OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE March 21, 2019

Auditor of State Rob Sand today released an audit report on Warren County, Iowa.

The County had local tax revenue of $83,351,154 for the year ended June 30, 2018, which included $4,823,203 in tax credits from the state. The County forwarded $68,813,734 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $14,537,420 of the local tax revenue to finance County operations, an increase of 3.6% over the prior year. Other revenues included charges for service of $2,395,665, operating grants, contributions and restricted interest of $6,523,508, capital grants, contributions and restricted interest of $4,922,933, unrestricted investment earnings of $267,536, gain on disposition of capital assets of $44,816 and other general revenues of $336,109.

Expenses for County operations for the year ended June 30, 2018 totaled $24,759,720, a 1.4% increase over the prior year. Expenses included $8,679,821 for roads and transportation, $6,115,924 for public safety and legal services and $3,264,769 for administration.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

# # #

WARREN COUNTY

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

JUNE 30, 2018

1810-0091-B00F

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(continued)

Warren County

Officials

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

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Rob Sand
Auditor of State

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, 2018, 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, 2018, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, Warren County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 15 and 56 through 65 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, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance, 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 13, 2019 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.

ROB SAND
Auditor of State

March 13, 2019

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, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by $52,713 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities decreased 6.2%, or approximately $1,916,000, from fiscal year 2017 to fiscal year 2018. Property tax increased approximately $495,000 while capital grants, contributions and restricted interest decreased approximately $2,527,000.
- Program expenses were, or approximately $337,000, more in fiscal year 2018 than in fiscal year 2017. Public safety and legal services expenses increased approximately $673,000 while mental health and administration function expenses decreased approximately $201,000 and $139,000, respectively.
- The County's net position increased 7.4%, or approximately $4,268,000, over the restated June 30, 2017 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

2) A proprietary fund accounts for the County's Internal Service, Fuel Station Fund. The Internal Service Fund is used for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services, the 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 7.3% over a year ago, increasing from approximately $57.5 million to approximately $61.7 million. The analysis that follows focuses on the changes in the net position of governmental activities, prior to restatement.

Net Position of Governmental Activities
(Expressed in Thousands)

	June 30, 2018	June 30, 2017 (Not Restated)
Current and other assets	$ 28,873	26,658
Capital assets	56,284	52,721
Total assets	85,157	79,379
Deferred outflows of resources	2,276	2,041
Long-term liabilities	9,285	8,958
Other liabilities	1,144	1,072
Total liabilities	10,429	10,030
Deferred inflows of resources	15,323	13,924
Net position:		
Net investment in capital assets	55,818	52,446
Restricted	7,040	5,137
Unrestricted	(1,177)	(117)
Total net position	$ 61,681	57,466

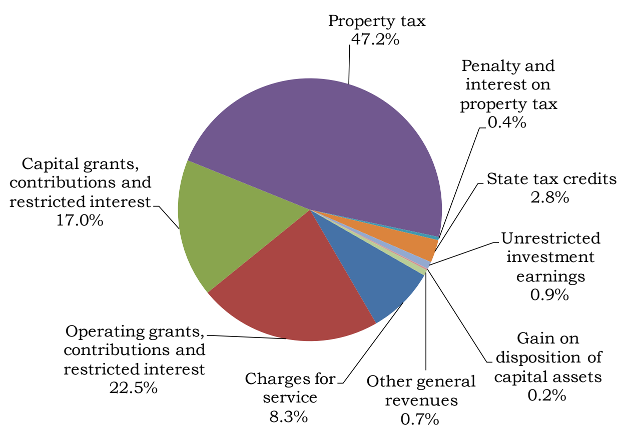
Prior to restatement, net position of Warren County's governmental activities increased approximately $4,215,000 over the fiscal year 2017 balance. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. This net position category increased approximately $3,372,000, or 6.4%, 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 increased approximately $1,903,000, or 37%, over the prior year, primarily related to the increases in the net position restricted for secondary roads and mental health purposes.

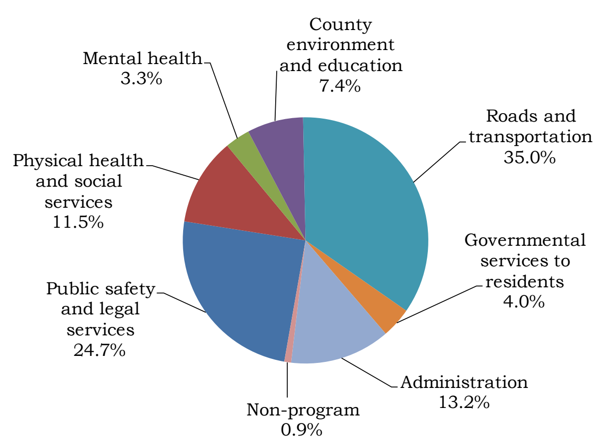
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit balance of approximately $117,000 at June 30, 2017 to a deficit of approximately $1,177,000 at the end of this year, primarily related to the decrease in the General Fund balance as a result of increased expenses.

Changes in Net Position of Governmental Activities (Expressed in Thousands)			
	Year ended June 30		
		2018	2017 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	2,396	2,562
Operating grants, contributions and restricted interest		6,523	6,331
Capital grants, contributions and restricted interest		4,923	7,450
General revenues:			
Property tax		13,721	13,226
Penalty and interest on property tax		125	134
State tax credits		817	810
Unrestricted investment earnings		267	144
Gain on disposition of capital assets		45	105
Other general revenues		211	182
Total revenues		29,028	30,944
Program expenses:			
Public safety and legal services		6,116	5,443
Physical health and social services		2,840	2,906
Mental health		809	1,010
County environment and education		1,835	1,764
Roads and transportation		8,680	8,670
Governmental services to residents		978	1,008
Administration		3,265	3,404
Non-program		233	212
Interest on long-term debt		4	6
Total expenses		24,760	24,423
Change in net position		4,268	6,521
Net position beginning of year, as restated		57,413	50,945
Net position end of year	$	61,681	57,466

Revenues by Source



Expenses by Program



Revenues for governmental activities decreased approximately $1,916,000 from the prior year, with capital grants, contributions and restricted interest decreasing approximately $2,527,000, or 33.9%. The decrease is due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

For fiscal year 2018, taxable property valuation increased approximately $68,163,000 and the tax levy rate decreased $0.01957 per $1,000 of taxable valuation. Therefore, property tax revenue increased approximately $495,000. The total Warren County assessed taxable property valuation for property tax payable in fiscal year 2019 increased approximately $117,273,000. The tax levy rate is set to decrease $0.02156 per $1,000 of taxable valuation. Property tax revenue is budgeted to increase approximately $812,000 next year.

