

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____ April 22, 2016 _____

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Warren County, Iowa.

The County had local tax revenue of \$72,283,198 for the year ended June 30, 2015, which included \$3,501,424 in tax credits from the state. The County forwarded \$59,116,292 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$13,166,906 of the local tax revenue to finance County operations, an increase of less than 1% over the prior year. Other revenues included charges for service of \$2,469,087, operating grants, contributions and restricted interest of \$5,515,666, capital grants, contributions and restricted interest of \$1,796,795, unrestricted investment earnings of \$103,431, gain on disposition of capital assets of \$214,617 and other general revenues of \$243,949.

Expenses for County operations for the year ended June 30, 2015 totaled \$21,794,717, a 5% decrease from the prior year. Expenses included \$6,664,177 for roads and transportation, \$4,414,142 for public safety and legal services and \$2,871,034 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0091-B00F>.

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WARREN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

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Warren County

Officials

Before January 1, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Wilson	Board of Supervisors	Jan 2015
Dean Yordi	Board of Supervisors	Jan 2015
Doug Shull	Board of Supervisors	Jan 2017
Traci Vander Linden	County Auditor	Jan 2017
Julie Daugherty	County Treasurer	Jan 2015
Polly Glascock	County Recorder	Jan 2015
Brian Vos	County Sheriff	Jan 2017
John Criswell	County Attorney	Jan 2015
Brian Arnold	County Assessor	Jan 2016

After January 1, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shull	Board of Supervisors	Jan 2017
Crystal McIntyre	Board of Supervisors	Jan 2019
Dean Yordi	Board of Supervisors	Jan 2019
Traci Vander Linden	County Auditor	Jan 2017
Julie Daugherty	County Treasurer	Jan 2019
Polly Glascock	County Recorder	Jan 2019
Brian Vos	County Sheriff	Jan 2017
John Criswell	County Attorney	Jan 2019
Brian Arnold	County Assessor	Jan 2016

Warren County



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Independent Auditor's Report

To the Officials of Warren County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Warren County as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 15, Warren County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 54 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2016 on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Warren County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 16, 2016

Warren County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Warren County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$6,158,708 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities decreased 13.8%, or approximately \$3,760,000, from fiscal year 2014 to fiscal year 2015. Property tax decreased approximately \$46,000, operating grants, contributions and restricted interest decreased approximately \$1,926,000, capital grants, contributions and restricted interest decreased approximately \$1,727,000 and charges for service decreased approximately \$293,000.
- Program expenses were 5%, or approximately \$1,144,000, less in fiscal year 2015 than in fiscal year 2014. Physical health and social services, public safety and roads and transportation function expenses decreased approximately \$740,000, \$556,000 and \$394,000, respectively while mental health function expenses increased approximately \$1,326,000. Mental health function expenses increased due to distribution of funds to the mental health region.
- The County's net position at June 30, 2015 increased 3.8%, or approximately \$1,716,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Warren County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Warren County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Warren County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Fuel Station Fund. The Internal Service Fund is used 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.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services, the E911 Service Board and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Warren County's combined net position decreased 8.7% from a year ago, decreasing from approximately \$51.0 million to approximately \$47 million. The analysis that follows focuses on the changes in the net position of governmental activities.

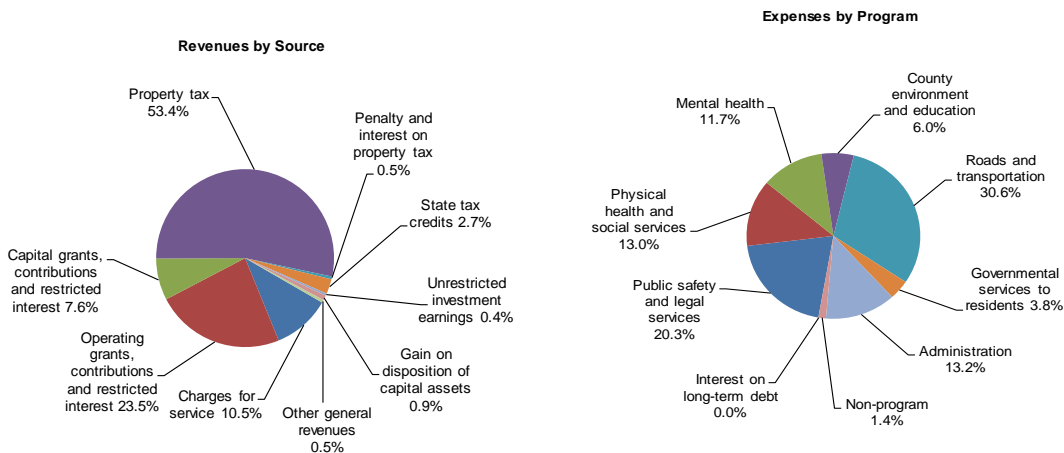
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 25,563	24,624
Capital assets	42,782	41,723
Total assets	68,345	66,347
Deferred outflows of resources	967	-
Long-term liabilities	6,692	2,316
Other liabilities	782	877
Total liabilities	7,474	3,193
Deferred inflows of resources	15,297	12,170
Net position:		
Net investment in capital assets	42,353	41,330
Restricted	4,914	5,449
Unrestricted	(726)	4,205
Total net position	\$ 46,541	50,984

Prior to restatement, net position of Warren County's governmental activities decreased approximately \$4,443,000 from the fiscal year 2014 balance. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. This net position category increased approximately \$1,023,000, or 2.5%, over the prior year.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$535,000, or 9.8%, from the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a balance of approximately \$4.2 million at June 30, 2014 to a deficit of approximately \$726,000 at the end of this year, primarily due to recording the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 2,469	2,762
Operating grants, contributions and restricted interest	5,516	7,442
Capital grants, contributions and restricted interest	1,797	3,524
General revenues:		
Property tax	12,526	12,572
Penalty and interest on property tax	117	134
State tax credits	641	511
Unrestricted investment earnings	103	58
Gain on disposition of capital assets	215	185
Other general revenues	127	83
Total revenues	<u>23,511</u>	<u>27,271</u>
Program expenses:		
Public safety and legal services	4,414	4,970
Physical health and social services	2,844	3,584
Mental health	2,557	1,231
County environment and education	1,307	1,571
Roads and transportation	6,664	7,058
Governmental services to residents	836	883
Administration	2,871	3,149
Non-program	297	486
Interest on long-term debt	5	7
Total expenses	<u>21,795</u>	<u>22,939</u>
Change in net position	1,716	4,332
Net position beginning of year, as restated	<u>44,825</u>	<u>46,652</u>
Net position end of year	<u>\$ 46,541</u>	<u>50,984</u>



Revenues for governmental activities decreased approximately \$3.8 million from the prior year, with property tax revenue decreasing from the prior year approximately \$46,000. Operating grants, contributions and restricted interest decreased approximately \$1,926,000, or 25.9%. Capital grants, contributions and restricted interest decreased approximately \$1.7 million, or 49%. The decrease in capital grants, contributions and restricted interest is due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation and grants received for the roads and transportation function.

The cost of all governmental activities this year was approximately \$21.8 million compared to approximately \$23 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$12 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7.3 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$13.7 million in fiscal year 2014 to approximately \$9.8 million in fiscal year 2015, principally due to a decrease in operating and capital grants for roads and transportation. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$13.7 million of taxes and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$11.5 million, an increase of approximately \$1.0 million above last year's total. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund balance increased approximately \$1,226,000 over the prior year to approximately \$6,594,000. General Fund revenues increased approximately \$314,000 over the prior year, due principally to an increase in property tax revenue, intergovernmental receipts, charges for service and miscellaneous. Expenditures decreased approximately \$581,000, or 4.3%, from the prior year. This decrease was primarily due to a decrease in the county environment and education function. During fiscal year 2014, the County awarded \$575,000 in economic development grants/loans which was not done in fiscal year 2015. Physical health and social services function expenditures decreased \$643,806 and mental health function expenditures increased \$587,967 due to the County reporting case management expenditures in the General Fund rather than the Special Revenue, Mental Health Fund for the year ended June 30, 2015.

The Special Revenue, Mental Health Fund balance at year end decreased approximately \$1,191,000 from the prior year. Mental Health Fund revenues decreased approximately \$1,226,000 from the prior year. During fiscal year 2014, the County received approximately \$1,056,000 from an equalization payment as the state transitioned to mental health regions. The County did not receive any additional funding for mental health in fiscal year 2015.

Special Revenue, Rural Services Fund revenues remained fairly consistent between fiscal year 2015 and fiscal year 2014 while expenditures decreased approximately \$112,000 from the prior year. In addition, the County transferred approximately \$187,000 less to the Special Revenue, Secondary Roads Fund. These changes resulted in an increase in the Rural Services Fund balance of approximately \$348,000, or 64%.

