OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

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NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 28, 2018

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

The County had local tax revenue of $78,196,174 for the year ended June 30, 2017, which included $4,787,052 in tax credits from the state. The County forwarded $64,160,238 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $14,035,936 of the local tax revenue to finance County operations, an increase of 1.1% over the prior year. Other revenues included charges for service of $2,561,697, operating grants, contributions and restricted interest of $6,331,256, capital grants, contributions and restricted interest of $7,450,013, unrestricted investment earnings of $143,847, gain on disposition of capital assets of $105,283 and other general revenues of $316,007.

Expenses for County operations for the year ended June 30, 2017 totaled $24,423,115, a 6.3% increase over the prior year. Expenses included $8,669,884 for roads and transportation, $5,442,891 for public safety and legal services and $3,404,380 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 https://auditor.iowa.gov/reports/1710-0091-B00F.

# # #

WARREN COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2017

Table of Contents

Warren County

Officials

(Before January 2017)

Name	Title	Term Expires
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	Retired Jan 2017
Janet Bunce	County Assessor	Jan 2022

(After January 2017)

Name	Title	Term Expires
Crystal McIntyre	Board of Supervisors	Jan 2019
Dean Yordi	Board of Supervisors	Jan 2019
Doug Shull	Board of Supervisors	Jan 2021
Traci Vander Linden	County Auditor	Jan 2021
Julie Daugherty	County Treasurer	Jan 2019
Polly Glascock	County Recorder	Jan 2019
Brian Vos	County Sheriff	Jan 2021
Douglas Eichholz	County Attorney	Nov 2018
Janet Bunce	County Assessor	Jan 2022

Warren County

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Mary Mosiman, CPA
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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, 2017, 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, 2017, 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.

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 15 and 54 through 63 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, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 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 20, 2018 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 solely 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 effectiveness of the County's 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

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

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, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 13%, or approximately $3,566,000, from fiscal year 2016 to fiscal year 2017. Capital grants, contributions and restricted interest increased approximately $3,623,000 due to infrastructure assets contributed by the Iowa Department of Transportation.
- Program expenses were 6.3%, or approximately $1,449,000, more in fiscal year 2017 than in fiscal year 2016. Roads and transportation, public safety and legal services, administration and county environment and education function expenses increased approximately $551,000, $375,000, $307,000 and $250,000, respectively.
- The County's net position at June 30, 2017 increased 12.8%, or approximately $6,521,000, over the June 30, 2016 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.

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 which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services, the E-911 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 increased 12.8% over a year ago, increasing from approximately $50.9 million to approximately $57.5 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, 2017	June 30, 2016
Current and other assets	$ 26,658	26,179
Capital assets	52,721	46,181
Total assets	79,379	72,360
Deferred outflows of resources	2,041	960
Long-term liabilities	8,958	7,445
Other liabilities	1,072	1,017
Total liabilities	10,030	8,462
Deferred inflows of resources	13,924	13,913
Net position:		
Net investment in capital assets	52,446	45,865
Restricted	5,137	5,295
Unrestricted	(117)	(215)
Total net position	$ 57,466	50,945

Net position of Warren County's governmental activities increased approximately $6,521,000 over the fiscal year 2016 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 $6,581,000, or 14.4%, over the prior year.

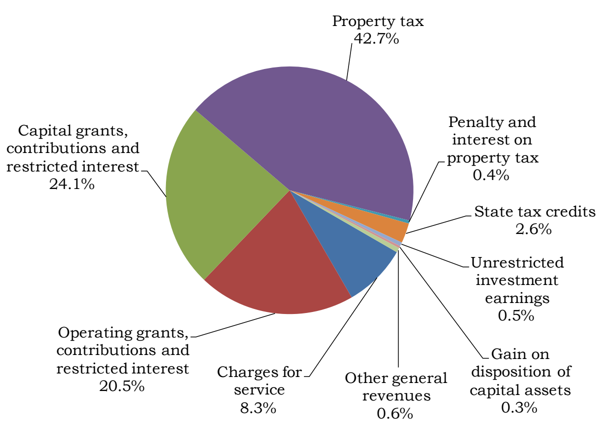
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately $158,000, or 3%, from the prior year.

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 – increased from a deficit balance of approximately $215,000 at June 30, 2016 to a deficit of approximately $117,000 at the end of this year.

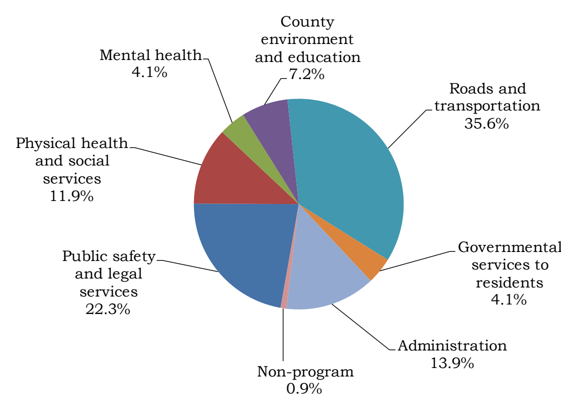
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	$ 2,562	2,739
Operating grants, contributions and restricted interest	6,331	6,464
Capital grants, contributions and restricted interest	7,450	3,827
General revenues:		
Property tax	13,226	13,059
Penalty and interest on property tax	134	91
State tax credits	810	830
Unrestricted investment earnings	144	95
Gain on disposition of capital assets	105	78
Other general revenues	182	195
Total revenues	30,944	27,378
Program expenses:		
Public safety and legal services	5,443	5,068
Physical health and social services	2,906	3,026
Mental health	1,010	997
County environment and education	1,764	1,514
Roads and transportation	8,670	8,119
Governmental services to residents	1,008	951
Administration	3,404	3,097
Non-program	212	195
Interest on long-term debt	6	7
Total expenses	24,423	22,974
Change in net position	6,521	4,404
Net position beginning of year	50,945	46,541
Net position end of year	$ 57,466	50,945

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately $3,566,000 over the prior year, with capital grants, contributions and restricted interest increasing approximately $3,595,000, or 93.9%. The increase is due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately $24.4 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 $8.1 million because some of the cost was paid by those who directly benefited from the programs (approximately $2.6 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $13.8 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased from approximately $13 million in fiscal year 2016 to approximately $16.3 million in fiscal year 2017, principally due to an increase in capital grants for roads and transportation. The County paid for the remaining "public benefit" portion of governmental activities with approximately $14.6 million of taxes and 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 $11,947,000, an increase of approximately $79,000 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 $35,000 over the prior year to approximately $6,419,000. General Fund revenues increased approximately $165,000 over the prior year, due principally to an increase in property tax. Expenditures increased approximately $45,000, or less than 1%, over the prior year.