The cost of all governmental activities this year was approximately $24.8 million compared to approximately $24.4 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $10.9 million because some of the cost was paid by those who directly benefited from the programs (approximately $2.4 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $11.4 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately $16.3 million in fiscal year 2017 to approximately $13.8 million in fiscal year 2018, principally due to a decrease in capital grants, contributions and restricted interest for roads and transportation. The County paid for the remaining "public benefit" portion of governmental activities with approximately $15.2 million of taxes and other revenues, such as interest.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately $12,778,000, an increase of approximately $831,000 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 decreased approximately $710,000 from the prior year to approximately $5,709,000. General Fund revenues increased approximately $152,000 over the prior year, due principally to an increase in property tax. Expenditures increased approximately $872,000, or 6.3%, over the prior year.

The Special Revenue, Mental Health Fund balance at year end increased approximately $303,000 over the prior year. Mental Health Fund revenues remained fairly constant while expenditures decreased approximately $231,000. During fiscal year 2018, the County paid approximately $213,000 less to the region fiscal agent.

Revenues in the Special Revenue, Rural Services Fund increased approximately $132,000 over fiscal year 2017. Expenditures decreased approximately $4,000 from the prior year. In addition, the County transferred approximately $33,000 more to the Special Revenue, Secondary Roads Fund during fiscal year 2018. These changes resulted in an increase in the Rural Services Fund balance of approximately $100,000.

Special Revenue, Secondary Roads Fund revenues increased approximately $184,000, or 3.7%, over the prior year. Secondary Roads Fund expenditures decreased approximately $257,000 from the prior year. In addition, during fiscal year 2018, Secondary Roads fund received approximately $326,000 from the issuance of an installment purchase agreement. These changes resulted in an increase in the Secondary Roads Fund balance of approximately $725,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget in May 2018. The amendment was made in May 2018 and resulted in an increase in budgeted receipts related to pipeline reimbursements. The amendment increased budgeted disbursements by a total of $794,500 and was primarily related to the public safety and legal services, county environment and education and roads and transportation functions due to increased inmate detention costs and additional disbursements in the Secondary Roads Department.

The County's receipts were $240,914 less than budgeted, a variance of less than 1%. The most significant variances resulted from the County receiving $865,816 less in intergovernmental receipts than anticipated, offset by $573,807 more received in miscellaneous receipts than budgeted.

Total disbursements were $2,224,232 less than the final amended budget. Actual disbursements for the physical health and social services, roads and transportation and administration functions were $637,550, $459,139 and $450,018, respectively, less than budgeted. This was primarily due to decreases in public health department disbursements related to staff turnover, lower food costs for the Nutrition Department and DCAT contracts were less than anticipated. The roads and transportation and administration functions were less than budgeted due to anticipated engineering costs not being disbursed during the year and staff turnover, respectively.

Disbursements during the year ended June 30, 2018 exceeded the budgeted amount in the public safety and legal services function. In addition, disbursements for the Sheriff's Department exceeded the amount appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Warren County had approximately $56.3 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 $3,563,000, or 6.8%, over last year.

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

	June 30, 2018	June 30, 2017
Land	$ 2,196	2,196
Construction in progress	2,919	2,733
Intangibles	371	97
Buildings and improvements	4,529	4,817
Equipment and vehicles	3,461	3,157
Infrastructure	42,808	39,721
Total	$ 56,284	52,721
This year's major additions included (in thousands):		
Roads		$ 4,656
Secondary Roads and other equipment		1,002
Total		$ 5,658

The County had depreciation expense of $2,587,401 in fiscal year 2018 and total accumulated depreciation of $33,866,500 at June 30, 2018.

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

Long-Term Debt

At June 30, 2018, Warren County had $514,538 of general obligation notes and other long-term debt outstanding compared to $345,970 at June 30, 2017, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2018	2017
General obligation notes	$ 48,301	71,198
General obligation capital loan	31,500	62,500
Installment purchase contract	266,737	16,272
Rural development loan agreement	168,000	196,000
Total	$ 514,538	345,970

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 $182 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 2019 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 2.3% versus 2.9% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 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 2.5% for fiscal year 2018 compared with the national rate of 2.9% increase.

These indicators were taken into account when adopting the budget for fiscal year 2019. Amounts available for appropriation in the operating budget are approximately $24.8 million, an increase of approximately $536,000 over the final fiscal year 2018 budget, primarily due to an increase in property taxes. Budgeted disbursements are expected to decrease approximately $263,000 from the final fiscal year 2018 budget, primarily in the roads and transportation function. The County has added no major new programs or initiatives to the fiscal year 2019 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately $431,000, or 4.2%, by the close of fiscal year 2019.

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, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 13,119,458
Receivables:	
Property tax:	
Delinquent	21,824
Succeeding year	14,446,000
Interest and penalty on property tax	81,769
Accounts	85,793
Accrued interest	95,927
Loan	39,088
Due from other governments	702,306
Inventories	281,169
Capital assets, not being depreciated	5,485,829
Capital assets net of accumulated depreciation	50,798,045
Total assets	85,157,208
Deferred Outflows of Resources	
Pension related deferred outflows	2,253,873
OPEB related deferred outflows	22,418
Total deferred outflows of resources	2,276,291
Liabilities	
Accounts payable	670,781
Accrued interest payable	1,824
Salaries and benefits payable	372,484
Due to other governments	99,513
Long-term liabilities:	
Portion due or payable within one year:	
General obligation notes	23,859
General obligation capital loan	31,500
Installment purchase agreement	69,966
Rural development loan agreement	28,000
Compensated absences	529,302
Portion due or payable after one year:	
General obligation notes	24,442
Installment purchase agreement	196,771
Rural development loan agreement	140,000
Compensated absences	363,384
Net pension liability	6,684,726
Total OPEB liability	1,192,968
Total liabilities	10,429,520
Deferred inflows of Resources	
Unavailable property tax revenue	14,446,000
Pension related deferred inflows	657,979
OPEB related deferred inflows	218,694
Total deferred inflows of resources	15,322,673
Net Position	
Net investment in capital assets	55,817,637
Restricted for:	
Supplemental levy purposes	141,024
Mental health purposes	912,913
Rural services purposes	1,159,534
Secondary roads purposes	3,962,114
Other purposes	865,213
Unrestricted	(1,177,129)
Total net position	$ 61,681,306

See notes to fianancial statements.

Warren County

Statement of Activities

Year ended June 30, 2018

	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	$ 6,115,924	391,704	239,627	-	(5,484,593)
Physical health and social services	2,840,207	327,662	1,192,728	-	(1,319,817)
Mental health	808,749	76,556	-	-	(732,193)
County environment and education	1,835,136	77,024	472,008	-	(1,286,104)
Roads and transportation	8,679,821	42,151	4,619,145	4,922,933	904,408
Governmental services to residents	977,707	1,157,786	-	-	180,079
Administration	3,264,769	95,056	-	-	(3,169,713)
Non-program	233,306	227,726	-	-	(5,580)
Interest on long-term debt	4,101	-	-	-	(4,101)
Total	$ 24,759,720	2,395,665	6,523,508	4,922,933	(10,917,614)
General Revenues:					
Property and other county tax levied for general purposes					13,720,590
Penalty and interest on property tax					124,646
State tax credits					816,830
Unrestricted investment earnings					267,536
Gain on disposition of capital assets					44,816
Miscellaneous					211,463
Total general revenues					15,185,881
Change in net position					4,268,267
Net position beginning of year, as restated					57,413,039
Net position end of year					$ 61,681,306

See notes to financial statements.