Special Revenue, Secondary Roads Fund revenues decreased approximately \$127,000, or 2.7%, from the prior year. Secondary Roads Fund expenditures decreased approximately \$1.2 million from the prior year, due principally to the purchase of equipment and capital construction projects, including bridge and highway repairs in 2014 which did not occur in 2015.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget once. The amendment was made in May 2015 and resulted in an increase in budgeted disbursements in the mental health function to pay the regional board, public safety and legal services function to cover additional court expenses, administration function to cover costs of a new server and roads and transportation function for equipment purchases.

The County's receipts were \$586,166 more than budgeted, a variance of 2.7%. The most significant variance resulted from the County receiving \$497,491 more in intergovernmental receipts than anticipated, primarily due to receipts for bridge replacement grants being more than budgeted since projects were completed in fiscal year 2015 instead of fiscal year 2014 as planned.

Total disbursements were \$3,034,011 less than the amended budget. Actual disbursements for the physical health and social services, roads and transportation and mental health functions were \$1,202,430, \$589,593 and \$326,814, respectively, less than budgeted. Physical health and social services activity was lower than budgeted, primarily due to grants not being utilized for the allowed amount. Roads and transportation was lower due to rock, sand and salt, pavement markings, engineering design work and asphalt projects not fully utilizing budgeted amounts. The mental health expenditures were less than estimated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Warren County had approximately \$42.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1,059,000, or 2.5%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 2,119	2,119
Construction in progress	2,341	2,778
Intangibles	97	97
Buildings and improvements	5,245	5,465
Equipment and vehicles	2,730	2,601
Infrastructure	30,250	28,663
Total	\$ 42,782	41,723
This year's major additions included (in thousands):		
Roads		\$ 1,963
Secondary Roads and other equipment		862
Total		\$ 2,825

The County had depreciation expense of \$2,029,086 in fiscal year 2015 and total accumulated depreciation of \$28,359,233 at June 30, 2015.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, Warren County had \$572,979 of general obligation notes and other long-term debt outstanding compared to \$583,933 at June 30, 2014, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2015	2014
General obligation notes	\$ 114,263	134,500
General obligation capital loan	122,000	-
Installment purchase contract	84,716	169,433
Rural development loan agreement	252,000	280,000
Total	\$ 572,979	583,933

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Warren County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$166 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Warren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.2% versus 4.1% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

Inflation in the State was comparable to the national Consumer Price Index at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate decrease was .7% for fiscal year 2015 compared with the national rate of .1% increase. As of December 2015, the Midwest Region of the Department of Labor CPI was 0% compared with the national rate of .7% increase.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately \$23.0 million, an increase of approximately \$1,463,000 over the final fiscal year 2015 budget. Increases in property tax and grant reimbursements for capital projects are the reason for the increase in revenues. Budgeted disbursements are expected to decrease approximately \$1,059,000 from the final fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$922,000, or 10%, by the close of fiscal year 2016. The General Fund balance is budgeted to decrease approximately \$670,000 and the Special Revenue, Secondary Roads Fund balance is budgeted to decrease approximately \$405,000 by the end of the fiscal year 2016. These decreases are offset by anticipated increases in fund balances for the Special Revenue, Mental Health and Rural Services Funds.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Warren County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Warren County Auditor's Office, 301 N Buxton Street, Suite 101, Indianola, Iowa 50125.

Basic Financial Statements

Warren County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 11,143,453
Receivables:	
Property tax:	
Delinquent	25,221
Succeeding year	12,887,000
Interest and penalty on property tax	87,668
Accounts	101,227
Accrued interest	27,456
Loan	121,582
Due from other governments	907,502
Inventories	213,855
Prepaid insurance	47,747
Capital assets, not being depreciated	4,557,304
Capital assets net of accumulated depreciation	38,224,758
	68,344,773
Total assets	
Deferred Outflows of Resources	
Pension related deferred outflows	967,125
	967,125
Liabilities	
Accounts payable	393,496
Accrued interest payable	3,212
Salaries and benefits payable	244,265
Due to other governments	141,651
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	21,087
General obligation capital loan	29,500
Installment purchase contract	84,716
Rural development loan agreement	28,000
Compensated absences	380,493
Portion due or payable after one year:	
General obligation notes	93,176
General obligation capital loan	92,500
Rural development loan agreement	224,000
Compensated absences	464,922
Net pension liability	4,242,355
Net OPEB liability	1,031,000
	7,474,373
Total liabilities	
Deferred inflows of Resources	
Unavailable property tax revenue	12,887,000
Pension related deferred inflows	2,409,519
	15,296,519
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	42,352,573
Restricted for:	
Supplemental levy purposes	589,070
Mental health purposes	100,640
Rural services purposes	868,035
Secondary roads purposes	2,946,594
Other purposes	409,635
Unrestricted	(725,541)
	46,541,006
Total net position	\$ 46,541,006

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 4,414,142	332,784	262,304	-	(3,819,054)
Physical health and social services	2,843,960	611,162	1,674,432	-	(558,366)
Mental health	2,557,362	748	19,305	-	(2,537,309)
County environment and education	1,306,532	85,420	24,300	400	(1,196,412)
Roads and transportation	6,664,177	-	3,533,877	1,796,395	(1,333,905)
Governmental services to residents	835,559	929,624	336	-	94,401
Administration	2,871,034	228,334	1,112	-	(2,641,588)
Non-program	296,853	281,015	-	-	(15,838)
Interest on long-term debt	5,098	-	-	-	(5,098)
Total	\$ 21,794,717	2,469,087	5,515,666	1,796,795	(12,013,169)
General Revenues:					
Property and other county tax levied for general purposes					12,526,028
Penalty and interest on property tax					117,292
State tax credits					640,878
Unrestricted investment earnings					103,431
Gain on disposition of capital assets					214,617
Miscellaneous					126,657
Total general revenues					13,728,903
Change in net position					1,715,734
Net position beginning of year, as restated					44,825,272
Net position end of year					\$ 46,541,006

See notes to financial statements.

Warren County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Special	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 6,390,459	170,169	922,103
Receivables:			
Property tax:			
Delinquent	15,198	1,799	8,224
Succeeding year	9,048,000	1,021,000	2,818,000
Interest and penalty on property tax	87,668	-	-
Accounts	71,537	-	4,100
Accrued interest	27,456	-	-
Loan	121,582	-	-
Due from other funds	1,065	-	-
Due from other governments	518,573	2,617	-
Inventories	-	-	-
Prepaid insurance	47,747	-	-
Total assets	\$ 16,329,285	1,195,585	3,752,427
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 136,462	779	2,437
Salaries and benefits payable	185,735	2,544	9,159
Due to other funds	6,716	187	20,970
Due to other governments	140,994	93	-
Total liabilities	469,907	3,603	32,566
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	9,048,000	1,021,000	2,818,000
Other	217,843	1,746	8,061
Total deferred inflows of resources	9,265,843	1,022,746	2,826,061
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	47,747	-	-
Loan receivable	121,582	-	-
Restricted for:			
Supplemental levy purposes	608,845	-	-
Mental health purposes	-	169,236	-
Rural services purposes	-	-	893,800
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
Future jail expansion	654,856	-	-
Building reserve	620,167	-	-
Conservation	10,000	-	-
Unassigned	4,530,338	-	-
Total fund balances	6,593,535	169,236	893,800
Total liabilities, deferred inflows of resources and fund balances	\$ 16,329,285	1,195,585	3,752,427

See notes to financial statements.

Revenue		
Secondary		
Roads	Nonmajor	Total
3,099,944	403,045	10,985,720
-	-	25,221
-	-	12,887,000
-	-	87,668
25,500	90	101,227
-	-	27,456
-	-	121,582
21,521	-	22,586
361,678	6,590	889,458
204,079	-	204,079
-	-	47,747
<u>3,712,722</u>	<u>409,725</u>	<u>25,399,744</u>
223,728	2,721	366,127
46,827	-	244,265
17,895	163	45,931
537	-	141,624
<u>288,987</u>	<u>2,884</u>	<u>797,947</u>
-	-	12,887,000
-	-	227,650
-	-	13,114,650
204,079	-	204,079
-	-	47,747
-	-	121,582
-	-	608,845
-	-	169,236
-	-	893,800
3,219,656	-	3,219,656
-	409,635	409,635
-	-	654,856
-	-	620,167
-	-	10,000
-	(2,794)	4,527,544
<u>3,423,735</u>	<u>406,841</u>	<u>11,487,147</u>
<u>3,712,722</u>	<u>409,725</u>	<u>25,399,744</u>

Warren County

Warren County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 21)		\$ 11,487,147
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$71,048,962 and the accumulated depreciation is \$28,292,327.		42,756,635
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		227,650
The Internal Service Fund is used by management to charge the costs of fuel station services to individual funds and other entities. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position, as follows:		
Capital assets of \$92,333, less accumulated depreciation of \$66,906	\$ 25,427	
Other net position	<u>181,502</u>	206,929
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	967,125	
Deferred inflows of resources	<u>(2,409,519)</u>	(1,442,394)
Long-term liabilities, including general obligation notes payable, general obligation capital loan payable, installment purchase contract payable, rural development loan agreement payable, compensated absences payable, net pension liability, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(6,694,961)</u>
Net position of governmental activities (page 18)		<u>\$ 46,541,006</u>

See notes to financial statements.