The Special Revenue, Mental Health Fund balance at year end increased approximately $72,000 over the prior year. Mental Health Fund revenues remained fairly constant while expenditures increased approximately $313,000. During fiscal year 2017, the County paid approximately $232,000 more to the region fiscal agent.

Revenues in the Special Revenue, Rural Services Fund increased approximately $44,000 over fiscal year 2016. Expenditures increased approximately $79,000 over the prior year. In addition, the County transferred approximately $169,000 more to the Special Revenue, Secondary Roads Fund. These changes resulted in a decrease in the Rural Services Fund balance of approximately $3,000.

Special Revenue, Secondary Roads Fund revenues decreased approximately $366,000, or 6.9%, from the prior year. Secondary Roads Fund expenditures decreased approximately $257,000 from the prior year. The decrease in revenues and expenditures is primarily due to a federal road project in 2016 which did not occur in 2017.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget twice. The first amendment was made in November 2016 and resulted in increases in budgeted disbursements in the government services to residents, administration and capital projects functions due to the payment of wages from an insurance settlement, costs associated with a special election and capital projects disbursements not previously budgeted. The second amendment was made in May 2017 and resulted in increases in the public safety and legal services, county environment and education and governments services to residents functions due to the County's payment to their insurance carrier as a result of an insurance settlement, an increase in inmate housing for the Sheriff's Office and the receipt and disbursement of a conservation grant.

The County's receipts were $133,202 less than budgeted, a variance of .57%. The most significant variances resulted from the County receiving $509,926 less in intergovernmental receipts than anticipated, offset by $349,107 more received in miscellaneous receipts than budgeted.

Total disbursements were $1,202,007 less than the final amended budget. Actual disbursements for the physical health and social services and capital projects functions were $508,695 and $263,545, respectively, less than budgeted. The physical health and social services function was less than budgeted due to less wages and benefits in the Public Health Department due to staffing vacancies for the majority of the year. In addition, food costs for the Nutrition Department and DCAT contracts were less than anticipated. The capital projects function was less than budgeted due to anticipated costs for the Courthouse not being disbursed during the year.

The County exceeded the budgeted amounts in the public safety and legal services, nonprogram and debt service functions. In addition, disbursements for the General Services Department exceeded the amount appropriated prior to the first budget amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Warren County had approximately $52.7 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 $6,540,000, or 14.2%, over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30,	
	2017	2016
Land	$ 2,196	2,119
Construction in progress	2,733	2,592
Intangibles	97	97
Buildings and improvements	4,817	4,946
Equipment and vehicles	3,157	2,822
Infrastructure	39,721	33,605
Total	$ 52,721	46,181
This year's major additions included (in thousands):		
Roads		$ 7,449
Secondary Roads and other equipment		1,001
Total		$ 8,450

The County had depreciation expense of $2,162,773 in fiscal year 2017 and total accumulated depreciation of $31,508,685 at June 30, 2017.

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

Long-Term Debt

At June 30, 2017, Warren County had $345,970 of general obligation notes and other long-term debt outstanding compared to $409,676 at June 30, 2016, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2017	2016
General obligation notes	$ 71,198	93,176
General obligation capital loan	62,500	92,500
Installment purchase contract	16,272	-
Rural development loan agreement	196,000	224,000
Total	$ 345,970	409,676

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 $177 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 2018 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 2.9% versus 3.7% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.4%.

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 increase was .9% for fiscal year 2017 compared with the national rate of 1.6% increase.

These indicators were taken into account when adopting the budget for fiscal year 2018. Amounts available for appropriation in the operating budget are approximately $24.1 million, an increase of approximately $808,000 over the final fiscal year 2017 budget, primarily due to an increase in property taxes. Budgeted disbursements are expected to decrease approximately $26,000 from the final fiscal year 2017 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately $417,000, or 3.9%, by the close of fiscal year 2018. The General Fund balance is budgeted to decrease approximately $629,000 and the Special Revenue, Secondary Roads Fund balance is budgeted to increase approximately $141,000 by the end of the fiscal year 2018. An increase in fund balance of approximately $61,000 is anticipated in the Special Revenue, Rural Services Fund while the Special Revenue, Mental Health Fund balance is not expected to significantly change.

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.

Warren County

Basic Financial Statements

Warren County

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 11,877,348
Receivables:	
Property tax:	
Delinquent	17,821
Succeeding year	13,329,000
Interest and penalty on property tax	71,408
Accounts	91,817
Accrued interest	55,837
Loan	97,544
Due from other governments	732,015
Inventories	341,616
Prepaid insurance	43,457
Capital assets, not being depreciated	5,026,390
Capital assets net of accumulated depreciation	47,694,642
Total assets	79,378,895
Deferred Outflows of Resources	
Pension related deferred outflows	2,041,216
Liabilities	
Accounts payable	612,578
Accrued interest payable	2,869
Salaries and benefits payable	356,784
Due to other governments	99,552
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	22,897
General obligation capital loan	31,000
Installment purchase agreement	7,953
Rural development loan agreement	28,000
Compensated absences	306,501
Portion due or payable after one year:	
General obligation notes	48,301
General obligation capital loan	31,500
Installment purchase agreement	8,319
Rural development loan agreement	168,000
Compensated absences	524,152
Net pension liability	6,526,548
Net OPEB liability	1,255,000
Total liabilities	10,029,954
Deferred inflows of Resources	
Unavailable property tax revenue	13,329,000
Pension related deferred inflows	595,405
Total deferred inflows of resources	13,924,405
Net Position	
Net investment in capital assets	52,446,260
Restricted for:	
Supplemental levy purposes	225,048
Mental health purposes	560,860
Rural services purposes	1,061,495
Secondary roads purposes	2,842,696
Other purposes	446,763
Unrestricted	(117,370)
Total net position	$ 57,465,752

See notes to fianancial statements.