Warren County

Balance Sheet
Governmental Funds

June 30, 2018

			Special	
			Mental	Rural
		General	Health	Services
Assets				
Cash, cash equivalents and pooled investments	$	6,086,596	941,195	1,210,107
Receivables:				
Property tax:				
Delinquent		13,773	1,476	6,575
Succeeding year		10,176,000	1,048,000	3,222,000
Interest and penalty on property tax		81,769	-	-
Accounts		83,443	-	100
Accrued interest		93,467	-	-
Loan		39,088	-	-
Due from other governments		217,351	-	-
Inventories		-	-	-
Total assets	$	16,791,487	1,990,671	4,438,782
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$	407,719	857	989
Salaries and benefits payable		269,302	8,347	16,901
Due to other funds		11,183	-	-
Due to other governments		94,523	256	-
Total liabilities		782,727	9,460	17,890
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		10,176,000	1,048,000	3,222,000
Other		123,771	1,476	6,575
Total deferred inflows of resources		10,299,771	1,049,476	3,228,575
Fund balances:				
Nonspendable:				
Inventories		-	-	-
Loan receivable		39,088	-	-
Restricted for:				
Supplemental levy purposes		216,548	-	-
Mental health purposes		-	931,735	-
Rural services purposes		-	-	1,192,317
Secondary roads purposes		-	-	-
Conservation land acquisition		6,547	-	-
Capital projects		-	-	-
Other purposes		-	-	-
Assigned for:				
Future jail expansion		588,243	-	-
Building reserve		620,167	-	-
Unassigned		4,238,396	-	-
Total fund balances		5,708,989	931,735	1,192,317
Total liabilities, deferred inflows of resources and fund balances	$	16,791,487	1,990,671	4,438,782

See notes to financial statements.

Revenue Secondary Roads	Nonmajor	Total
3,814,726	856,279	12,908,903
-	-	21,824
-	-	14,446,000
-	-	81,769
1,950	300	85,793
-	2,460	95,927
-	-	39,088
454,373	-	671,724
257,774	-	257,774
4,528,823	859,039	28,608,802
208,710	373	618,648
77,934	-	372,484
30,139	-	41,322
4,653	-	99,432
321,436	373	1,131,886
-	-	14,446,000
120,985	-	252,807
120,985	-	14,698,807
257,774	-	257,774
-	-	39,088
-	-	216,548
-	-	931,735
-	-	1,192,317
3,828,628	-	3,828,628
-	-	6,547
-	3,993	3,993
-	854,673	854,673
-	-	588,243
-	-	620,167
-	-	4,238,396
4,086,402	858,666	12,778,109
4,528,823	859,039	28,608,802

Warren County

Warren County

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

June 30, 2018

Total governmental fund balances (page 21)		$ 12,778,109
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 $90,058,041 and the accumulated depreciation is $33,780,523.		56,277,518
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.		252,807
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 $85,977	$ 6,356	
Other net position	253,640	259,996
Pension and OPEB 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	2,276,291	
Deferred inflows of resources	(876,673)	1,399,618
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, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(9,286,742)
Net position of governmental activities (page 18)		$ 61,681,306

See notes to financial statements.

Warren County

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

Year ended June 30, 2018

	General	Special Mental Health
Revenues:		
Property and other county tax	$ 9,623,172	1,031,411
Interest and penalty on property tax	114,285	-
Intergovernmental	2,297,595	64,912
Licenses and permits	39,275	-
Charges for service	1,344,411	-
Use of money and property	306,135	-
Miscellaneous	494,545	10,140
Total revenues	14,219,418	1,106,463
Expenditures:		
Operating:		
Public safety and legal services	5,928,219	-
Physical health and social services	2,842,401	-
Mental health	-	803,456
County environment and education	1,367,163	-
Roads and transportation	185,104	-
Governmental services to residents	950,222	-
Administration	2,856,591	-
Debt service	95,043	-
Capital projects	517,042	-
Total expenditures	14,741,785	803,456
Excess (deficiency) of revenues over (under) expenditures	(522,367)	303,007
Other financing sources (uses):		
Sale of capital assets	12,416	-
Installment lease purchase agreement	-	-
Transfers in	-	-
Transfers out	(200,000)	-
Total other financing sources (uses)	(187,584)	-
Change in fund balances	(709,951)	303,007
Fund balances beginning of year	6,418,940	628,728
Fund balances end of year	$ 5,708,989	931,735

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
3,062,004	-	-	13,716,587
-	-	-	114,285
146,277	5,087,894	18,384	7,615,062
50,600	26,665	-	116,540
9,750	-	22,784	1,376,945
-	1,320	8,257	315,712
131	15,030	446,022	965,868
3,268,762	5,130,909	495,447	24,220,999
-	-	903	5,929,122
-	-	-	2,842,401
-	-	-	803,456
321,026	-	70,430	1,758,619
345,783	6,046,465	-	6,577,352
1,630	-	12,211	964,063
-	-	-	2,856,591
-	-	-	95,043
-	1,385,539	-	1,902,581
668,439	7,432,004	83,544	23,729,228
2,600,323	(2,301,095)	411,903	491,771
-	-	-	12,416
-	326,492	-	326,492
-	2,700,000	-	2,700,000
(2,500,000)	-	-	(2,700,000)
(2,500,000)	3,026,492	-	338,908
100,323	725,397	411,903	830,679
1,091,994	3,361,005	446,763	11,947,430
1,192,317	4,086,402	858,666	12,778,109

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, 2018

Change in fund balances - Total governmental funds (page 25)		$ 830,679
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	$ 1,783,606	
Capital assets contributed by the Iowa Department of Transportation	4,334,237	
Depreciation expense	(2,581,044)	3,536,799
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.		32,400
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	4,003	
Other	159,575	163,578
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 issuances exceeded payments as follows:		
Issued	(326,492)	
Repaid	157,924	(168,568)
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.		790,461
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	(62,033)	
Pension expense	(798,556)	
OPEB expense	(81,531)	
Interest on long-term debt	1,045	(941,075)
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.		23,993
Change in net position of governmental activities (page 19)		$ 4,268,267

See notes to financial statements.

Warren County

Statement of Net Position
Proprietary Fund

June 30, 2018

	Internal Service - Fuel Station
Assets	
Cash and cash equivalents	$ 210,555
Due from other funds	41,322
Due from other governments	30,582
Inventories	23,395
Capital assets, net of accumulated depreciation of $85,977	6,356
Total assets	312,210
Liabilities	
Accounts payable	52,133
Due to other governments	81
Total liabilities	52,214
Net Position	
Net investment in capital assets	6,356
Unrestricted	253,640
Total net position	$ 259,996

See notes to financial statements.