Warren County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

		<u>Special</u>
	<u>General</u>	<u>Mental Health</u>
Revenues:		
Property and other county tax	\$ 8,761,875	967,866
Interest and penalty on property tax	105,612	-
Intergovernmental	3,040,100	66,839
Licenses and permits	30,350	-
Charges for service	1,155,493	-
Use of money and property	96,897	-
Miscellaneous	544,855	748
Total revenues	<u>13,735,182</u>	<u>1,035,453</u>
Expenditures:		
Operating:		
Public safety and legal services	4,558,352	-
Physical health and social services	2,880,433	-
Mental health	587,991	1,980,201
County environment and education	938,671	-
Roads and transportation	-	-
Governmental services to residents	898,994	-
Administration	2,788,473	-
Debt service	33,355	-
Capital projects	116,665	-
Total expenditures	<u>12,802,934</u>	<u>1,980,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>932,248</u>	<u>(944,748)</u>
Other financing sources (uses):		
Sale of capital assets	-	-
Loan proceeds	144,500	-
Transfers in	246,292	-
Transfers out	(96,928)	(246,292)
Total other financing sources (uses)	<u>293,864</u>	<u>(246,292)</u>
Change in fund balances	1,226,112	(1,191,040)
Fund balances beginning of year	<u>5,367,423</u>	<u>1,360,276</u>
Fund balances end of year	<u>\$ 6,593,535</u>	<u>169,236</u>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
2,796,421	-	-	12,526,162
-	-	-	105,612
123,796	4,567,944	24,300	7,822,979
32,000	9,355	-	71,705
3,250	-	9,095	1,167,838
-	1,440	11,991	110,328
-	43,995	59,198	648,796
2,955,467	4,622,734	104,584	22,453,420
-	-	3,975	4,562,327
-	-	-	2,880,433
-	-	-	2,568,192
238,379	-	59,655	1,236,705
286,005	5,743,080	-	6,029,085
1,747	-	2,819	903,560
-	-	-	2,788,473
-	-	-	33,355
-	691,670	-	808,335
526,131	6,434,750	66,449	21,810,465
2,429,336	(1,812,016)	38,135	642,955
-	189,972	-	189,972
-	-	-	144,500
-	2,178,155	-	2,424,447
(2,081,227)	-	-	(2,424,447)
(2,081,227)	2,368,127	-	334,472
348,109	556,111	38,135	977,427
545,691	2,867,624	368,706	10,509,720
893,800	3,423,735	406,841	11,487,147

Warren County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25) \$ 977,427

**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,808,245	
Capital assets contributed by the Iowa Department of Transportation	1,255,576	
Depreciation expense	<u>(2,022,729)</u>	1,041,092

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 24,645

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	(134)	
Other	<u>(681,113)</u>	(681,247)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year payments exceeded issuances, as follows:

Issued	(144,500)	
Repaid	<u>155,454</u>	10,954

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 731,341

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(40,208)	
Other postemployment benefits	(104,000)	
Pension expense	(257,382)	
Interest on long-term debt	<u>567</u>	(401,023)

The Internal Service Fund is used by management to charge the costs of fuel station services to individual funds and other entities. The change in net position of the Internal Service Fund is reported with governmental activities. 12,545

Change in net position of governmental activities (page 19) \$ 1,715,734

See notes to financial statements.

Warren County
 Statement of Net Position
 Proprietary Fund

June 30, 2015

	<u>Internal Service - Fuel Station</u>
Assets	
Cash and cash equivalents	\$ 157,733
Due from other funds	23,345
Due from other governments	18,044
Inventories	9,776
Capital assets, net of accumulated depreciation of \$66,906	<u>25,427</u>
Total assets	<u>234,325</u>
Liabilities	
Accounts payable	27,369
Due to other governments	<u>27</u>
Total liabilities	<u>27,396</u>
Net Position	
Net investment in capital assets	25,427
Unrestricted	<u>181,502</u>
Total net position	<u><u>\$ 206,929</u></u>

See notes to financial statements.

Exhibit H

Warren County
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 304,691
Reimbursements from other governments		281,014
Fuel and other tax refunds		<u>20,147</u>
Total operating revenues		605,852
Operating expenses:		
Fuel	\$ 562,213	
State fuel and other taxes	22,414	
Utilities	607	
Insurance	1,265	
Repairs	321	
Tank fees	130	
Depreciation	<u>6,357</u>	<u>593,307</u>
Operating income		12,545
Net position beginning of year		<u>194,384</u>
Net position end of year		<u><u>\$ 206,929</u></u>

See notes to financial statements.

Warren County
 Statement of Cash Flows
 Proprietary Fund
 Year ended June 30, 2015

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 310,424
Cash received from other governments	313,981
Cash received from other sources	20,147
Cash paid to suppliers	(565,665)
Net cash provided by operating activities	78,887
Cash and cash equivalents beginning of year	78,846
Cash and cash equivalents end of year	\$ 157,733
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 12,545
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,357
Decrease in due from other funds	5,733
Decrease in due from other governments	32,962
Decrease in inventories	16,548
Increase in accounts payable	4,737
Increase in due to other governments	5
Net cash provided by operating activities	\$ 78,887

See notes to financial statements.

Warren County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 2,170,884
Other County officials	123,310

Receivables:

Property tax:

Delinquent	72,626
Succeeding year	54,735,000
Accounts	30,835
Special assessments	970,000
Due from other governments	183,166

Total assets

58,285,821

Liabilities

Accounts payable	9,620
Salaries and benefits payable	14,136
Due to other governments	58,016,176
Trusts payable	199,714
Compensated absences	46,175

Total liabilities

58,285,821

Net position

\$ -

See notes to financial statements.

Warren County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Warren 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.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Warren County has included all funds, organizations, 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 Warren County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

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

The Friends of Warren County Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for development and enhancement of environmental education and conservation projects within the scope of the jurisdiction of the Warren County Conservation Board. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

Joint Venture – The County operates a Joint Vehicle Fueling Facility under a 28E agreement with the City of Indianola and the Indianola Community School District. The County records the activity of this joint venture in a Proprietary Fund.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission and Warren 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 the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa or incorporated under Iowa law: The Housing Authority of Warren County, the Central Iowa Regional Transportation Planning Alliance and the Des Moines Area Metropolitan Planning Organization.

The County also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a jointly governed organization established pursuant to Chapter 28E of the Iowa Code. Prior to July 1, 2004, the WRA operated as a joint venture, with the City of Des Moines as the operating agency. The County's interest in the joint venture was approximately 1.42%, which has been transferred in its entirety to the Greenfield Plaza Hills of Coventry Sanitary Sewer District and the Lakewood Benefited Sanitary Sewer District (City of Norwalk) through a separate 28E agreement. The Greenfield Plaza Hills of Coventry Sanitary Sewer District and the City of Norwalk have been included as participating communities in the Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority dated July 1, 2004.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues 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 expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

Additionally, the County reports the following funds:

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

Fiduciary Funds – Agency Funds 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.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the programs. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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 in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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 assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 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 have been made 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 certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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 consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	5,000
Intangibles	100,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A

liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Fuel Station Fund is designated for operation of the fuel station.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements in certain departments exceeded the amounts appropriated prior to the appropriation amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 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 ensure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$119,943 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 187
	Rural Services	127
	Secondary Roads	588
	Liberty Center Sewer	163
Special Revenue:		
Secondary Roads	General	678
	Special Revenue:	
	Rural Services	20,843
Internal Service:		
Fuel Station	General	6,038
	Special Revenue:	
	Secondary Roads	17,307
Total		<u>\$ 45,931</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Mental Health	\$ 246,292
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	96,928 2,081,227
		<u>2,178,155</u>
Total		<u>\$ 2,424,447</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,118,892	-	-	2,118,892
Construction in progress	-	210,726	-	210,726
Construction in progress - Infrastructure	2,778,211	1,962,820	2,610,556	2,130,475
Intangibles	97,211	-	-	97,211
Total capital assets not being depreciated	<u>4,994,314</u>	<u>2,173,546</u>	<u>2,610,556</u>	<u>4,557,304</u>
Capital assets being depreciated:				
Buildings	8,764,257	16,461	-	8,780,718
Improvements other than buildings	803,050	62,618	-	865,668
Equipment and vehicles	8,244,393	861,772	579,121	8,527,044
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	44,134,486	2,610,556	-	46,745,042
Infrastructure, other	1,573,186	-	-	1,573,186
Total capital assets being depreciated	<u>63,611,705</u>	<u>3,551,407</u>	<u>579,121</u>	<u>66,583,991</u>
Less accumulated depreciation for:				
Buildings	3,974,944	275,907	-	4,250,851
Improvements other than buildings	128,549	22,471	-	151,020
Equipment and vehicles	5,674,517	700,399	553,190	5,821,726
Equipment, internal service	60,549	6,357	-	66,906
Infrastructure, road network	16,433,352	973,147	-	17,406,499
Infrastructure, other	611,426	50,805	-	662,231
Total accumulated depreciation	<u>26,883,337</u>	<u>2,029,086</u>	<u>553,190</u>	<u>28,359,233</u>
Total capital assets being depreciated, net	<u>36,728,368</u>	<u>1,522,321</u>	<u>25,931</u>	<u>38,224,758</u>
Governmental activities capital assets, net	<u>\$ 41,722,682</u>	<u>3,695,867</u>	<u>2,636,487</u>	<u>42,782,062</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 90,145
Physical health and social services		3,048
County environment and education		133,634
Roads and transportation		1,457,057
Governmental services to residents		38,674
Administration		300,171
Total depreciation expense - governmental activities, excluding the Internal Service Fund		<u>\$ 2,022,729</u>
Depreciation expense charged to the Internal Service Fund		<u>\$ 6,357</u>

(6) 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. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	<u>\$ 140,994</u>
Special Revenue:		
Mental Health	Services	93
Secondary Roads	Services	537
		<u>630</u>
Total for governmental funds		<u>\$ 141,624</u>
Agency:		
County Assessor	Collections	\$ 771,960
Schools		34,790,864
Community Colleges		1,205,918
Corporations		17,448,075
Townships		609,620
Auto License and Use Tax		1,300,364
All other		1,889,375
Total for agency funds		<u>\$ 58,016,176</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General			Rural		Net Pension Liability	Net OPEB Liability	Total
	General Obligation Notes	Capital Loan	Installment Purchase Contract	Development Loan Agreement	Compen-sated Absences			
	Balance beginning of year, as restated	\$ 134,500	-	169,433	280,000			
Increases	-	144,500	-	-	665,229	-	133,000	942,729
Decreases	20,237	22,500	84,717	28,000	625,021	2,683,909	29,000	3,493,384
Balance end of year	<u>\$ 114,263</u>	<u>122,000</u>	<u>84,716</u>	<u>252,000</u>	<u>845,415</u>	<u>4,242,355</u>	<u>1,031,000</u>	<u>6,691,749</u>
Due within one year	<u>\$ 21,087</u>	<u>29,500</u>	<u>84,716</u>	<u>28,000</u>	<u>380,493</u>	-	-	<u>543,796</u>

General Obligation Notes

A summary of the County's June 30, 2015 general obligation note indebtedness is as follows:

Year Ending June 30,	Liberty Center Wastewater Collection and Treatment Facility			
	Issued November 5, 2009			
	Interest Rates	Principal	Interest	Total
2016	4.125 - 4.25%	\$ 21,087	4,818	25,905
2017	4.125 - 4.25	21,973	3,932	25,905
2018	4.125 - 4.25	22,897	3,008	25,905
2019	4.125 - 4.25	23,859	2,046	25,905
2020	4.125 - 4.25	24,447	1,044	25,491
Total		\$ 114,263	14,848	129,111

During the year ended June 30, 2015, the County retired \$20,237 of general obligation notes.

General Obligation Capital Loan

In November 2014, the County entered into a loan agreement with the Community Bank of Indianola for \$144,500 to pay costs of IT hardware. The loan bears interest between 2.0% and 2.5% per annum, with the first payment due June 1, 2015. A summary of the general obligation capital loan is as follows:

Year Ending June 30,	Issued November 6, 2014			
	Interest Rates	Principal	Interest	Total
2016	2.00%	\$ 29,500	2,750	32,250
2017	2.25	30,000	2,160	32,160
2018	2.25	31,000	1,485	32,485
2019	2.50	31,500	788	32,288
Total		\$ 122,000	7,183	129,183

During the year ended June 30, 2015, the County retired \$22,500 of the loan.

Installment Purchase Contract

During the year ended June 30, 2013, the County entered into a \$254,150 installment purchase contract for voting equipment. The agreement bears no interest and requires three annual payments of \$84,717, due July 1 of each year.

During the year ended June 30, 2015, the County retired \$84,717 of the installment purchase contract, leaving an outstanding balance of \$84,716 payable in the next fiscal year.

Rural Development Loan Agreement

During the year ended June 30, 2014, the County entered into a loan agreement with Interstate 35 Telephone Company for an interest free \$280,000 USDA Rural Economic Development loan for a road construction project to aid in economic development. The loan requires 10 payments of \$28,000 on December 15 of each year. The following is a schedule of future loan payments:

Year Ending June 30,	Interest Rate	Amount
2016	0%	\$ 28,000
2017	0	28,000
2018	0	28,000
2019	0	28,000
2020	0	28,000
2021 - 2024	0	112,000
Total		<u>\$ 252,000</u>

During the year ended June 30, 2015, the County retired \$28,000 of the loan agreement.

(8) Loan Receivable and Developer Agreement

In November 2013, the County entered into an agreement for private development with the City of Carlisle and Fareway Stores, Inc. The agreement included economic incentives provided by the City and County to build a new store on development property located within the City of Carlisle's Urban Renewal Area.

The County agreed to grant the developer \$300,000 to assist with the purchase of development property, in accordance with Chapter 15A of the Code of Iowa and the Urban Development Act. In addition, the County agreed to loan the City of Carlisle \$145,000, interest free, with the proceeds to be used to assist the developer with the purchase of development property. The payments were made by the County in April 2014.

The County loan is secured by an urban renewal capital loan note issued by the City of Carlisle. The loan is secured by and is to be repaid solely and only from the incremental property tax generated by the Carlisle urban renewal area #3 with the payments due on June 1 of each fiscal year. The annual principal payments from the City of Carlisle are to be credited to the General Fund. The following is a schedule of the future payments to be received by the County.

Year Ending June 30,	Interest Rate	Amount
2016	0%	\$ 24,038
2017	0	28,303
2018	0	30,153
2019	0	32,003
2020	0	7,085
Total		<u>\$ 121,582</u>

The City of Carlisle paid \$23,418 during the year ended June 30, 2015.

(9) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$731,341.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$4,242,355 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.106971%, which was a decrease of 0.013661% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$257,382. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,591	52,740
Changes of assumptions	189,193	64,611
Net difference between projected and actual earnings on pension plan investments	-	2,099,418
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	-	192,750
County contributions subsequent to the measurement date	731,341	-
Total	\$ 967,125	2,409,519

\$731,341 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (542,218)
2017	(542,218)
2018	(542,218)
2019	(542,218)
2020	(4,863)
Total	\$ (2,173,735)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 9,062,353	\$4,242,355	\$ 178,118

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 186 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

The health coverage, which is a partially self-funded medical plan, is administered by United Health Care, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2015; the amount actually contributed to the plan and the change in the County’s net OPEB obligation:

Annual required contribution	\$ 133,000
Interest on net OPEB obligation	37,000
Adjustment to annual required contribution	<u>(37,000)</u>
Annual OPEB cost	133,000
Contributions made	<u>(29,000)</u>
Increase in net OPEB obligation	104,000
Net OPEB obligation beginning of year	<u>927,000</u>
Net OPEB obligation end of year	<u>\$ 1,031,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$29,000 to the medical plan. Plan members eligible for benefits contributed \$52,310, or 64% of the premium costs.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 221,254	17.1%	\$ 744,000
2014	234,000	21.8	927,000
2015	133,000	21.8	1,031,000

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was approximately \$1,045,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,045,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,065,000 and the ratio of the UAAL to covered payroll was 13.0%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 9%. The ultimate health trend rate is 5%. The health trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, Fully Generational Using Scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$1,045 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 contributions to the Pool for the year ended June 30, 2015 were \$174,592.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of the risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made on the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance 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 casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its member is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(12) Joint Vehicle Fueling Facility

The County, under a 28E agreement with the City of Indianola and the Indianola Community School District, agreed to design, construct and operate a “Joint Vehicle Fueling Facility”. The County is the owner/operator with the County Engineer administering the facility. The cost of constructing the facility is shared under the following percentages: Warren County, 53%, City of Indianola, 18%, and the Indianola Community School District, 29%. All annual operating expenses are shared in the same ratio. The cost of fuel provided to members is on an individual usage basis at the same cost paid by the Joint Venture. Upon termination or closure, no money will be returned to any of the parties. The County accounts for the project and fuel reimbursements in an Internal Service Fund.