Warren County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 5,442,891	337,980	263,863	-	(4,841,048)
Physical health and social services	2,906,208	463,240	1,182,851	-	(1,260,117)
Mental health	1,009,606	57,810	-	-	(951,796)
County environment and education	1,763,685	73,078	120,343	645	(1,569,619)
Roads and transportation	8,669,884	39,555	4,764,129	7,449,368	3,583,168
Governmental services to residents	1,008,389	1,069,580	70	-	61,261
Administration	3,404,380	324,375	-	-	(3,080,005)
Non-program	211,691	196,079	-	-	(15,612)
Interest on long-term debt	6,381	-	-	-	(6,381)
Total	$ 24,423,115	2,561,697	6,331,256	7,450,013	(8,080,149)
General Revenues:					
Property and other county tax levied for general purposes					13,225,650
Penalty and interest on property tax					133,797
State tax credits					810,286
Unrestricted investment earnings					143,847
Gain on disposition of capital assets					105,283
Miscellaneous					182,210
Total general revenues					14,601,073
Change in net position					6,520,924
Net position beginning of year					50,944,828
Net position end of year					$ 57,465,752

See notes to financial statements.

Warren County

Balance Sheet
Governmental Funds

June 30, 2017

			Special
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	$ 6,378,940	637,580	1,108,670
Receivables:			
Property tax:			
Delinquent	10,945	1,215	5,661
Succeeding year	9,362,000	1,003,000	2,964,000
Interest and penalty on property tax	71,408	-	-
Accounts	90,917	-	400
Accrued interest	55,837	-	-
Loan	97,544	-	-
Due from other governments	278,578	-	-
Inventories	-	-	-
Prepaid insurance	43,457	-	-
Total assets	$ 16,389,626	1,641,795	4,078,731
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 169,429	1,415	1,347
Salaries and benefits payable	259,685	6,854	15,676
Due to other funds	4,760	-	53
Due to other governments	92,459	583	-
Total liabilities	526,333	8,852	17,076
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	9,362,000	1,003,000	2,964,000
Other	82,353	1,215	5,661
Total deferred inflows of resources	9,444,353	1,004,215	2,969,661
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	43,457	-	-
Loan receivable	97,544	-	-
Restricted for:			
Supplemental levy purposes	252,696	-	-
Mental health purposes	-	628,728	-
Rural services purposes	-	-	1,091,994
Secondary roads purposes	-	-	-
Other purposes	-	-	-
Assigned for:			
Future jail expansion	599,377	-	-
Building reserve	620,167	-	-
Conservation	10,046	-	-
Unassigned	4,795,653	-	-
Total fund balances	6,418,940	628,728	1,091,994
Total liabilities, deferred inflows of resources and fund balances	$ 16,389,626	1,641,795	4,078,731

See notes to financial statements.

Special Revenue Secondary Roads	Nonmajor	Total
3,094,802	448,568	11,668,560
-	-	17,821
-	-	13,329,000
-	-	71,408
500	-	91,817
-	-	55,837
-	-	97,544
441,039	-	719,617
320,884	-	320,884
-	-	43,457
3,857,225	448,568	26,415,945
401,980	1,559	575,730
74,569	-	356,784
13,398	36	18,247
6,273	210	99,525
496,220	1,805	1,050,286
-	-	13,329,000
-	-	89,229
-	-	13,418,229
320,884	-	320,884
-	-	43,457
-	-	97,544
-	-	252,696
-	-	628,728
-	-	1,091,994
3,040,121	-	3,040,121
-	446,763	446,763
-	-	599,377
-	-	620,167
-	-	10,046
-	-	4,795,653
3,361,005	446,763	11,947,430
3,857,225	448,568	26,415,945

Warren County

Warren County

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

June 30, 2017

Total governmental fund balances (page 21)		$ 11,947,430
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 $84,137,384 and the accumulated depreciation is $31,429,065.		52,708,319
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.		89,229
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 $79,620	$ 12,713	
Other net position	223,290	236,003
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	2,041,216	
Deferred inflows of resources	(595,405)	1,445,811
Long-term liabilities, including general obligation notes payable, general obligation capital loan payable, installment purchase agreement, 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.		(8,961,040)
Net position of governmental activities (page 18)		$ 57,465,752

See notes to financial statements.

Warren County

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

Year ended June 30, 2017

	General	Special Mental Health
Revenues:		
Property and other county tax	$ 9,268,021	1,028,810
Interest and penalty on property tax	126,729	-
Intergovernmental	2,409,799	66,440
Licenses and permits	33,848	-
Charges for service	1,318,423	-
Use of money and property	179,362	-
Miscellaneous	731,534	10,692
Total revenues	14,067,716	1,105,942
Expenditures:		
Operating:		
Public safety and legal services	5,253,486	-
Physical health and social services	2,933,456	-
Mental health	-	1,034,261
County environment and education	1,254,514	-
Roads and transportation	-	-
Governmental services to residents	925,382	-
Administration	2,996,712	-
Debt service	102,213	-
Capital projects	404,364	-
Total expenditures	13,870,127	1,034,261
Excess (deficiency) of revenues over (under) expenditures	197,589	71,681
Other financing sources (uses):		
Sale of capital assets	10,233	-
Installment lease purchase agreement	24,925	-
Transfers in	-	-
Transfers out	(197,574)	-
Total other financing sources (uses)	(162,416)	-
Change in fund balances	35,173	71,681
Fund balances beginning of year	6,383,767	557,047
Fund balances end of year	$ 6,418,940	628,728

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
2,937,892	-	-	13,234,723
-	-	-	126,729
145,319	4,910,496	24,585	7,556,639
43,900	22,235	-	99,983
8,500	-	21,850	1,348,773
-	1,440	16,481	197,283
764	13,105	70,500	826,595
3,136,375	4,947,276	133,416	23,390,725
-	-	-	5,253,486
600	-	-	2,934,056
-	-	-	1,034,261
319,196	-	64,260	1,637,970
349,606	6,449,859	-	6,799,465
3,434	-	66,593	995,409
-	-	-	2,996,712
-	-	-	102,213
-	1,239,317	12,875	1,656,556
672,836	7,689,176	143,728	23,410,128
2,463,539	(2,741,900)	(10,312)	(19,403)
-	63,339	-	73,572
-	-	-	24,925
-	2,664,293	-	2,664,293
(2,466,719)	-	-	(2,664,293)
(2,466,719)	2,727,632	-	98,497
(3,180)	(14,268)	(10,312)	79,094
1,095,174	3,375,273	457,075	11,868,336
1,091,994	3,361,005	446,763	11,947,430

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, 2017

Change in fund balances - Total governmental funds (page 25)		$ 79,094
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	$ 1,212,666	
Capital assets contributed by the Iowa Department of Transportation	7,449,368	
Depreciation expense	(2,156,416)	6,505,618
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.		40,275
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	(9,073)	
Other	(216,432)	(225,505)
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	(24,925)	
Repaid	88,631	63,706
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.		762,880
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	84,337	
Other postemployment benefits	(114,000)	
Pension expense	(657,480)	
Interest on long-term debt	(248)	(687,391)
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.		(17,753)
Change in net position of governmental activities (page 19)		$ 6,520,924

See notes to financial statements.