Warren County

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

Year ended June 30, 2018

		Internal Service - Fuel Station
Operating revenues:		
Reimbursements from operating funds		$ 288,149
Reimbursements from other governments		227,726
Fuel and other tax refunds		36,631
Total operating revenues		552,506
Operating expenses:		
Fuel	$ 489,465	
State fuel and other taxes	29,575	
Utilities	620	
Insurance	1,894	
Repairs	472	
Tank fees	130	
Depreciation	6,357	528,513
Operating income		23,993
Net position beginning of year		236,003
Net position end of year		$ 259,996

See notes to financial statements.

Warren County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2018

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 265,074
Cash received from other governments	209,542
Cash received from other sources	36,631
Cash paid to suppliers	(509,480)
Net cash provided by operating activities	1,767
Cash and cash equivalents beginning of year	208,788
Cash and cash equivalents end of year	$ 210,555
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 23,993
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,357
Increase in due from other funds	(23,075)
Increase in due from other governments	(18,184)
Increase in inventories	(2,663)
Increase in accounts payable	15,285
Increase in due to other governments	54
Net cash provided by operating activities	$ 1,767

See notes to financial statements.

Warren County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 2,940,751
Other County officials	236,935
Receivables:	
Property tax:	
Delinquent	80,601
Succeeding year	63,415,000
Accounts	119,462
Special assessments	710,467
Total assets	67,503,216
Liabilities	
Accounts payable	14,293
Salaries and benefits payable	23,620
Due to other governments	66,970,134
Trusts payable	439,092
Compensated absences	56,077
Total liabilities	67,503,216
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 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, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

Additionally, the County reports the following funds:

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

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust 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 reported as a deferred inflow of resources 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 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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, 2018, 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 if purchased or constructed. 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. Reportable 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 and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. 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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Warren County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivables that will not be recognized until the year for which they are levied.

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 they are levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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, 2018, disbursements exceeded the amount budgeted in the public safety and legal services function.

The Board of Supervisors did not approve appropriations for each of the County offices and departments until December 19, 2017. As a result, disbursements in all County offices and departments exceeded the amounts appropriated prior to the appropriations. Disbursements for the Sheriff's Department exceeded the amount appropriated at June 30, 2018.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2018 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 $121,396 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.

At June 30, 2018 the Friends of Warren County Conservation (Friends) a blended component unit, had $187,227 invested in mutual funds. The Friends use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value of the Friends mutual funds were determined using quoted market prices (Level 1 inputs).

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
Internal Service:		
Fuel Station	General	$ 11,183
	Special Revenue:	
	Secondary Roads	30,139
Total		$ 41,322

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, 2018 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 200,000
	Special Revenue:	
	Rural Services	2,500,000
Total		$ 2,700,000

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, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 2,196,082	-	-	2,196,082
Construction in progress	210,726	179,278	-	390,004
Construction in progress - Infrastructure	2,522,371	4,656,135	4,649,932	2,528,574
Intangibles	97,211	273,958	-	371,169
Total capital assets not being depreciated	5,026,390	5,109,371	4,649,932	5,485,829
Capital assets being depreciated:				
Buildings	8,885,665	-	-	8,885,665
Improvements other than buildings	865,668	17,239	-	882,907
Equipment and vehicles	9,321,883	1,058,733	264,686	10,115,930
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	58,464,592	4,649,932	-	63,114,524
Infrastructure, other	1,573,186	-	-	1,573,186
Total capital assets being depreciated	79,203,327	5,725,904	264,686	84,664,545
Less accumulated depreciation for:				
Buildings	4,739,025	280,832	-	5,019,857
Improvements other than buildings	195,960	24,195	-	220,155
Equipment and vehicles	6,177,291	713,496	229,586	6,661,201
Equipment, internal service	79,620	6,357	-	85,977
Infrastructure, road network	19,552,950	1,511,716	-	21,064,666
Infrastructure, other	763,839	50,805	-	814,644
Total accumulated depreciation	31,508,685	2,587,401	229,586	33,866,500
Total capital assets being depreciated, net	47,694,642	3,138,503	35,100	50,798,045
Governmental activities capital assets, net	$ 52,721,032	8,247,874	4,685,032	56,283,874

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 129,236
Physical health and social services	19,214
County environment and education	131,369
Roads and transportation	1,995,277
Governmental services to residents	1,667
Administration	304,281
Total depreciation expense - governmental activities, excluding the Internal Service Fund	$ 2,581,044
Depreciation expense charged to the Internal Service Fund	$ 6,357

Equipment costing $326,492 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, 2018 is as follows:

Fund	Description	Amount
General	Services	$ 94,523
Special Revenue:		
Mental Health	Services	256
Secondary Roads	Services	4,653
		4,909
Total for governmental funds		$ 99,432
Agency:		
County Assessor	Collections	$ 1,192,450
Schools		39,037,386
Community Colleges		1,392,532
Corporations		21,338,244
Townships		718,912
Auto License and Use Tax		1,569,989
All other		1,720,621
Total for agency funds		$ 66,970,134

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	General Obligation Notes	General Obligation Capital Loan	Installment Purchase Agreements	Rural Development Loan Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	$ 71,198	62,500	16,272	196,000	830,653	6,526,548	1,307,713	9,010,884
Increases	-	-	326,492	-	528,976	158,178	-	1,013,646
Decreases	22,897	31,000	76,027	28,000	466,943	-	114,745	739,612
Balance end of year	$ 48,301	31,500	266,737	168,000	892,686	6,684,726	1,192,968	9,284,918
Due within one year	$ 23,859	31,500	69,966	28,000	529,302	-	-	682,627

General Obligation Notes

A summary of the County's June 30, 2018 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
2019	4.125 - 4.25%	$ 23,859	2,046	25,905
2020	4.125 - 4.25	24,442	1,044	25,486
Total		$ 48,301	3,090	51,391

During the year ended June 30, 2018, the County retired $22,897 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
2019	2.50%	$ 31,500	788	32,288

During the year ended June 30, 2018, the County retired $31,000 of the loan.

Installment Purchase Agreements

In July 2016, the County entered into an installment purchase agreement to purchase a compact utility tractor with interest at 4.00% per annum. In October 2017, the County entered into an installment purchase agreement to purchase two International trucks with interest at 3.05% per annum. The following is a schedule of the future minimum lease payments, including interest, and the present value of net minimum lease payments under the agreements in effect at June 30, 2018.

Year ending June 30,	Utility tractor	International trucks	Total
2019	$ 8,653	69,689	78,342
2020	-	69,689	69,689
2021	-	69,689	69,689
2022	-	69,689	69,689
Total minimum payments	8,653	278,756	287,409
Less amount representing interest	(381)	(20,291)	(20,672)
Present value of net minimum payments	$ 8,272	258,465	266,737

Payments under the capital lease purchase agreements totaled $78,342 for the year ended June 30, 2018.

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
2019	0%	$ 28,000
2020	0	28,000
2021	0	28,000
2022	0	28,000
2023	0	28,000
2024	0	28,000
Total		$ 168,000

During the year ended June 30, 2018, 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
2019	$ 109,368	78,930	188,298
2020	109,368	-	109,368
2021	109,368	-	109,368
2022	109,368	-	109,368
2023	109,368	-	109,368
2024-2027	428,358	-	428,358
Total	$ 975,198	78,930	1,054,128

During the year ended June 30, 2018, the County paid $109,368 under the court system lease and $78,930 under the local human services lease.