(13) Deficit Balance

The Special Revenue, Liberty Center Sewer Fund had a deficit balance of \$2,794 at June 30, 2015.

(14) Warren County Financial Information Included in Central Iowa Community Services Region

Central Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective August 18, 2014, includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story and Warren. The financial activity of the County’s Special Revenue, Mental Health Fund is included in Central Iowa Community Services Region for the year ended June 30, 2015, as follows:

Revenues:		
Property and other county tax		\$ 967,866
Intergovernmental:		
State tax credits	\$ 55,866	
Other	10,973	66,839
Miscellaneous		748
Total revenues		<u>1,035,453</u>
Expenditures:		
Services to persons with:		
Mental illness	389,605	
Intellectual disabilities	10,480	400,085
General administration:		
Direct administration	132,354	
Distribution to regional fiscal agent	1,447,762	1,580,116
Total expenditures		<u>1,980,201</u>
Deficiency of revenues under expenditures		(944,748)
Transfers out to General Fund for case management		<u>(246,292)</u>
Change in fund balance		(1,191,040)
Fund balance beginning of year		<u>1,360,276</u>
Fund balance end of year		<u>\$ 169,236</u>

(15) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 50,983,980
Net pension liability at June 30, 2014	(6,926,264)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>767,556</u>
Net position July 1, 2014, as restated	<u>\$ 44,825,272</u>

Required Supplementary Information

Warren County

Warren County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 12,595,341	-	12,595,341
Interest and penalty on property tax	105,522	-	105,522
Intergovernmental	7,508,312	-	7,508,312
Licenses and permits	72,970	-	72,970
Charges for service	1,177,407	-	1,177,407
Use of money and property	96,169	-	96,169
Miscellaneous	636,905	45,783	591,122
Total receipts	<u>22,192,626</u>	<u>45,783</u>	<u>22,146,843</u>
Disbursements:			
Public safety and legal services	4,482,945	-	4,482,945
Physical health and social services	2,882,536	-	2,882,536
Mental health	2,890,192	-	2,890,192
County environment and education	1,248,527	45,138	1,203,389
Roads and transportation	5,955,827	-	5,955,827
Governmental services to residents	909,281	-	909,281
Administration	2,786,886	-	2,786,886
Debt service	33,355	-	33,355
Capital projects	840,952	-	840,952
Total disbursements	<u>22,030,501</u>	<u>45,138</u>	<u>21,985,363</u>
Excess (deficiency) of receipts over (under) disbursements	162,125	645	161,480
Other financing sources, net	352,987	-	352,987
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	515,112	645	514,467
Balance beginning of year	10,470,608	131,380	10,339,228
Balance end of year	<u>\$ 10,985,720</u>	<u>132,025</u>	<u>10,853,695</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
12,671,469	12,671,469	(76,128)
127,700	127,700	(22,178)
8,067,005	7,010,821	497,491
49,650	49,650	23,320
1,256,986	1,259,986	(82,579)
82,323	82,323	13,846
358,728	358,728	232,394
<u>22,613,861</u>	<u>21,560,677</u>	<u>586,166</u>
4,628,616	4,674,616	191,671
4,084,966	4,084,966	1,202,430
2,217,006	3,217,006	326,814
1,264,963	1,303,963	100,574
6,346,210	6,545,420	589,593
930,063	946,063	36,782
2,942,540	3,071,040	284,154
53,906	53,906	20,551
1,122,394	1,122,394	281,442
<u>23,590,664</u>	<u>25,019,374</u>	<u>3,034,011</u>
(976,803)	(3,458,697)	3,620,177
15,000	358,710	(5,723)
(961,803)	(3,099,987)	3,614,454
7,592,828	7,592,828	2,746,400
<u>6,631,025</u>	<u>4,492,841</u>	<u>6,360,854</u>

Warren County

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 22,192,626	260,794	22,453,420
Expenditures	22,030,501	(220,036)	21,810,465
Net	162,125	480,830	642,955
Other financing sources, net	352,987	(18,515)	334,472
Beginning fund balances	10,470,608	39,112	10,509,720
Ending fund balances	\$ 10,985,720	501,427	11,487,147

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit, the Internal Service Fund 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 ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,428,710. The budget amendment is reflected in the final budgeted amounts.

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.

During the year ended June 30, 2015, the County's disbursements did not exceed the amounts budgeted by function. However, disbursements for the Human Services, District Court and Information Technology Departments exceeded the amounts appropriated prior to an appropriation amendment.

Warren County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability	0.106971%
County's collective proportionate share of the net pension liability (asset)	\$ 4,242
County's covered-employee payroll	\$ 8,459
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.15%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Warren County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 731	768	753	693
Contributions in relation to the statutorily required contribution	<u>(731)</u>	<u>(768)</u>	<u>(753)</u>	<u>(693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 8,043	8,459	8,485	8,275
Contributions as a percentage of covered-employee payroll	9.09%	9.08%	8.87%	8.37%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
589	540	486	459	435	417
<u>(589)</u>	<u>(540)</u>	<u>(486)</u>	<u>(459)</u>	<u>(435)</u>	<u>(417)</u>
-	-	-	-	-	-
8,096	7,927	7,418	7,242	7,026	6,657
7.28%	6.81%	6.55%	6.34%	6.19%	6.26%

Warren County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Warren County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2011	Jul 1, 2008	-	\$ 1,227	1,227	0.0%	\$ 7,493	16.4%
2012	Jul 1, 2011	-	1,471	1,471	0.0	7,908	18.6
2013	Jul 1, 2011	-	1,657	1,657	0.0	8,145	20.3
2014	Jul 1, 2011	-	1,853	1,853	0.0	8,389	22.1
2015	Jul 1, 2014	-	1,045	1,045	0.0	8,065	13.0

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Warren County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

				Special
	County Recorder's Records Management	Resource Enhance- ment and Protection	Attorney Forfeiture	
Assets				
Cash, cash equivalents and pooled investments	\$ 107,266	118,909	7,263	
Accounts receivable	-	-	-	
Due from other governments	-	-	-	
Total assets	\$ 107,266	118,909	7,263	
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	
Due to other funds	-	-	-	
Total liabilities	-	-	-	
Fund balances:				
Restricted for other purposes	107,266	118,909	7,263	
Unassigned	-	-	-	
Total fund balances	107,266	118,909	7,263	
Total liabilities and fund balances	\$ 107,266	118,909	7,263	

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
33,589	132,025	-	3,993	403,045
-	-	90	-	90
6,590	-	-	-	6,590
40,179	132,025	90	3,993	409,725
-	-	2,721	-	2,721
-	-	163	-	163
-	-	2,884	-	2,884
40,179	132,025	-	3,993	409,635
-	-	(2,794)	-	(2,794)
40,179	132,025	(2,794)	3,993	406,841
40,179	132,025	90	3,993	409,725

Warren County
 Combining Schedule of Revenues, Expenditures and
 Changes in Fund Balances
 Nonmajor Governmental Funds

Year ended June 30, 2015

	County Recorder's Records Management	Resource Enhance- ment and Protection	Special Attorney Forfeiture
Revenues:			
Intergovernmental	\$ -	24,300	-
Charges for service	9,095	-	-
Use of money and property	251	-	-
Miscellaneous	-	-	6,657
Total revenues	9,346	24,300	6,657
Expenditures:			
Operating:			
Public safety and legal services	-	-	3,975
County environment and education	-	-	-
Governmental services to residents	2,819	-	-
Capital projects	-	-	-
Total expenditures	2,819	-	3,975
Excess (deficiency) of revenues over (under) expenditures	6,527	24,300	2,682
Fund balances beginning of year	100,739	94,609	4,581
Fund balances end of year	\$ 107,266	118,909	7,263

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
-	-	-	-	24,300
-	-	-	-	9,095
-	-	11,740	-	11,991
6,590	45,783	168	-	59,198
6,590	45,783	11,908	-	104,584
-	-	-	-	3,975
-	45,138	14,517	-	59,655
-	-	-	-	2,819
-	-	-	-	-
-	45,138	14,517	-	66,449
6,590	645	(2,609)	-	38,135
33,589	131,380	(185)	3,993	368,706
40,179	132,025	(2,794)	3,993	406,841

Warren County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	695	250,310	251,225
Other County officials	123,310	-	-	-
Receivables:				
Property tax:				
Delinquent	-	151	954	56,639
Succeeding year	-	254,000	568,000	34,483,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 123,310	254,846	819,264	34,790,864
Liabilities				
Accounts payable	\$ -	-	7,866	-
Salaries and benefits payable	-	-	10,287	-
Due to other governments	53,398	254,846	771,960	34,790,864
Trusts payable	69,912	-	-	-
Compensated absences	-	-	29,151	-
Total liabilities	\$ 123,310	254,846	819,264	34,790,864