Warren County

Statement of Net Position
Proprietary Fund

June 30, 2017

	Internal Service - Fuel Station
Assets	
Cash and cash equivalents	$ 208,788
Due from other funds	18,247
Due from other governments	12,398
Inventories	20,732
Capital assets, net of accumulated depreciation of $79,620	12,713
Total assets	272,878
Liabilities	
Accounts payable	36,848
Due to other governments	27
Total liabilities	36,875
Net Position	
Net investment in capital assets	12,713
Unrestricted	223,290
Total net position	$ 236,003

See notes to financial statements.

Warren County

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

Year ended June 30, 2017

		Internal Service - Fuel Station
Operating revenues:		
Reimbursements from operating funds		$ 233,960
Reimbursements from other governments		189,899
Fuel and other tax refunds		22,111
Total operating revenues		445,970
Operating expenses:		
Fuel	$ 423,245	
State fuel and other taxes	31,041	
Utilities	762	
Insurance	1,640	
Repairs	548	
Tank fees	130	
Depreciation	6,357	463,723
Operating loss		(17,753)
Net position beginning of year		253,756
Net position end of year		$ 236,003

See notes to financial statements.

Warren County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2017

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 234,053
Cash received from other governments	214,966
Cash received from other sources	22,111
Cash paid to suppliers	(423,511)
Net cash provided by operating activities	47,619
Cash and cash equivalents beginning of year	161,169
Cash and cash equivalents end of year	$ 208,788
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (17,753)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	6,357
Decrease in due from other funds	93
Decrease in due from other governments	25,105
Decrease in inventories	(2,969)
Increase in accounts payable	36,824
Decrease in due to other governments	(38)
Net cash provided by operating activities	$ 47,619

See notes to financial statements.

Warren County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 2,942,294
Other County officials	117,358
Receivables:	
Property tax:	
Delinquent	64,757
Succeeding year	58,526,000
Accounts	27,213
Special assessments	496,000
Due from other governments	47,590
Total assets	62,221,212
Liabilities	
Accounts payable	14,484
Salaries and benefits payable	16,442
Due to other governments	61,949,075
Trusts payable	190,449
Compensated absences	50,762
Total liabilities	62,221,212
Net position	$ -

See notes to financial statements.

(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 E-911 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. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity</u>

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

<u>Cash, Cash Equivalents and Pooled Investments</u> – 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 amortized 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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, 2017, 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 and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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. Capital assets are defined by the County as assets with an initial, individual cost 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 applicable to a future year(s) which 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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments 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, 2017. 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. The net pension 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which 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 represent 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 unrecognized items not yet charged to pension expense.

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. During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the public safety and legal series, nonprogram and debt service functions. In addition, disbursements for the General Services Department exceeded the amount appropriated prior to the first budget amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 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 $120,224 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Internal Service:		
Fuel Station	General	$ 4,760
	Special Revenue:	
	Rural Services	53
	Secondary Roads	13,398
	Liberty Center Sewer	36
Total		$ 18,247

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, 2017 is as follows:

Transfer to	Transfer from		Amount
Special Revenue:			
Secondary Roads	General	$	197,574
	Special Revenue:		
	Rural Services		2,466,719
Total		$	2,664,293

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, 2017 was as follows:

		Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:					
Capital assets not being depreciated:					
Land	$	2,118,892	77,190	-	2,196,082
Construction in progress		287,786	96,452	173,512	210,726
Construction in progress - Infrastructure		2,304,341	7,449,368	7,231,338	2,522,371
Intangibles		97,211	-	-	97,211
Total capital assets not being depreciated		4,808,230	7,623,010	7,404,850	5,026,390
Capital assets being depreciated:					
Buildings		8,712,153	173,512	-	8,885,665
Improvements other than buildings		865,668	-	-	865,668
Equipment and vehicles		9,094,968	1,130,524	903,609	9,321,883
Equipment, internal service		92,333	-	-	92,333
Infrastructure, road network		51,233,254	7,231,338	-	58,464,592
Infrastructure, other		1,573,186	-	-	1,573,186
Total capital assets being depreciated		71,571,562	8,535,374	903,609	79,203,327
Less accumulated depreciation for:					
Buildings		4,458,193	280,832	-	4,739,025
Improvements other than buildings		173,489	22,471	-	195,960
Equipment and vehicles		6,292,457	737,218	852,384	6,177,291
Equipment, internal service		73,263	6,357	-	79,620
Infrastructure, road network		18,487,860	1,065,090	-	19,552,950
Infrastructure, other		713,034	50,805	-	763,839
Total accumulated depreciation		30,198,296	2,162,773	852,384	31,508,685
Total capital assets being depreciated, net		41,373,266	6,372,601	51,225	47,694,642
Governmental activities capital assets, net	$	46,181,496	13,995,611	7,456,075	52,721,032

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 115,724
Physical health and social services	19,720
County environment and education	132,786
Roads and transportation	1,543,500
Governmental services to residents	38,907
Administration	305,779
Total depreciation expense - governmental activities, excluding the Internal Service Fund	$ 2,156,416
Depreciation expense charged to the Internal Service Fund	$ 6,357

Equipment costing $24,925 was purchased under an installment purchase agreement.

(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, 2017 is as follows:

Fund	Description	Amount
General	Services	$ 92,459
Special Revenue:		
Mental Health	Services	583
Secondary Roads	Services	6,273
Library Center	Services	210
		7,066
Total for governmental funds		$ 99,525
Agency:		
County Assessor	Collections	$ 997,996
Schools		36,302,043
Community Colleges		1,245,906
Corporations		19,681,130
Townships		654,844
Auto License and Use Tax		1,607,607
All other		1,459,549
Total for agency funds		$ 61,949,075

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	General Obligation Notes	General Obligation Capital Loan	Installment Purchase Agreement	Rural Development Loan Agreement	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	$ 93,176	92,500	-	224,000	914,990	4,979,395	1,141,000	7,445,061
Increases	-	-	24,925	-	731,122	1,547,153	150,000	2,453,200
Decreases	21,978	30,000	8,653	28,000	815,459	-	36,000	940,090
Balance end of year	$ 71,198	62,500	16,272	196,000	830,653	6,526,548	1,255,000	8,958,171
Due within one year	$ 22,897	31,000	7,953	28,000	306,501	-	-	396,351

General Obligation Notes

A summary of the County's June 30, 2017 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
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	24,442	1,044	25,486
Total		$ 71,198	6,098	77,296

During the year ended June 30, 2017, the County retired $21,978 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
2018	2.25%	$ 31,000	1,485	32,485
2019	2.50	31,500	788	32,288
Total		$ 62,500	2,273	64,773

During the year ended June 30, 2017, the County retired $30,000 of the loan.