Rental expenditures have not been adjusted for sublease rentals totaling $10,140 for the year ended June 30, 2018.

(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
2019	0%	$ 32,003
2020	0	7,085
Total		$ 39,088

The City of Carlisle made repayments of $58,456 during the year ended June 30, 2018.

(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 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 2018, 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 9.38% of covered payroll, for a total rate of 18.76%. 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, 2018 were $790,461.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2018, the County reported a liability of $6,684,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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 0.100352%, which was a decrease of 0.003354% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $798,556. At June 30, 2018, 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	$	91,433	91,112
Changes of assumptions		1,368,202	17,157
Net difference between projected and actual earnings on IPERS' investments		-	86,088
Changes in proportion and differences between County contributions and the County's proportionate share of contributions		3,777	463,622
County contributions subsequent to the measurement date		790,461	-
Total	$	2,253,873	657,979

$790,461 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, 2019. 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
2019	$	(31,269)
2020		454,986
2021		298,756
2022		(1,040)
2023		84,000
Total	$	805,433

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 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, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 11,881,854	6,684,726	2,323,076

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, 2018.

(11) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical and prescription drug for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Warren County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	170
Total	172

Total OPEB Liability – The County's total OPEB liability of $1,192,968 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, net of investment expense, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 1,307,713
Changes for the year:	
Service cost	109,516
Interest	49,853
Differences between expected and actual experiences	(249,936)
Changes in assumptions	25,621
Benefit payments	(49,799)
Net changes	(114,745)
Total OPEB liability end of year	$ 1,192,968

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$ 1,284,893	1,192,968	1,105,855

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	$ 1,044,847	1,192,968	1,367,197

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of $81,531. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	218,694
Changes in assumptions	22,418	-
Total	$ 22,418	218,694

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	$ (28,039)
2020	(28,039)
2021	(28,039)
2022	(28,039)
2023	(28,039)
Thereafter	(56,081)
	$ (196,276)

(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 775 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, 2018 were $259,612.

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, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded the Pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its 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, 2018 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	$ 217,057
City of Indianola	Urban renewal and economic development projects	$ 49,610
City of Carlisle	Urban renewal and economic development projects	$ 5,966

(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, 2018, as follows:

Revenues:		
Property and other county tax		$ 1,031,411
Intergovernmental:		
State tax credits		64,912
Miscellaneous		10,140
Total revenues		1,106,463
Expenditures:		
Services to persons with:		
Mental illness	$ 217,167	
Intellectual disabilities	327	217,494
General administration:		
Direct administration	54,821	
Distribution to regional fiscal agent	531,141	585,962
Total expenditures		803,456
Excess of revenues over expenditures		303,007
Fund balance beginning of year		628,728
Fund balance end of year		$ 931,735

(16) Subsequent Event

In October 2018, the Board of Supervisors authorized the issuance of $9,500,000 of general obligation capital loan notes, Series 2018A, for the construction of the Law Enforcement Center and Courthouse (Justice Center).

(17) Construction Commitment

The County has entered into a contract totaling $1,880,000 for architecture, design, civil engineering and land surveying for the Law Enforcement Center and Courthouse (Justice Center). As of June 30, 2018, costs of $114,356 on the project have been incurred. The $1,765,644 balance remaining on the project at June 30, 2018 will be paid as work on the project progresses.

(18) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net position June 30, 2017, as previously reported	$ 57,465,752
Net OPEB obligation measured under previous standards	1,255,000
Total OPEB liability at June 30, 2017	(1,307,713)
Net position July 1, 2017, as restated	$ 57,413,039

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, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 13,716,587	-	13,716,587
Interest and penalty on property tax	114,285	-	114,285
Intergovernmental	7,323,221	-	7,323,221
Licenses and permits	114,500	-	114,500
Charges for service	1,382,676	-	1,382,676
Use of money and property	275,621	5,797	269,824
Miscellaneous	1,519,323	446,022	1,073,301
Total receipts	24,446,213	451,819	23,994,394
Disbursements:			
Public safety and legal services	5,843,091	-	5,843,091
Physical health and social services	2,830,658	-	2,830,658
Mental health	802,849	-	802,849
County environment and education	1,767,771	62,919	1,704,852
Roads and transportation	6,380,391	-	6,380,391
Governmental services to residents	967,713	-	967,713
Administration	2,756,191	-	2,756,191
Debt service	95,043	-	95,043
Capital projects	1,770,859	-	1,770,859
Total disbursements	23,214,566	62,919	23,151,647
Excess (deficiency) of receipts over (under) disbursements	1,231,647	388,900	842,747
Other financing sources, net	8,696	-	8,696
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,240,343	388,900	851,443
Balance beginning of year	11,668,560	185,918	11,482,642
Balance end of year	$ 12,908,903	574,818	12,334,085

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
13,751,771	13,751,771	(35,184)
104,900	104,900	9,385
8,189,037	8,189,037	(865,816)
82,950	82,950	31,550
1,465,201	1,465,201	(82,525)
141,955	141,955	127,869
425,094	499,494	573,807
24,160,908	24,235,308	(240,914)
5,592,741	5,842,741	(350)
3,468,208	3,468,208	637,550
1,109,726	1,109,726	306,877
1,558,021	1,758,021	53,169
6,654,030	6,839,530	459,139
967,306	991,306	23,593
3,071,209	3,206,209	450,018
96,138	96,138	1,095
2,064,000	2,064,000	293,141
24,581,379	25,375,879	2,224,232
(420,471)	(1,140,571)	902,252
3,000	3,000	5,696
(417,471)	(1,137,571)	907,948
10,638,232	11,372,981	109,661
10,220,761	10,235,410	1,017,609

Warren County

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 24,446,213	(225,214)	24,220,999
Expenditures	23,214,566	514,662	23,729,228
Net	1,231,647	(739,876)	491,771
Other financing sources, net	8,696	330,212	338,908
Beginning fund balances	11,668,560	278,870	11,947,430
Ending fund balances	$ 12,908,903	(130,794)	12,778,109

See accompanying independent auditor's report.

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by $794,500. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the public safety and legal services function. In addition, the Board of Supervisors did not approve appropriations for each of the County offices and departments until December 19, 2017. As a result, disbursements in all County offices and departments exceeded the amounts appropriated prior to the appropriations. Disbursements for the Sheriff’s Department exceeded the amount appropriated at June 30, 2018.