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
8,965	78,875	5,997	1,300,364	274,453	2,170,884
-	-	-	-	-	123,310
1,953	11,200	1,623	-	106	72,626
1,195,000	17,358,000	602,000	-	275,000	54,735,000
-	-	-	-	30,835	30,835
-	-	-	-	970,000	970,000
-	-	-	-	183,166	183,166
1,205,918	17,448,075	609,620	1,300,364	1,733,560	58,285,821
-	-	-	-	1,754	9,620
-	-	-	-	3,849	14,136
1,205,918	17,448,075	609,620	1,300,364	1,581,131	58,016,176
-	-	-	-	129,802	199,714
-	-	-	-	17,024	46,175
1,205,918	17,448,075	609,620	1,300,364	1,733,560	58,285,821

Warren County
 Combining Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds

Year ended June 30, 2015

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 72,677	85,854	903,296	32,324,250
Additions:				
Property and other county tax	-	256,297	585,112	35,529,856
E911 surcharge	-	-	-	-
State tax credits	-	4,703	29,633	1,767,625
Drivers license fees	-	-	-	-
Office fees and collections	954,350	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	847,448	-	-	-
Miscellaneous	-	-	10,893	-
Total additions	1,801,798	261,000	625,638	37,297,481
Deductions:				
Agency remittances:				
To other funds	482,070	-	-	-
To other governments	450,924	92,008	709,670	34,830,867
Trusts paid out	818,171	-	-	-
Total deductions	1,751,165	92,008	709,670	34,830,867
Balances end of year	\$ 123,310	254,846	819,264	34,790,864

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
1,101,534	16,388,654	621,376	1,241,252	2,247,384	54,986,277
1,230,807	17,788,046	581,200	-	284,428	56,255,746
-	-	-	-	331,813	331,813
60,649	957,550	25,942	-	14,444	2,860,546
-	-	-	116,627	-	116,627
-	-	-	-	-	954,350
-	-	-	14,764,549	-	14,764,549
-	-	-	-	616,681	1,464,129
-	-	-	-	250,452	261,345
1,291,456	18,745,596	607,142	14,881,176	1,497,818	77,009,105
-	-	-	618,168	-	1,100,238
1,187,072	17,686,175	618,898	14,203,896	1,400,943	71,180,453
-	-	-	-	610,699	1,428,870
1,187,072	17,686,175	618,898	14,822,064	2,011,642	73,709,561
1,205,918	17,448,075	609,620	1,300,364	1,733,560	58,285,821

Warren County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 12,526,162	12,568,621	12,347,304	11,582,933
Interest and penalty on property tax	105,612	128,175	125,890	134,118
Intergovernmental	7,822,979	9,073,956	9,050,387	8,295,071
Licenses and permits	71,705	73,395	59,335	49,065
Charges for service	1,167,838	1,115,148	1,294,223	1,154,244
Use of money and property	110,328	71,693	72,103	75,528
Miscellaneous	648,796	565,025	613,260	1,137,620
Total	\$ 22,453,420	23,596,013	23,562,502	22,428,579
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,562,327	4,879,166	4,678,285	4,573,861
Physical health and social services	2,880,433	3,524,239	2,957,533	2,836,202
Mental health	2,568,192	1,221,108	1,772,073	4,802,080
County environment and education	1,236,705	1,589,388	1,297,723	1,467,779
Roads and transportation	6,029,085	6,133,405	6,008,547	5,182,055
Governmental services to residents	903,560	921,227	1,087,588	826,576
Administration	2,788,473	2,848,934	2,608,887	2,594,163
Non-program	-	-	17,742	17,828
Debt service	33,355	46,301	46,336	25,905
Capital projects	808,335	1,955,605	1,242,074	1,209,194
Total	\$ 21,810,465	23,119,373	21,716,788	23,535,643

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
11,434,820	11,441,171	11,453,420	10,856,199	10,012,217	9,039,256
131,188	149,108	142,432	150,009	134,630	129,981
8,259,026	10,424,897	9,863,840	7,226,199	7,991,557	7,112,383
50,799	45,255	53,085	56,375	72,145	88,350
1,106,315	1,067,973	1,088,935	1,117,378	1,053,691	1,137,039
83,556	90,910	138,804	364,291	448,356	285,375
685,458	594,686	528,665	469,577	409,063	502,144
21,751,162	23,814,000	23,269,181	20,240,028	20,121,659	18,294,528
4,294,861	4,004,824	3,989,306	3,948,411	3,728,866	3,674,865
3,042,371	2,652,571	2,494,732	2,421,017	2,377,752	2,054,666
3,906,062	2,895,774	2,756,204	2,951,364	2,743,476	2,713,918
1,116,563	1,119,994	1,183,451	959,022	935,270	804,023
5,473,688	5,861,559	5,577,710	5,905,350	5,270,656	4,925,412
772,331	749,897	767,527	644,439	618,230	897,476
2,478,993	2,406,804	2,595,841	2,252,355	2,149,060	2,049,422
281	175	6,131	12,804	3,289	-
25,905	443,520	516,944	554,828	658,125	765,977
682,129	2,579,032	1,613,199	643,925	883,407	479,805
21,793,184	22,714,150	21,501,045	20,293,515	19,368,131	18,365,564

Schedule 6

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 13,049
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		<u>2,739</u>
Total direct			<u>15,788</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>32,513</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-15-48-CJ	<u>32,241</u>
Violence Against Women Formula Grants	16.588	VW-15-48-CJ	<u>28,216</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-CO91(87)-71-91	22,925
Highway Planning and Construction	20.205	EDP-CO91(64)-7Y-91	<u>400</u>
			<u>23,325</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	14-402-MOPT, Task 24-00.00	<u>6,767</u>
U.S. Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032	5885RC06	<u>2,700</u>
U.S. Department of Health and Human Services:			
Iowa Department on Aging:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		85,649
Nutrition Services Incentive Program	93.053		<u>32,778</u>
			<u>118,427</u>

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Central Iowa Coordinated Response Coalition:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT13	44,938
Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5884I477	9,018
Immunization Cooperative Agreements	93.268	5885I477	2,099
			<u>11,117</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5884I477	6,182
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5885I477	4,100
			<u>10,282</u>
Maternal and Child Health Services Block Grant to the States	93.994	5884MH28	69
Maternal and Child Health Services Block Grant to the States	93.994	5885MH28	39,100
Maternal and Child Health Services Block Grant to the States	93.994	5884DH07	10,708
Maternal and Child Health Services Block Grant to the States	93.994	5885DH07	5,075
			<u>54,952</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		66
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,398
Foster Care_Title IV-E	93.658		12,451
Adoption Assistance	93.659		3,932
Social Services Block Grant	93.667		10,014
Children's Health Insurance Program	93.767		200
Medical Assistance Program	93.778		61,295

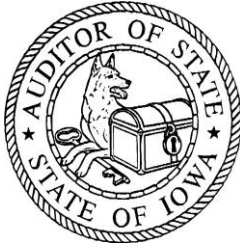
Schedule 6

Warren County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG-14-PT-91	37,120
Total indirect			498,954
Total			\$ 514,742

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

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, 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 Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Warren County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-15 through II-C-15 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-D-15 through II-I-15 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the 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.


Warren County's Responses to the Findings


Warren County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Warren County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Warren 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.

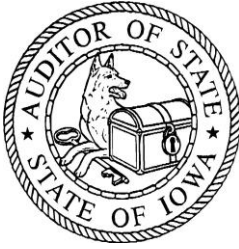

MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 16, 2016

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**

Warren County



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

Mary Mosiman, CPA
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Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Warren County:

Report on Compliance for Each Major Federal Program

We have audited Warren County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Warren County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were identified. We identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15, we consider to be a material weakness.

Warren County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Warren County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 16, 2016

Warren County
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was described by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each of the major programs.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 10.561 – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
 - Aging Cluster:
 - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
 - CFDA Number 93.053 – Nutrition Services Incentive Program
 - CFDA Number 93.566 – Refugee and Entrant Assistance_State Administered Programs
 - CFDA Number 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 - CFDA Number 93.658 – Foster Care_Title IV-E
 - CFDA Number 93.659 – Adoption Assistance
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 93.767 – Children’s Health Insurance Program
 - CFDA Number 93.778 – Medical Assistance Program
 - CFDA Number 93.994 – Maternal and Child Health Services Block Grant to States
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Warren County did not qualify as a low-risk auditee.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties – During our review of internal control, the existing procedures are evaluated to determine 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.