Installment Purchase Agreement

In July 2016, the County entered into an installment purchase agreement to purchase a compact utility tractor. The following is a schedule of the future minimum lease payments, including interest at 4.00% per annum and the present value of net minimum lease payments under the agreement in effect at June 30, 2017:

Year ending June 30,	Total
2018	$ 8,606
2019	8,653
Total minimum payments	17,259
Less amount representing interest	(987)
Present value of net minimum payments	$ 16,272

Payments under the capital lease purchase agreement totaled $8,699 for the year ended June 30, 2017.

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
2018	0%	$ 28,000
2019	0	28,000
2020	0	28,000
2021	0	28,000
2022	0	28,000
2023-2024	0	56,000
Total		$196,000

During the year ended June 30, 2017, the County retired $28,000 of the loan agreement.

(8) Operating Lease Agreements

The County has entered into agreements to lease office space for the County court system and local human services. The County court system's lease payments are $9,114 per month and expire May 31, 2027. The local human services' lease payments are $6,577 per month and expire on June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending June 30,		Court System	Local Human Services	Total
2018	$	109,368	78,930	188,298
2019		109,368	78,930	188,298
2020		109,368	-	109,368
2021		109,368	-	109,368
2022		109,368	-	109,368
2023-2027		537,726	-	537,726
Total	$	1,084,566	157,860	1,242,426

During the year ended June 30, 2017, the County paid $9,144 under the court system lease and $78,930 under the local human services lease.

Rental expenditures have not been adjusted for sublease rentals totaling $9,998 for the year ended June 30, 2017.

(9) 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
2018	0%	$ 58,456
2019	0	32,003
2020	0	7,085
Total		$ 97,544

The City of Carlisle did not make a payment during the year ended June 30, 2017.

(10) 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, PO 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 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 or 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 more than 22 years of service 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.

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll, for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 were $762,880.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2017, the County reported a liability of $6,526,548 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2017, the County's proportion was 0.103706%, which was an increase of 0.002918% over its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the County recognized pension expense of $657,480. At June 30, 2017, 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	$	53,387	128,224
Changes of assumptions		92,162	31,953
Net difference between projected and actual earnings on IPERS' investments		1,127,873	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions		4,914	435,228
County contributions subsequent to the measurement date		762,880	-
Total	$	2,041,216	595,405

$762,880 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, 2018. 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
2018	$	(34,669)
2019		(34,669)
2020		461,377
2021		299,066
2022		(8,174)
Total	$	682,931

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

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.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
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	$ 11,297,670	6,526,548	2,503,960

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.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

(11) 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 145 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, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 150,000
Interest on net OPEB obligation	46,000
Adjustment to annual required contribution	(46,000)
Annual OPEB cost	150,000
Contributions made	(36,000)
Increase in net OPEB obligation	114,000
Net OPEB obligation beginning of year	1,141,000
Net OPEB obligation end of year	$ 1,255,000

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, 2017.

For the year ended June 30, 2017, the County contributed $36,000 to the medical plan. Plan members eligible for benefits contributed $14,194, or 28.3% 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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 133,000	21.8%	$ 1,031,000
2016	142,000	22.5	1,141,000
2017	150,000	24.0	1,255,000

Funded Status and Funding Progress – As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was approximately $1,258,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately $1,258,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $8,389,000 and the ratio of the UAAL to covered payroll was 15%. As of June 30, 2017, 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, 2016 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 8%. 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 $1,281 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.

(12) 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 753 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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were $249,982.

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 $500,000 per claim. Claims exceeding $500,000 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 or losses shall be the obligation of the respective individual member against whom the claim was made or 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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, settled claims have not exceeded the Pool or reinsurance coverage since the pool's inception. The County contributed $125,000 towards the Pool's settlement to help cover the attorney fee claim being resolved by the Pool during the year ended June 30, 2017.

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 members 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.

(13) 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.

(14) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Norwalk	Urban renewal and economic development projects	$ 444,073
City of Indianola	Urban renewal and economic development projects	$ 93,271
City of Carlisle	Urban renewal and economic development projects	$ 9,084

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

The 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 the Central Iowa Community Services Region for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		$ 1,028,810
Intergovernmental:		
State tax credits		66,440
Miscellaneous		10,692
Total revenues		1,105,942
Expenditures:		
Services to persons with:		
Mental illness	$ 78,377	
Intellectual disabilities	56,733	
Other developmental disabilities	73,966	209,076
General administration:		
Direct administration	80,651	
Distribution to regional fiscal agent	744,534	825,185
Total expenditures		1,034,261
Excess of revenues over expenditures		71,681
Fund balance beginning of year		557,047
Fund balance end of year		$ 628,728

(16) Subsequent Event

The Iowa Department of Corrections closed the Warren County Jail effective February 2, 2018.

(17) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

(18) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

Warren County

Required Supplementary Information

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, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 13,234,725	-	13,234,725
Interest and penalty on property tax	126,729	-	126,729
Intergovernmental	7,481,983	-	7,481,983
Licenses and permits	99,653	-	99,653
Charges for service	1,352,949	-	1,352,949
Use of money and property	174,858	15,390	159,468
Miscellaneous	822,597	58,875	763,722
Total receipts	23,293,494	74,265	23,219,229
Disbursements:			
Public safety and legal services	5,318,201	-	5,318,201
Physical health and social services	2,988,100	-	2,988,100
Mental health	1,038,894	-	1,038,894
County environment and education	1,611,301	60,158	1,551,143
Roads and transportation	6,642,904	-	6,642,904
Governmental services to residents	1,007,141	-	1,007,141
Administration	3,029,016	-	3,029,016
Nonprogram	1,424	-	1,424
Debt service	102,213	-	102,213
Capital projects	1,726,455	-	1,726,455
Total disbursements	23,465,649	60,158	23,405,491
Excess (deficiency) of receipts over (under) disbursements	(172,155)	14,107	(186,262)
Other financing sources (uses), net	73,572	-	73,572
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(98,583)	14,107	(112,690)
Balance beginning of year	11,767,143	171,811	11,595,332
Balance end of year	$ 11,668,560	185,918	11,482,642