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Warren County

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.100352%	0.103706%	0.100788%	0.106971%
County's proportionate share of the net pension liability	$ 6,685	6,257	4,979	4,242
County's covered payroll	$ 8,389	8,307	8,043	8,459
County's proportionate share of the net pension liability as a percentage of its covered payroll	79.69%	75.32%	61.90%	50.15%
IPERS' net position as a percentage of the total pension liability	82.21%	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

		2018	2017	2016	2015
Statutorily required contribution	$	790	763	755	731
Contributions in relation to the statutorily required contribution		(790)	(763)	(755)	(731)
Contribution deficiency (excess)	$	-	-	-	-
County's covered-employee payroll	$	8,752	8,389	8,307	8,043
Contributions as a percentage of covered-employee payroll		9.03%	9.10%	9.09%	9.09%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
768	753	693	589	540	486
(768)	(753)	(693)	(589)	(540)	(486)
-	-	-	-	-	-
8,459	8,485	8,275	8,096	7,927	7,418
9.08%	8.87%	8.37%	7.28%	6.81%	6.55%

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 Changes in the County's
Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

	2018
Service cost	$ 109,516
Interest cost	49,853
Difference between expected and actual experiences	(249,936)
Changes in assumptions	25,621
Benefit payments	(49,799)
Net change in total OPEB liability	(114,745)
Total OPEB liability beginning of year, as restated	1,307,713
Total OPEB liability end of year	$ 1,192,968
Covered-employee payroll	$ 8,768,113
Total OPEB liability as a percentage of covered-employee payroll	13.6%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Warren County

Supplementary Information

Warren County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	Attorney Forfeiture
Assets			
Cash, cash equivalents and pooled investments	$ 68,328	175,247	5,951
Accounts receivable	-	-	-
Accrued interest receivable	701	1,759	-
	$ 69,029	177,006	5,951
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ -	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted for:			
Other purposes	69,029	177,006	5,951
Capital projects	-	-	-
Total fund balances	69,029	177,006	5,951
Total liabilities and fund balances	$ 69,029	177,006	5,951

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
10,353	574,818	17,589	3,993	856,279
-	-	300	-	300
-	-	-	-	2,460
10,353	574,818	17,889	3,993	859,039
-	-	373	-	373
-	-	373	-	373
10,353	574,818	17,516	-	854,673
-	-	-	3,993	3,993
10,353	574,818	17,516	3,993	858,666
10,353	574,818	17,889	3,993	859,039

Warren County

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

Year ended June 30, 2018

	Special		
	County Recorder's Records Management	Resource Enhancement and Protection	Attorney Forfeiture
Revenues:			
Intergovernmental	$ -	18,384	-
Charges for service	11,694	-	-
Use of money and property	701	1,759	-
Miscellaneous	-	-	-
Total revenues	12,395	20,143	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	903
County environment and education	-	-	-
Governmental services to residents	12,211	-	-
Total expenditures	12,211	-	903
Excess (deficiency) of revenues over (under) expenditures	184	20,143	(903)
Fund balances beginning of year	68,845	156,863	6,854
Fund balances end of year	$ 69,029	177,006	5,951

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Capital Projects	Total
-	-	-	-	18,384
-	-	11,090	-	22,784
-	5,797	-	-	8,257
-	446,022	-	-	446,022
-	451,819	11,090	-	495,447
-	-	-	-	903
-	62,919	7,511	-	70,430
-	-	-	-	12,211
-	62,919	7,511	-	83,544
-	388,900	3,579	-	411,903
10,353	185,918	13,937	3,993	446,763
10,353	574,818	17,516	3,993	858,666

Warren County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

		County Offices	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$	-	1,823	443,380	239,595
Other County officials		236,935	-	-	-
Receivables:					
Property tax:					
Delinquent		-	380	1,090	51,791
Succeeding year		-	274,000	798,000	38,746,000
Accounts		-	-	2,092	-
Special assessments		-	-	-	-
Total assets	$	236,935	276,203	1,244,562	39,037,386
Liabilities					
Liabilities:					
Accounts payable	$	-	-	1,375	-
Salaries and benefits payable		-	-	17,298	-
Due to other governments		55,962	276,203	1,192,450	39,037,386
Trusts payable		180,973	-	-	-
Compensated absences		-	-	33,439	-
Total liabilities	$	236,935	276,203	1,244,562	39,037,386

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
8,716	78,101	5,673	1,569,989	593,474	2,940,751
-	-	-	-	-	236,935
1,816	12,143	13,239	-	142	80,601
1,382,000	21,248,000	700,000	-	267,000	63,415,000
-	-	-	-	117,370	119,462
-	-	-	-	710,467	710,467
1,392,532	21,338,244	718,912	1,569,989	1,688,453	67,503,216
-	-	-	-	12,918	14,293
-	-	-	-	6,322	23,620
1,392,532	21,338,244	718,912	1,569,989	1,388,456	66,970,134
-	-	-	-	258,119	439,092
-	-	-	-	22,638	56,077
1,392,532	21,338,244	718,912	1,569,989	1,688,453	67,503,216

Warren County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 117,358	260,148	1,043,666	36,302,043
Additions:				
Property and other county tax	-	281,534	818,429	39,730,429
911 surcharge	-	-	-	-
State tax credits	-	16,707	47,906	2,333,152
Drivers license fees	-	-	-	-
Office fees and collections	1,238,752	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,977,135	-	-	-
Miscellaneous	-	-	73,282	-
Total additions	3,215,887	298,241	939,617	42,063,581
Deductions:				
Agency remittances:				
To other funds	588,328	-	-	-
To other governments	661,202	282,186	738,721	39,328,238
Trusts paid out	1,846,780	-	-	-
Total deductions	3,096,310	282,186	738,721	39,328,238
Balances end of year	$ 236,935	276,203	1,244,562	39,037,386

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,245,906	19,681,130	654,844	1,607,607	1,308,510	62,221,212
1,416,571	21,564,326	720,296	-	275,776	64,807,361
-	-	-	-	337,444	337,444
79,884	1,480,133	31,462	-	17,129	4,006,373
-	-	-	128,821	-	128,821
-	-	-	-	-	1,238,752
-	-	-	17,554,656	-	17,554,656
-	-	-	-	474,524	474,524
-	-	-	-	852,191	2,829,326
-	-	-	-	269,687	342,969
1,496,455	23,044,459	751,758	17,683,477	2,226,751	91,720,226
-	-	-	669,226	-	1,257,554
1,349,829	21,387,345	687,690	17,051,869	1,145,532	82,632,612
-	-	-	-	701,276	2,548,056
1,349,829	21,387,345	687,690	17,721,095	1,846,808	86,438,222
1,392,532	21,338,244	718,912	1,569,989	1,688,453	67,503,216