	Applicable Offices
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Treasurer, Engineer, Congregate Meals, Conservation, Friends of Warren County Conservation, Emergency Management and E911
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person and is not initialed to evidence any review. An initial listing of mail receipts is not prepared in the Sheriff's office, the Engineer's office or the Congregate Meals office.	Zoning, Sheriff, Congregate Meals, Engineer, Conservation, Friends of Warren County Conservation, MH/DD Community Services, Emergency Management and E911
(3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Recorder, Sheriff and Friends of Warren County Conservation
(4) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts.	Sheriff
(5) One individual handles fuel inventory and is responsible for maintaining fuel inventory records. Fuel usage reports are not reviewed by an independent person for propriety.	Engineer
(6) Daily cash reconciliations are not reviewed and approved by an independent person for propriety. In addition, daily reconciliations are performed by individuals who have the ability to void receipts.	Treasurer

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- (7) Checks are not restrictively endorsed upon receipt by the mail opener. Sheriff
- (8) Responsibilities for maintaining detailed accounts receivable records are not segregated from posting receipts. Engineer and Emergency Management

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances using currently available personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses -

- (a) Recorder - I only have three employees, so we try to rotate duties. Bank reconciliations have been addressed before and the Budget Coordinator will begin doing these soon.
- (b) Treasurer - We do not have enough staff. All tax employees have the ability to make entries and void receipts.
- (c) Engineer - We have added a part-time administrative assistant who will be working in the administration building. She will assume responsibilities to ensure segregation of duties are followed.
- (d) Conservation - Staffing levels do not allow complete segregation of duties.
- (e) Friends of Warren County Conservation - Friends of Warren County Conservation is reconciling accounting records with a non-signing member. The Friends of Warren County Conservation Board Director will obtain verification of this.
- (f) Emergency Management - I am the only person in the office. I work with the Emergency Management Commission on bills and receipts and keep logs on the shared drive for documentation.
- (g) E-911 - It is a one person office. I scan and file all bills and receipts onto a shared drive for documentation.
- (h) Zoning - I will have another coworker in Warren County review deposits and receipts.
- (i) Sheriff - The Sheriff is keeping a copy of the checks and making sure they are deposited and endorsed correctly. We will segregate cash receipting duties as much as possible with existing personnel. We will have someone who does not prepare the bank reconciliation review. The person preparing the checks will not be signing checks.
- (j) Congregate Meals - I will start having someone in the Board of Supervisors office open and record mail before I submit a miscellaneous receipt to the Treasurer's Office.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

(k) MH/DD Community Services – Due to limited staff availability, one individual maintains receipts, does and submits financial transactions. However, additional employees review the records prior to submittal to the Auditor’s or Treasurer’s Office. Additionally, another employee reviews the month end reports for outliers.

Conclusions – Responses acknowledged. All offices should review current operating procedures for the areas noted to obtain the maximum internal control possible. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

II-B-15 Financial Reporting – During the audit, we identified the following financial reporting errors:

Receivables – Emergency management receivables of \$21,455 and public health receivables of \$40,380 were not initially reported as receivables in the County’s financial statements at June 30, 2015. In addition, there were twenty-two grant receipts totaling \$48,947 incorrectly recorded as accounts receivable rather than due from other governments.

Payables – Two claims for goods and services received after July 1, 2015 for \$70,698 were improperly recorded as payables and a Secondary Roads claim for \$30,400 was not initially recorded as a payable.

Sheriff’s Law Enforcement Contracts – \$70,766 of law enforcement contract receivables were not initially reported as receivables in the County’s financial statements at June 30, 2015.

Capital Assets – Certain capital assets were not identified and added to the capital asset listing.

Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should establish procedures to ensure all receivables, payables and capital assets are identified and properly included in the County’s financial statements.

Responses –

Receivables and Capital Assets – Increased oversight and additional training will be implemented to correctly account for accruals. Capital assets will be recorded as soon as purchased and those sold will be removed from the inventory list. In addition, for the public health department receivables, the fiscal management team will be increasingly diligent to review and report any unprocessed receivables after the end of each fiscal year.

Engineer – We will add and maintain additional forms and spreadsheets to track payables.

Sheriff’s Law Enforcement Contracts – They have been collected and deposited accordingly at this time.

Conclusions – Responses accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

II-C-15 Payroll – For the year ended June 30, 2015, the County used a third party payroll processing vendor. The vendor provides a web based time card system. County employees or their supervisor complete timesheets online by recording the actual time they started and finished working or they record eight hours per day and the number of hours of overtime worked, as applicable. The employee's supervisor, County Administrator or a Board Member approves the timesheets by sending an email to the employee designated as County Payroll Administrator.

The County Payroll Administrator submits the time sheet file electronically to the vendor. The vendor processes the payroll and emails an electronic payroll journal to the County Administrator and Payroll Administrator. Both review and approve the payroll journals before the vendor processes the payroll.

Once the payroll is approved, the payroll vendor processes electronic withdrawals directly from the County's bank account for the net pay of all employees who use automatic deposit, all employee federal and state tax withholdings and the employees' and County's share of FICA and Medicare.

The payroll vendor prints and digitally signs paper checks for County employees who opted out of automatic deposit. The payroll vendor does not withdraw the net pay from the County's bank account, but withdraws the payroll taxes for these individuals from the County's bank account.

The payroll vendor sends the County an electronic file which includes the amounts withdrawn from the County's bank account by EFT, the amount the payroll vendor excluded from net pay for employee paid benefits and the calculated County and employee portion of IPERS. This information is then uploaded into the County's accounting system. In addition, the payroll vendor sends a listing of each employee's accrued vacation and sick leave balance at the end of the pay period.

The County's Payroll Administrator is responsible for entering changes in pay rates and benefit deductions into the web based payroll system. In addition, the Payroll Administrator is responsible for adding and removing employees from the payroll system.

The following weaknesses with the payroll processing system were noted:

- The payroll vendor digitally signs checks drawn directly from the County's bank account.
- The payroll vendor withdraws state, federal, FICA and Medicare taxes directly from the County's bank account and pays the State and Federal government. The County does not receive any verification of the amounts paid.
- There is no independent review of employees added to or removed from the web based system.
- There is no independent review of pay rate changes or employee benefit deductions.
- Supervisory personnel send an email approving a group of timesheets, but they are not required to sign individual timesheets.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- In some instances, employees do not have ready access to a personal computer and complete paper timesheets which are input by the employee's supervisor. There is no review of the information entered by the supervisor.
- The payroll file sent by the vendor is not entirely compatible with the County's accounting system. A County employee must manually input amounts to be withheld from employees for benefits into holding accounts for each employee to prevent duplicate recording of expenditures.
- The County received a listing of vacation, sick time and compensatory time balances at June 30, 2015, but the County did not review the listing for accuracy.
- The checks drawn by the payroll vendor are not run through the County's accounting system. The file sent by the vendor records the checks as being cashed when they may still be outstanding, resulting in the Treasurer's office having to manually track the outstanding paper checks.

Recommendation – The County should not allow anyone to withdraw funds directly from its bank account. The County should consider setting up a payroll clearing account which would only allow the outside vendor access to the funds required to cover payroll. In addition, the County should institute procedures to ensure any changes made to the payroll system are appropriately reviewed and such review is documented. Individual timesheets and hours worked should be reviewed and this review should be documented. The County should also receive information for vacation, sick leave and compensatory time for the entire year and monitor and review the balances. The County may want to work with the payroll vendor to make upgrades to eliminate the need to manually record information from the vendor's electronic file.

Response – At the beginning of fiscal year 2016, the County changed payroll vendors. The new vendor withdraws authorized funds from a separate County payroll account thus limiting a third party vendor from access to all County funds. The vendor then disburses employee payroll from their bank account. The County Auditor's digital signature is not used and the Treasurer's office no longer needs to manually track outstanding payroll checks. A payroll file for each pay period is maintained for documenting changes. This file will be regularly reviewed for accuracy. The County is working with the payroll vendor to develop reports that assist in monitoring accrued and taken leave on a regular basis.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

II-D-15 County Personnel Policies – The County has a personnel policy limiting the number of hours of compensatory time an employee can carry over at the end of the fiscal year to 60 hours. At June 30, 2015, thirty employees had compensatory time balances exceeding 60 hours.

Recommendation – The County should comply with its policy and limit the number of hours an employee can carry over at the end of the fiscal year to 60 hours.

Response – The County will be more diligent monitoring compensatory time and see that the personnel policy is followed.

Conclusion – Response accepted.

II-E-15 County Sheriff's Office Trust Listing – A current trust listing is not maintained and reconciled with book balances.

Recommendation – A list of trusts on hand should be prepared and reconciled to book balances monthly.

Response – The appropriate change is being implemented.

Conclusion – Response accepted.

II-F-15 Jail Commissary – One individual collects, deposits and records receipts for the Jail Commissary. The listing of inmate receipts is not reconciled to receipt records and deposited by an independent person. Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety. The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts. Unused checks and signature stamps are not adequately controlled.

Recommendation – The County Sheriff should review the operating procedures in the office to obtain the maximum internal control possible under the circumstances. As a compensating control, bank reconciliations should be printed and reviewed monthly by an independent person for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review. Inmate ledgers should be reconciled to deposits to ensure funds are properly recorded. Unused checks and signature stamps should be properly safeguarded.