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
13,321,507	13,321,507	(86,782)
115,000	115,000	11,729
7,750,909	7,991,909	(509,926)
67,200	67,200	32,453
1,320,461	1,320,461	32,488
121,739	121,739	37,729
414,615	414,615	349,107
23,111,431	23,352,431	(133,202)
5,167,220	5,317,220	(981)
3,496,795	3,496,795	508,695
1,112,967	1,112,967	74,073
1,554,894	1,579,894	28,751
6,768,059	6,768,059	125,155
1,012,627	1,167,627	160,486
2,852,601	3,080,601	51,585
-	-	(1,424)
94,335	94,335	(7,878)
1,740,000	1,990,000	263,545
23,799,498	24,607,498	1,202,007
(688,067)	(1,255,067)	(2,287,444)
2,500	(46,252)	119,824
(685,567)	(1,301,319)	(2,167,620)
10,384,865	10,087,865	1,507,467
9,699,298	8,786,546	(660,153)

Warren County

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 23,293,494	97,231	23,390,725
Expenditures	23,465,649	(55,521)	23,410,128
Net	(172,155)	152,752	(19,403)
Other financing sources, net	73,572	24,925	98,497
Beginning fund balances	11,767,143	101,193	11,868,336
Ending fund balances	$ 11,668,560	278,870	11,947,430

See accompanying independent auditor's report.

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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, two budget amendments increased budgeted disbursements by $808,000. The budget amendments are 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 E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the public safety and legal series, nonprogram and debt service functions. In addition, disbursements for the General Services Department exceeded the amount appropriated prior to the first budget amendment.

Warren County

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

Iowa Public Employees' Retirement System
For the Last Three Years*
(In Thousands)

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.103706%	0.100788%	0.106971%
County's proportionate share of the net pension liability	$ 6,257	4,979	4,242
County's covered-employee payroll	$ 8,307	8,043	8,459
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	75.32%	61.90%	50.15%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Warren County

Schedule of County Contributions

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

Required Supplementary Information

		2017	2016	2015	2014
Statutorily required contribution	$	763	755	731	768
Contributions in relation to the statutorily required contribution		(763)	(755)	(731)	(768)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	8,389	8,307	8,043	8,459
Contributions as a percentage of covered-employee payroll		9.10%	9.09%	9.09%	9.08%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
753	693	589	540	486	459
(753)	(693)	(589)	(540)	(486)	(459)
-	-	-	-	-	-
8,485	8,275	8,096	7,927	7,418	7,242
8.87%	8.37%	7.28%	6.81%	6.55%	6.34%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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.

Legislative action in 2008 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.

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 (unfunded actuarial liability) 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.

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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
2016	Jul 1, 2014	-	1,148	1,148	0.0	8,307	13.8
2017	Jul 1, 2016	-	1,258	1,258	0.0	8,389	15.0

See Note 11 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.

Warren County

Supplementary Information

Warren County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	Attorney Forfeiture
Assets			
Cash, cash equivalents and pooled investments	$ 70,113	156,863	6,854
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 1,268	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Total liabilities	1,268	-	-
Fund balances:			
Restricted for other purposes	68,845	156,863	6,854
Total liabilities and fund balances	$ 70,113	156,863	6,854

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
10,353	185,918	14,474	3,993	448,568
-	-	291	-	1,559
-	-	36	-	36
-	-	210	-	210
-	-	537	-	1,805
10,353	185,918	13,937	3,993	446,763
10,353	185,918	14,474	3,993	448,568

Warren County

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

Year ended June 30, 2017

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	Attorney Forfeiture
Revenues:			
Intergovernmental	$ -	24,585	-
Charges for service	9,775	-	-
Use of money and property	382	709	-
Miscellaneous	10,850	-	675
Total revenues	21,007	25,294	675
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	66,593	-	-
Capital Projects	-	12,875	-
Total expenditures	66,593	12,875	-
Excess (deficiency) of revenues over (under) expenditures	(45,586)	12,419	675
Fund balances beginning of year	114,431	144,444	6,179
Fund balances end of year	$ 68,845	156,863	6,854

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
-	-	-	-	24,585
-	-	12,075	-	21,850
-	15,390	-	-	16,481
100	58,875	-	-	70,500
100	74,265	12,075	-	133,416
-	60,158	4,102	-	64,260
-	-	-	-	66,593
-	-	-	-	12,875
-	60,158	4,102	-	143,728
100	14,107	7,973	-	(10,312)
10,253	171,811	5,964	3,993	457,075
10,353	185,918	13,937	3,993	446,763

Warren County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	1,843	301,814	283,531
Other County officials	117,358	-	-	-
Receivables:				
Property tax:				
Delinquent	-	305	852	41,512
Succeeding year	-	258,000	741,000	35,977,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 117,358	260,148	1,043,666	36,302,043
Liabilities				
Liabilities:				
Accounts payable	$ -	-	3,232	-
Salaries and benefits payable	-	-	11,773	-
Due to other governments	66,740	260,148	997,996	36,302,043
Trusts payable	50,618	-	-	-
Compensated absences	-	-	30,665	-
Total liabilities	$ 117,358	260,148	1,043,666	36,302,043

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
9,358	283,718	5,755	1,607,607	448,668	2,942,294
-	-	-	-	-	117,358
1,548	7,412	13,089	-	39	64,757
1,235,000	19,390,000	636,000	-	289,000	58,526,000
-	-	-	-	27,213	27,213
-	-	-	-	496,000	496,000
-	-	-	-	47,590	47,590
1,245,906	19,681,130	654,844	1,607,607	1,308,510	62,221,212
-	-	-	-	11,252	14,484
-	-	-	-	4,669	16,442
1,245,906	19,681,130	654,844	1,607,607	1,132,661	61,949,075
-	-	-	-	139,831	190,449
-	-	-	-	20,097	50,762
1,245,906	19,681,130	654,844	1,607,607	1,308,510	62,221,212

Warren County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 196,083	251,229	867,090	34,573,472
Additions:				
Property and other county tax	-	266,995	767,137	37,192,725
E-911 surcharge	-	-	-	-
State tax credits	-	16,671	46,582	2,307,177
Drivers license fees	-	-	-	-
Office fees and collections	1,206,981	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	1,130,872	-	-	-
Miscellaneous	-	-	360	-
Total additions	2,337,853	283,666	814,079	39,499,902
Deductions:				
Agency remittances:				
To other funds	634,570	-	-	-
To other governments	561,975	274,747	637,503	37,771,331
Trusts paid out	1,220,033	-	-	-
Total deductions	2,416,578	274,747	637,503	37,771,331
Balances end of year	$ 117,358	260,148	1,043,666	36,302,043