Warren County

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

For the Last Ten Years

	2018	2017	2016	Modified 2015
Revenues:				
Property and other county tax	$ 13,716,587	13,234,723	13,057,120	12,526,162
Interest and penalty on property tax	114,285	126,729	113,771	105,612
Intergovernmental	7,615,062	7,556,639	8,251,314	7,822,979
Licenses and permits	116,540	99,983	76,680	71,705
Charges for service	1,376,945	1,348,773	1,357,697	1,167,838
Use of money and property	315,712	197,283	132,365	110,328
Miscellaneous	965,868	826,595	552,700	648,796
Total	$ 24,220,999	23,390,725	23,541,647	22,453,420
Expenditures:				
Operating:				
Public safety and legal services	$ 5,929,122	5,253,486	4,955,299	4,562,327
Physical health and social services	2,842,401	2,934,056	3,070,206	2,880,433
Mental health	803,456	1,034,261	1,001,248	2,568,192
County environment and education	1,758,619	1,637,970	1,375,122	1,236,705
Roads and transportation	6,577,352	6,799,465	6,911,348	6,029,085
Governmental services to residents	964,063	995,409	1,008,855	903,560
Administration	2,856,591	2,996,712	2,806,497	2,788,473
Non-program	-	-	-	-
Debt service	95,043	102,213	93,604	33,355
Capital projects	1,902,581	1,656,556	1,938,279	808,335
Total	$ 23,729,228	23,410,128	23,160,458	21,810,465

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
12,568,621	12,347,304	11,582,933	11,434,820	11,441,171	11,453,420
128,175	125,890	134,118	131,188	149,108	142,432
9,073,956	9,050,387	8,295,071	8,259,026	10,424,897	9,863,840
73,395	59,335	49,065	50,799	45,255	53,085
1,115,148	1,294,223	1,154,244	1,106,315	1,067,973	1,088,935
71,693	72,103	75,528	83,556	90,910	138,804
565,025	613,260	1,137,620	685,458	594,686	528,665
23,596,013	23,562,502	22,428,579	21,751,162	23,814,000	23,269,181
4,879,166	4,678,285	4,573,861	4,294,861	4,004,824	3,989,306
3,524,239	2,957,533	2,836,202	3,042,371	2,652,571	2,494,732
1,221,108	1,772,073	4,802,080	3,906,062	2,895,774	2,756,204
1,589,388	1,297,723	1,467,779	1,116,563	1,119,994	1,183,451
6,133,405	6,008,547	5,182,055	5,473,688	5,861,559	5,577,710
921,227	1,087,588	826,576	772,331	749,897	767,527
2,848,934	2,608,887	2,594,163	2,478,993	2,406,804	2,595,841
-	17,742	17,828	281	175	6,131
46,301	46,336	25,905	25,905	443,520	516,944
1,955,605	1,242,074	1,209,194	682,129	2,579,032	1,613,199
23,119,373	21,716,788	23,535,643	21,793,184	22,714,150	21,501,045

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Grantor/Program	CFDA Number	Pass-Through Entity Idendifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		$ 15,049
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		26,645
Iowa Department of Public Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5887NU53	828
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5888NU53	2,098
			29,571
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BROS-CO91(115)--8J-91	227,150
Highway Planning and Construction	20.205	BROS-CO91(116)--8J-91	280,556
			507,706
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 17-402-M0OP, Task 36-10-00	4,200
National Priority Safety Programs	20.616	17-405b-M1HVE, Task 06-00-00	1,804
U.S. Department of Health and Human Services:			
Iowa Department on Aging:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		72,197
Nutrition Services Incentive Program	93.053		42,219
			114,416
Iowa Department of Public Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	SERV5888DH11	860
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5888I477	8,430

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	5887MH23	15,249
Maternal and Child Health Services Block Grant to the States	93.994	5888MH23	69,807
			85,056
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_Targeted Assistance Grants	93.566		37
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		7,240
Foster Care_Title IV-E	93.658		9,767
Adoption Assistance	93.659		3,149
Social Services Block Grant	93.667		7,969
Children's Health Insurance Program	93.767		197
Medical Assistance Program	93.778		43,348
Iowa Department of Public Health:			
Medical Assistance Program	93.778	5888MHI17	27,015
			70,363
Total indirect			850,765
Total			$ 865,814

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Warren County under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Warren County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Warren County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Warren County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

Warren County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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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, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 13, 2019.

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 and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-18 and II-B-18 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-18 through II-G-18 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Warren County's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Warren County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Rob Sand

ROB SAND
Auditor of State

March 13, 2019

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Warren County:

Report on Compliance for Each Major Federal Program

We have audited Warren County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2018. Warren County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Warren County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-18 we consider to be a material weakness.

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

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

Rob Sand

ROB SAND
Auditor of State

March 13, 2019

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major program was CFDA Number 20.205 – Highway Planning and Construction.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) Warren County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-18 County Offices

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. An effective internal control system also provides for internal controls related to ensuring proper accounting for all funds by reconciling bank and book balances, maintaining and reviewing a monthly report of voided receipts, using a prenumbered receipt book and providing evidence of the approval of bills paid.

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 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 Recorder's office, Sheriff's office, Engineer's office, Conservation's office or at Friends of Warren County Conservation'.	Recorder, Sheriff, Ag Extension, Zoning, Congregate Meals, Engineer, Conservation, Friends of Warren County Conservation, Emergency Management and 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 Recorder's office or Friends of Warren County Conservation for all of their separately maintained accounts. Although proper bank reconciliations were prepared in the Sheriff's office for their civil account for 11 months, they were not prepared promptly at month end. Bank reconciliations were not prepared for the DARE account.	Recorder, Sheriff Ag Extension 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. In the Friends of Warren County Conservation, the person also has access to the debit card/credit cards.	Recorder, Sheriff and Friends of Warren County Conservation
(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.	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 Public Health Nurse
(9)	All individuals in the Treasurer's Office have the ability to void receipts in the Eden system, including individuals who perform daily balancing. A monthly report of voided receipts is not maintained or reviewed.	Treasurer
(10)	A monthly report of voided receipts is not maintained or reviewed for receipts voided in the ARTS system.	Treasurer
(11)	Prenumbered receipt books are not used.	Friends of Warren County Conservation

(12)	No evidence of approval of bills paid by the Friends of Warren County Conservation board.	Friends of Warren County Conservation
(13)	A monthly report of voided receipts is not maintained or reviewed for receipts voided in Quick Books.	Friends of Warren County Conservation
(14)	Journal entries are not reviewed and approved by an independent person.	Auditor

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. In addition, procedures have not been designed and implemented to ensure all accounts are reconciled, a monthly report of voided receipts is maintained and approved, prenumbered receipts are used and the approval of bills paid is documented.

Effect – Inadequate segregation of duties and inadequate policies could adversely affect each County Office'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. In addition, all bank accounts should be reconciled to book balances, a monthly report of voided receipts should be maintained and reviewed, prenumbered receipts should be used and the approval of bills to be paid should be documented.

Responses –

(a) Recorder – The Recorder's Office has four employees. We do rotate duties and take turns weekly with the morning deposits and evening balancing. We attempt to segregate duties as much as possible with our available staff. We will work to prepare monthly bank reconciliations.

(b) Treasurer – Limited staff dictates the necessity for everyone to have capabilities in nearly every area of the office, as many times there is only one person 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 continue to attempt to segregate duties as much as possible. We will work internally to correct all applicable conditions noted.

(d) Conservation – Current staff levels do not allow full segregation of duties. If staff levels increase, full segregation of duties will be considered.

(e) Friends of Warren County Conservation – Bank reconciliations will be prepared by the Friends' Treasurer. The bank reconciliations will be reviewed by an independent member of the Friends' Board.

