operator for secondary roads, brother is owner of Devereaux Electric	Parts and wiring	3,598 (b)
Linda Ferguson, Auditor's Clerk, husband part owner of Ferguson Equipment	Equipment, parts and repairs	1,225 (a)
Peter Hong, Local Board of Health member, son is David Hong	Laptop computers	5,778 (c)
Bob Lampe, Sheriff, Owner of Bob Lampe Tree Service	Tree removal	750 (a)

Pocahontas County

Schedule of Findings

Year ended June 30, 2002

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

The transactions designated with a (b) do not represent a conflict of interest in the opinion of the Pocahontas County Attorney.

The transactions with David Hong (c) may represent a conflict of interest was defined in Chapter 331.342 of the Code of Iowa.

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

Response - The County Attorney is reviewing the list.

Conclusion - Response accepted.

- (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 insure that the 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.
- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policies were noted.
- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Ordinances - The County Board of Supervisors has not completed a compilation of County ordinances.

Recommendation - This compilation of County ordinances should be prepared and published as required by Chapter 331.302(9) of the Code of Iowa.

Response - We have this codification implemented and should be completed within the next 90 days.

Conclusion - Response accepted.

- (11) Cellular Phones - Expenditures were made by the County and other boards for cellular telephone service. However, written policies governing the use of cellular phones have not been adopted.

Pocahontas County

Schedule of Findings

Year ended June 30, 2002

Recommendation - The Board of Supervisors and other boards in conjunction with the various Office heads should establish written policies governing the use of cellular phones.

Response - The Board again recognizes this need and will work to that end.

Conclusion - Response accepted.

- (12) Excess Balance - The June 30, 2002 balance in the Secondary Roads Fund was in excess of fund expenditures for the year then ended.

Recommendation - The County should consider the necessity of maintaining this substantial balance and, where financially feasible, consider reducing the balance in an orderly manner through revenue reductions.

Response - The Board is aware of the balance and further recognize the reality of funding reductions in the near future while we for the past four years have received very high funding from the state. The balance will be reduced through the reduced funding.

Conclusion - Response accepted.

- (13) 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 will be contacting an actuary as we understand there is now an affordable option available.

Conclusion - Response accepted.

- (14) Cash Basis Financial Report - The County's financial report was completed and published. However, there were numerous errors noted.

Recommendation - The County's cash basis financial report should be corrected and republished.

Response - The County's cash basis financial report will be corrected and republished.

Conclusion - Response accepted

- (15) 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.



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Pocahontas County

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor  
Steven O. Fuqua, CPA, Senior Auditor  
Kip M. Druecker, Assistant Auditor

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