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,272,471	18,402,390	625,694	1,342,063	1,519,729	59,050,221
1,283,232	19,696,818	669,534	-	307,031	60,183,472
-	-	-	-	329,324	329,324
84,652	1,473,515	31,881	-	16,288	3,976,766
-	-	-	100,331	-	100,331
-	-	-	-	-	1,206,981
-	-	-	17,065,608	-	17,065,608
-	-	-	-	512,194	1,643,066
-	-	-	-	215,902	216,262
1,367,884	21,170,333	701,415	17,165,939	1,380,739	84,721,810
-	-	-	619,412	-	1,253,982
1,394,449	19,891,593	672,265	16,280,983	1,063,443	78,548,289
-	-	-	-	528,515	1,748,548
1,394,449	19,891,593	672,265	16,900,395	1,591,958	81,550,819
1,245,906	19,681,130	654,844	1,607,607	1,308,510	62,221,212

Warren County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
Revenues:				
Property and other county tax	$ 13,234,723	13,057,120	12,526,162	12,568,621
Interest and penalty on property tax	126,729	113,771	105,612	128,175
Intergovernmental	7,556,639	8,251,314	7,822,979	9,073,956
Licenses and permits	99,983	76,680	71,705	73,395
Charges for service	1,348,773	1,357,697	1,167,838	1,115,148
Use of money and property	197,283	132,365	110,328	71,693
Miscellaneous	826,595	552,700	648,796	565,025
Total	$ 23,390,725	23,541,647	22,453,420	23,596,013
Expenditures:				
Operating:				
Public safety and legal services	$ 5,253,486	4,955,299	4,562,327	4,879,166
Physical health and social services	2,934,056	3,070,206	2,880,433	3,524,239
Mental health	1,034,261	1,001,248	2,568,192	1,221,108
County environment and education	1,637,970	1,375,122	1,236,705	1,589,388
Roads and transportation	6,799,465	6,911,348	6,029,085	6,133,405
Governmental services to residents	995,409	1,008,855	903,560	921,227
Administration	2,996,712	2,806,497	2,788,473	2,848,934
Non-program	-	-	-	-
Debt service	102,213	93,604	33,355	46,301
Capital projects	1,656,556	1,938,279	808,335	1,955,605
Total	$ 23,410,128	23,160,458	21,810,465	23,119,373

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
12,347,304	11,582,933	11,434,820	11,441,171	11,453,420	10,856,199
125,890	134,118	131,188	149,108	142,432	150,009
9,050,387	8,295,071	8,259,026	10,424,897	9,863,840	7,226,199
59,335	49,065	50,799	45,255	53,085	56,375
1,294,223	1,154,244	1,106,315	1,067,973	1,088,935	1,117,378
72,103	75,528	83,556	90,910	138,804	364,291
613,260	1,137,620	685,458	594,686	528,665	469,577
23,562,502	22,428,579	21,751,162	23,814,000	23,269,181	20,240,028
4,678,285	4,573,861	4,294,861	4,004,824	3,989,306	3,948,411
2,957,533	2,836,202	3,042,371	2,652,571	2,494,732	2,421,017
1,772,073	4,802,080	3,906,062	2,895,774	2,756,204	2,951,364
1,297,723	1,467,779	1,116,563	1,119,994	1,183,451	959,022
6,008,547	5,182,055	5,473,688	5,861,559	5,577,710	5,905,350
1,087,588	826,576	772,331	749,897	767,527	644,439
2,608,887	2,594,163	2,478,993	2,406,804	2,595,841	2,252,355
17,742	17,828	281	175	6,131	12,804
46,336	25,905	25,905	443,520	516,944	554,828
1,242,074	1,209,194	682,129	2,579,032	1,613,199	643,925
21,716,788	23,535,643	21,793,184	22,714,150	21,501,045	20,293,515

Warren County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2018.

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 have not been identified. However, as described in the accompanying Schedule of Findings, 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 the accompanying Schedule of Findings as items (A) and (B) 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 the accompanying Schedule of Findings as items (C) through (G) 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 which 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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 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. 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

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	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 E-911
(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 E-911
(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. Proper bank reconciliations are not prepared in the Sheriff's office or Recorder's office for all of their separately maintained accounts.	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
(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

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

(a) Recorder – The Recorder's Office has four employees. The Recorder opens all incoming mail and enters the payment in the system. Another employee indexes them and a third employee checks them the next day. Everyone is involved in the process. The Office takes turns weekly with the morning deposits and the evening balancing. The Recorder also reconciles the monthly bank statement. The first Deputy is also trained to balance.

(b) Treasurer – Limited staff dictates the necessity for everyone to have capabilities in nearly every area as many times there is only one in the office. Daily reconciliations are reviewed monthly by a different employee. We also make sure everyone uses unique passwords.

(c) Engineer – With limited office staff, we will attempt to segregate duties as much as possible.

(d) Conservation – When personnel levels allow, segregation of duties will occur.

(e) Friends of Warren County Conservation – A separate person will sign and date the reconciliation of the initial listing. There are a limited number of staff available to perform duties. We will try to separate responsibilities when possible.

(f) Emergency Management – The Warren County Emergency Management Commission has only one employee (EMA Coordinator) to manage all functions of the office. A full report (including hard copies) of receipts and expenditures is given by the Coordinator at each Commission Meeting. In the absence of the Coordinator, the Commission Chair may render the bills and receipts of the Emergency Management Office.

(g) E-911 – The Warren County Joint 911 Service Board employs me as their sole employee and in doing so I have the responsibility of all duties in the office. I receive and open all mail sent to this office. All incoming checks are marked "For Deposit Only" when received and are entered into the department receipt book along with a Warren County receipt being made. I scan copies of all receipts and checks into the file that is backed up by Warren County IT prior to delivering deposits to the Warren County Treasurers Office. I also maintain an Excel spreadsheet that has a running total of all receipts into the office.

(h) Zoning – The Warren County Zoning Department is a two person department. Therefore, segregation of duties is not always possible. The two of us open mail, write receipts and make deposits. We both try our hardest to segregate as much as possible. Whoever prepared the deposit has the other person sign off and checks it over. The office employee usually fills out the building permits and takes the money and writes receipts but the Administrator will sign off on the building permits. As far as mail, we very rarely have payment come in by mail.

(i) Sheriff – With limited staff, we attempt to split duties as much as possible.

(j) Congregate Meals – When checks or money are put in the donation bucket, two people verify the amount and it is recorded on the client contribution. After that, the Nutrition Director recounts and makes the deposit. It is checked three different times before going to the Treasurer's Office. When checks are received in the mail, one person opens and records the check in a spreadsheet, then it is deposited. More than one set of eyes are verifying the checks in the mail.