(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) 911 – The Warren County Joint 911 Service Board employs one employee who has the responsibility of all duties in the office. That employee receives and opens 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. Copies of all receipts and checks are scanned into the file that is backed up by Warren County IT prior to delivering deposits to the Warren County Treasurer's Office. An Excel spreadsheet is maintained with a running total of all receipts.

(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.

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

(j) Congregate Meals – With limited staff, we attempt to segregate duties as much as possible. When checks or money are put in the donation bucket at the meal sites, two people verify the amount and it is recorded on the client contribution. After that, the Nutrition Director recounts and makes the deposit. When checks are received in the mail, one person opens and records the check in a spreadsheet, then it is deposited.

(k) Ag Extension – We attempt to segregate duties as much as possible with our available staff. We will ask the reviewers of the bank reconciliations to evidence their review by dating and initialing the bank reconciliation.

(l) Public Health Nurse – With limited staff, we will attempt to segregate duties as much as possible.

(m) Auditor – All journal entries will be reviewed going forward.

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

II-B-18 Financial Reporting

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 revenues, receivables and payables 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 revenues and 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 revenues, receivables and payables are identified and properly reported in the County's financial statements.

Responses –

County Treasurer – The County will review existing procedures and continue to be diligent in processing revenues and accruals correctly.

County Auditor – The County will review existing procedures and implement greater oversight in processing accruals.

Conclusion – Responses accepted.

II-C-18 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, 2018, 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 for compliance with County policy.

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.

II-D-18 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. We will begin printing out and maintaining trust listings at the end of the month. This trust listing will be used to reconcile our book balances monthly.

Conclusion – Response accepted.

II-E-18 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. 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. A monthly listing of resident balances is not maintained and reconciled with book balances. The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.

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. A listing of resident balances should be prepared and reconciled to book balances monthly.

Response – We will have someone independent review the bank reconciliations. We will generate and keep a monthly listing of resident balances in the future.

Conclusion – Response accepted.

II-F-18 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. In addition, five contracts have expired and contracts could not be found for two cities.

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 or to ensure contracts are maintained and up to date.

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. The County Sheriff should also maintain all contracts and ensure they are current and are up to date.

Response – The Budget Coordinator has taken over billing, collecting and the receivables and the Board of Supervisor has signed new contracts.

Conclusion – Response accepted.

II-G-18 Debit Card

Criteria – Internal controls over safeguarding assets constitutes a process, effected by an entity's governing body, management and other personnel designated to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The Friends of Warren County Conservation has a debit card available for use. Unlike credit cards, debit cards offer limited ability to set guidelines for access and limited, if any, repercussions for fraudulent transactions. In addition, there is no process for prior approval of purchases made with a debit card.

Cause – Officials have been unaware of the repercussions of allowing the use of debit cards.

Effect – Allowing the use of debit cards could result in unauthorized transactions and the opportunity for misappropriations.

Recommendation – The Friends of Warren County Conservation should prohibit the use of debit cards for purchases.

Response – The Friends of Warren County Conservation will research obtaining a credit card.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Entity Identifying Numbers: BROS-CO91(115) -- 8J-91
BROS-C091(116) -- 8J-91
Federal Award Year: 2018
Prior Year Finding Number: NA
U.S. Department of Transportation
Passed through the Iowa Department of Transportation

III-A-18 (2018-001) Segregation of Duties over Federal Revenues – The County Engineer did not properly segregate custody, record-keeping and reconciling functions for revenues, including those related to federal programs. See item II-A-18.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-18 Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the public safety and legal services function.

The Board of Supervisors did not approve appropriations for each of the County offices and departments until December 19, 2017. As a result, disbursements in all County offices and departments exceeded the amounts appropriated prior to the appropriations. Disbursements for the Sheriff's Department exceeded the amount appropriated at June 30, 2018.

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 states "The board shall appropriate, by resolution, the amounts deemed necessary for each of the different county officers and departments during the ensuing fiscal year." Such appropriations should be made prior to the start of the fiscal year and before disbursements exceed the appropriation.

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. In addition, the County will ensure the appropriations are approved prior to the start of the fiscal year.

Conclusion – Response accepted.

IV-B-18 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, 2018, the following questionable expenditures were noted:

- $1,427 to purchase tee-shirts as an incentive to participate in the turkey trot, part of the County's wellness program.

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 is being established to indicate the public purpose of Wellness program participation incentives and events.

Conclusion – Response accepted.

IV-C-18 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-18 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	$ 2,695

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.

IV-E-18 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-18 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-18 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-18 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-18 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, 2018 for the County Extension Office did not exceed the amount budgeted.

IV-J-18 Installment Purchase Agreement – During the year ended June 30, 2018, the County entered into an installment purchase agreement for the purchase of two International trucks for the Secondary Roads Department. However, a public hearing was not held prior to the authorization of this installment purchase agreement as required by Chapters 331.478 and 331.479 of the Code of Iowa.

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

Recommendation – The County should consult legal counsel to determine the disposition of this matter. In the future, the County should hold a public hearing prior to the authorization of a lease purchase agreement in accordance with Chapters 331.478 and 331.479 of the Code of Iowa.

Response – We will consult legal counsel and hold public hearings in the future.

Conclusion – Response accepted.

IV-K-18 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 – We will work with the banks to obtain required copies of cancelled checks.

Conclusion – Response accepted.

IV-L-18 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.

IV-M-18 Sheriff's Reports – According to Chapter 331.902 of the Code of Iowa, the County Sheriff shall make a quarterly report to the Board of Supervisors, showing by type, the fees collected during the preceding quarter. The Sheriff shall pay, at least quarterly, to the County Treasurer the fees and charges collected. The Sheriff's fees and charges collected were paid to the County Treasurer. However, the Sheriff does not provide any reports to the Board of Supervisors.

Recommendation – The County Sheriff should prepare and provide a report, at least quarterly, showing the fees collected during the preceding quarter, to the Board of Supervisors.

Response – We will prepare reports for the Board of Supervisors.

Conclusion – Response accepted.

IV-N-18 Commingling between Warren County Conservation Board (WCCB) and Friends of Warren County Conservation (Friends) – The County Conservation Board has disbursements which are commingled with the Friends, making it difficult to distinguish between County and Friends operations. During the year, the Warren County Conservation Board reimbursed the Friends $4,183 for purchases made by Friends, on behalf of the County. When Friends purchase items for the WCCB, Friends is required to pay sales tax. As a County department, the WCCB is a tax-exempt entity. If WCCB purchased these items through the regular County claims process, the County would not be incurring any sales tax.

Recommendation – The County Conservation Board should not commingle operations with the Friends of Warren County Conservation.

Responses –

County Conservation – We will make efforts to minimize any appearance of commingling.

Friends of Warren County Conservation – Friends of Warren County Conservation will make every effort to minimize the number of purchases made on behalf of the County Conservation.

Conclusion – Response acknowledged. The County should establish policies and procedures to prohibit co-mingling funds and disbursements between these two entities.

Staff

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