Response – The employee not in charge of the bank account deposits and credits will be responsible for reconciling the bank account.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- II-G-15 Public Health Nurse – Reconciliations of nursing service billings, collections and receivables were not prepared each month.

Recommendation – A reconciliation of nursing service billings, collections and receivables should be prepared monthly.

Response – We continue to analyze how our department may be able to work toward monthly reconciliations. Our homecare software is able to accomplish this for our homecare side. We are striving to make improvements on the Public Health side to be able to create monitoring systems to enable us to complete accurate reconciliations.

Conclusion - Response accepted.

- II-H-15 Warren County Necessity Pantry – One individual purchases supplies, collects donated supplies and dispenses goods to families who qualify for assistance. Although the items provided to families are tracked each month, they are not tracked by an independent person. Additionally, the donated items are not added to the inventory listing.

Recommendation – The County should review the operating procedures in the office to obtain the maximum control possible under the circumstances. Donated items should be accounted for in the inventory listings.

Response – We only have one full time employee, myself, and a part-time employee. Due to this, it would be difficult to have more than just myself shop for pantry items. We do have both employees dispensing goods to families and collecting donated supplies.

Conclusion – Response acknowledged. The County should review the operating procedures in the office to obtain the maximum control possible. Donated items should be accounted for in the inventory listings.

- II-I-15 City Law Enforcement Contracts – The County Sheriff contracts with cities within the County to provide law enforcement services. Billings, collections and receivables for these contracts are not always properly recorded timely.

Recommendation – The County Sheriff should maintain a ledger to document contract law enforcement billings, collections and receivables. This ledger should be reconciled to deposits by an independent person.

Response – Current contracts are in place with the contracted cities for law enforcement. A ledger is in place to show when they are paid.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services

CFDA Number 93.053 – Nutrition Services Incentive Program

Federal Award Year: 2015

U.S. Department of Health and Human Services

Passed through the Iowa Department on Aging

III-A-15 Segregation of Duties Over Federal Revenues – Warren County
(2015-001) Congregate Meals did not properly segregate opening the mail, collecting, depositing, posting and reconciling functions for revenues, including those related to federal programs. See item II-A-15.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted. However, disbursements for the Human Services, District Court and Information Technology Departments exceeded the amounts appropriated prior to an appropriation amendment.

Recommendation – The County should closely monitor budgets and appropriations and take action to amend appropriations before the appropriated amount is exceeded.

Response – The County will monitor the budget more closely and make sure funds are re-appropriated or the budget is amended as necessary for current and future years.

Conclusion – Response accepted.

IV-B-15 Questionable Expenditures – During the year June 30, 2015, the County spent \$991 to purchase Tee-shirts as an incentive to participate in the turkey trot, a part of the County's wellness program.

These expenditures may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

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

Response – The County's wellness program is aimed at increasing awareness of health and physical well-being to employees. The County believes a healthy workforce serves a public purpose by reducing the cost of health insurance. Participation incentives will continue to be offered to employees. A written policy will be established to indicate the public purpose of such expenditures.

Conclusion – Response accepted.

IV-C-15 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

- IV-D-15 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Andy Coffman, Secondary Roads motorgrader operator, brother owns Coffman Glass	Glass supplies	\$ 3,497

These transactions do not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(d) of the Code of Iowa since Mr. Coffman’s remuneration of employment is not directly affected as a result of the contracts and his duties of employment do not directly involve the procurement or preparation of any part of the services.

- IV-E-15 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 the coverage is adequate for current operations.

- IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- IV-G-15 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 policy were noted.

- IV-H-15 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-I-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, 2015 for the County Extension Office did not exceed the amount budgeted.

- IV-J-15 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff.

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

Response – We have talked with the bank and are receiving the front portion of the checks but the bank advises it will cost more to have the back of the check image on our statement.

Conclusion – Response acknowledged. The County Sheriff should comply with Chapter 554D.114 of the Code of Iowa.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

IV-K-15 Sheriff's D.A.R.E. Account – The County Sheriff maintains a bank account for the D.A.R.E. program. The financial activity of this account is not reflected in the County's financial statements and has not been included in the County's annual budget.

Recommendation – Collections for the D.A.R.E. program should be remitted to the County Treasurer and credited to a Special Revenue Fund in order to reflect this activity in the County's budget and financial statements.

Response – The Chief Deputy will confer with the County Auditor and Treasurer to ensure this is to happen.

Conclusion – Response accepted.

IV-L-15 Commissary Account – The County Sheriff maintains a bank account for the Commissary and does not remit excess profits to the County Treasurer.

Recommendation – Commissary profits should be remitted to the County Treasurer at least annually.

Response – They will be sent to the Treasurer annually.

Conclusion – Response accepted.

IV-M-15 County Provided Vehicles – Secondary Roads, Emergency Management and E911 use County vehicles to commute to and from work while on call. Internal Revenue Service Publication 15-B, "Employer's Tax Guide to Fringe Benefits", states personal use of an employer provided vehicle is a non-cash taxable fringe benefit. The County is not reporting this fringe benefit as employee wages.

Recommendation – The County should comply with Internal Revenue Service regulations.

Response – A review of the County's practice regarding utilization of County vehicles is currently being reviewed for IRS compliance.

Conclusion – Response accepted.

IV-N-15 Deficit Balance/Financial Condition – The Special Revenue, Liberty Center Sewer Fund had a deficit cash balance of \$163 at June 30, 2015. This appears to violate Chapter 331.476 of the Code of Iowa.

In addition, the Special Revenue, Liberty Center Sewer Fund had an unassigned deficit fund balance of \$2,794 at June 30, 2015.

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

The County should investigate alternatives to eliminate the deficit to return the fund to a sound financial position.

Response – The County is currently looking at ways to prevent this from happening in the future.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

IV-O-15 County Annual Financial Report – For the year ended June 30, 2015, the County did not submit the GAAP basis annual financial report to the Department of Management by December 1, 2015 as required by Chapter 331.403 of the Code of Iowa.

Recommendation – The County’s annual financial report should be completed and submitted to the Department of Management by December 1 of each year.

Response – The County will ensure the annual financial report is submitted to the Department of Management by December 1 in accordance with Iowa Code Chapter 331.403.

Conclusion – Response accepted.

IV-P-15 Questionable Disbursements - The E-911 Coordinator attended a conference in Washington D.C sponsored by the Association of Public Safety Communications Officials International. The registration cost for the conference was \$450, which included certain meals during the conference. The host hotel provided a limited number of discounted rooms for conference attendees at the government rate of \$162 per night. The Coordinator drove to the conference and charged the E-911 Board \$323 for gasoline. While at the conference, the Coordinator stayed in an apartment at a rate of \$397 per night for five nights, including \$20 per day for parking, for a total of \$1,985. According to time records, the Coordinator was paid for five work days to travel to and from and attend the Conference.

The Coordinator did not provide a detailed receipt for the apartment, including the number of bedrooms or the address of the apartment, and an itemized listing of what was included in the stay. The County was only provided with a QuickBooks receipt. Although the conference was held August 16, 2015 to August 19, 2015, the claims were submitted and \$500 was prepaid prior to July 1, 2015.

The charges for the apartment appear excessive since the government rate could have been obtained at the host hotel. In addition, the E-911 Board payment of salary for the two extra days is questioned since a round trip flight would have been similar to the cost for the gasoline. Therefore, these disbursements may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The \$500 claim, which was paid prior to June 30, 2015, should not have been paid until after the trip occurred and should have been recorded as a fiscal year 2016 disbursement. The E-911 Board should also require adequate detailed invoices before claims are paid to support the request for reimbursement. In addition, the E-911 Board should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the E-911 Board should establish written policies and procedures, including the requirements for proper documentation.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

The E-911 Board should require the E-911 Coordinator to repay the difference between the conference host hotel rate and the apartment cost per day.

Response – The E-911 Board has reviewed the incident cited. No retroactive action will be taken at this time; however, the E-911 Board has adopted the County's travel policy and will monitor travel activity more closely to ensure proper public purpose and documentation of future travel.

The County will review the travel policy to determine if updates or clarifications are needed.


Conclusion – Response acknowledged. The E-911 Board should determine and specifically document the public purpose served by the disbursements, including the travel time allowed, before authorizing any further payments.

Warren County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Karen J. Kibbe, Senior Auditor II
Kaylynn D. Short, Senior Auditor
Melissa A. Hastert, CPA, Staff Auditor
Megan E. Irvin, Staff Auditor
Marcus B. Johnson, Staff Auditor
Erin J. Siestra, Staff Auditor
Debra M. Copeland, Assistant Auditor
Michael Holowinski, Assistant Auditor
Elizabeth P. Dawson, Auditor Intern



Andrew E. Nielsen, CPA
Deputy Auditor of State