(k) MH/DD Community Services – Due to limited staff availability, one individual maintains receipts, prepares 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 anything unusual.

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.

(B) <u>Financial Reporting</u>

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of receivables, capital asset additions and deletions, and infrastructure additions were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year-end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

Recommendation – The County should establish procedures to ensure all receivables, payables, capital asset additions and deletions and infrastructure additions are identified and properly reported in the County's financial statements.

Response – The County will review existing procurement and capital asset polices to improve procedures. Increased oversight and additional training will be implemented to correctly account for accruals and capital assets.

Conclusion – Response accepted.

(C) Payroll

Criteria – An effective internal control system provides for internal controls related to payroll. For the year ended June 30, 2017, 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 their hours worked per day including any overtime hours worked, as applicable. The employee's supervisor approves the timesheets online.

The County Payroll Clerks submit the timesheet file electronically to the vendor. The vendor processes the timesheets into the payroll file and an electronic payroll journal is available online to the County Payroll Clerks. The County Payroll Clerks review and submit the payroll journal for final payroll processing. A second level review is completed before the payroll journal is submitted for final processing.

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

The County downloads an electronic import file which is then uploaded into the County's accounting system. Additionally, the payroll vendor provides reports of each employee's accrued vacation and sick leave balances as of the end of the pay period.

Condition – In some instances, Sherriff Office and Engineer Office employees do not have ready access to a personal computer and complete paper timesheets which are input by the employee's supervisor or other designee. There is no review of the information entered by the supervisor or other designee.

Cause – Procedures have not been established to require independent review of timesheets input by an employee's supervisor or other designee.

Effect – Inadequate review procedures could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Timesheets input by an employee's supervisor or other designee should be reviewed by an independent person.

Response – The County will work with the Sheriff and Engineer offices to establish procedures for independent review of employee time cards.

Conclusion – Response accepted.

(D) County Personnel Policies

Criteria – An effective internal control system provides for internal controls related to the determination of and monitoring of compensated absence balances of employees.

The County has adopted written personnel policies which limit the number of hours of vacation time and compensatory time an employee can carry over at the end of the fiscal year. For the Sheriff's office, employees are allowed to carry over 6 days of vacation. Other employees are allowed to carry over 80 hours plus their annual accrual of vacation. For compensatory time, Secondary Roads employees are allowed to carry over 80 hours while other employees are allowed to carry over 60 hours.

Condition – At June 30, 2017, several employees had vacation and/or compensatory time balances in excess of established limits.

Cause – Procedures have not been implemented to monitor vacation and compensatory time balances carried over at the end of the fiscal year.

Effect – The County is not complying with its established policies which could result in higher payout liabilities for vacation and compensatory time.

Recommendation – The County should develop procedures to monitor the vacation and compensatory time hour limits and comply with its policy and limit the number of vacation and compensatory time hours an employee can carry over at the end of the fiscal year.

Response – The County will continue to periodically notify Department Heads of accrued employee leave balances and request they work with their employees to reduce excessive balances. Carry over limits will be enforced going forward.

Conclusion – Response accepted.

(E) County Sheriff's Office Trust Listing

Criteria – An effective internal control system provides for internal controls by the County Sheriff's Office for the assets held in trust on behalf of others.

Condition – A current trust listing is not maintained and reconciled with book balances.

Cause – Policies and procedures have not been established by the County to maintain a current trust listing and reconcile the trust listing with book balances.

Effect – Lack of policies and procedures could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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

Response – This has been an ongoing problem for years and will attempt to go back over the past several years to get this up to date.

Conclusion – Response accepted.

(F) Jail Commissary

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – For the County Sheriff's Jail Commissary, one individual collects, deposits and records receipts. 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.

Cause – The County Sheriff's office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions

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 – Another employee is now helping the preparer of the deposits and checks. There is no longer one person doing all the work.

Conclusion – Response accepted.

(G) City Law Enforcement Contracts

Criteria – An effective internal control system provides for internal controls related to reconciling billings, collections and receivables related to the County Sheriff's contracts with cities within the County for law enforcement services, to ensure the accuracy of enforcement collections and receivables.

Condition – Billings, collections and receivables for these contracted services are not properly tracked and recorded timely. Outstanding receivables at year end were not reported to the County Budget Coordinator for inclusion in the County's financial statements.

Cause – Policies have not been established and procedures have not been implemented to maintain a current listing and reconcile law enforcement contract billings, collections and receivables.

Effect – This condition could result in unrecorded or misstated enforcement contract revenue and receivables.

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 – A separate ledger is now being kept for receivables from contract towns. All contracts will be up to date and a copy of the contract will be on file with the County Auditor's Office.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the public safety and legal services, nonprogram and debt service functions. In addition, disbursements for the General Services Department exceeded the amount appropriated prior to the first budget amendment.

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

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

Response – The County will diligently strive to monitor and amend the budget for functions and appropriations to avoid over disbursing in these areas.

Conclusion – Response accepted.

(2) Questionable Expenditures – Certain expenditures we believe 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 were noted.

The County maintains a wellness fund and for the year ended June 30, 2017, the following questionable expenditures were noted:

- $618 to purchase tee-shirts as an incentive to participate in the turkey trot, part of the County's wellness program.
- $525 for food supplies for an employee tailgate.

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 employee awareness of health and well-being. The County believes a healthy workforce serves a public purpose by reducing the cost of health insurance. A written policy will be established to indicate the public purpose of Wellness program participation incentives and events.

Conclusion – Response accepted.

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

(4) 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	$ 5,300
Tami Jorgenson, Auditor's Office Employee, husband is Terry Jorgenson	Labor	361

The transactions with Coffman Glass 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.

The transactions with Terry Jorgenson do not represent a conflict of interest in accordance with Chapter 331.342(2)(j) since the total cumulative transactions were less than $1,500 during the fiscal year.

(5) 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.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

(7) 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.

(8) 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).

(9) 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, 2017 for the County Extension Office did not exceed the amount budgeted.

(10) 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 by the Code of Iowa.

Response – The Sheriff's Office will once again ask the banking institution to provide this. The bank has advised it will be an additional cost to provide this information on the cancelled checks.

Conclusion – Response acknowledged. The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required by the Code of Iowa.

(11) 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 and another Deputy are the individuals with access to the account and who maintain the records. They have been advised to work with the County Auditor to set up the Special Revenue Fund.

Conclusion – Response accepted.

(12) 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 – After the exit conference, the Commissary account issued a check to the County for the excess profits.

Conclusion – Response accepted.

Staff

This audit was performed by:

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