



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

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

March 25, 2009

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Warren County, Iowa.

The County had local tax revenue of \$53,827,139 for the year ended June 30, 2008, which included \$1,848,147 in tax credits from the state. The County forwarded \$42,554,697 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,272,442 of the local tax revenue to finance County operations, an 8 percent increase over the prior year. Other revenues included charges for service of \$2,618,817, operating grants, contributions and restricted interest of \$6,127,452, capital grants, contributions and restricted interest of \$1,107,554, unrestricted investment earnings of \$355,173 and other general revenues of \$255,222.

Expenses for County operations totaled \$20,876,804, an 8 percent increase over the prior year. Expenses included \$6,830,885 for roads and transportation, \$3,906,643 for public safety and legal services and \$2,950,647 for mental health.

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

###



**WARREN COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		44-45
Budget to GAAP Reconciliation		46
Notes to Required Supplementary Information – Budgetary Reporting		47
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	50-51
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	52-53
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	54-55
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	56-57
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	58
Schedule of Expenditures of Federal Awards	6	60-62
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 <u>Government Auditing Standards</u>		63-64
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		67-68
Schedule of Findings and Questioned Costs		69-79
Staff		80

**Warren County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Sandy	Board of Supervisors	Deceased
David Dryer (Appointed)	Board of Supervisors	Nov 2009
Marvin Grace	Board of Supervisors	Jan 2011
G. Kevin Middleswart	Board of Supervisors	Jan 2011
Traci Vander Linden	County Auditor	Jan 2009
Julie Daugherty	County Treasurer	Jan 2011
Polly Glascock	County Recorder	Jan 2011
James Lee	County Sheriff	Jan 2009
Brian Tingle	County Attorney	Jan 2011
David Ellis	County Assessor	Jan 2010

**Warren County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Warren County:

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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

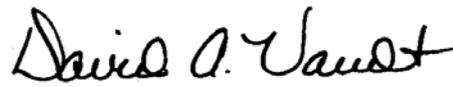
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

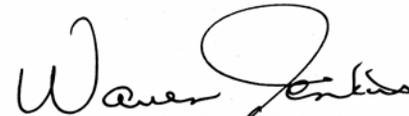
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Warren County at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2009 on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 44 through 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on the financial statements for the five years ended June 30, 2007 and qualified opinions on the financial statements for the three years ended June 30, 2002 due to the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2009

---

## 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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3%, or approximately \$637,000, from fiscal 2007 to fiscal 2008. Property tax increased approximately \$816,000, operating grants, contributions and restricted interest decreased approximately \$783,000 due to a decrease in mental health funding and charges for service increased approximately \$529,000.
- Program expenses were 8%, or approximately \$1,599,000, more in fiscal 2008 than in fiscal 2007. Roads and transportation expense increased approximately \$846,000. Mental health expense increased approximately \$207,000. Public safety and legal services expense increased approximately \$156,000 and administration expense increased approximately \$142,000.
- The County's net assets increased 2.5%, or approximately \$860,000, from June 30, 2007 to June 30, 2008.

### 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 Assets 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 statements by providing information about the most significant funds. The remaining statements provide financial 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.

Other 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 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 Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

The County's governmental activities are presented in the Statement of Net Assets 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, 3) the Debt Service Fund and 4) 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) Proprietary funds account for the County's Internal Service, Fuel Station Fund, which 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 financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

The financial statements required for fiduciary funds include a statement of fiduciary assets and liabilities.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Warren County's combined net assets were virtually unchanged from a year ago, increasing from approximately \$34.6 million to approximately \$35.5 million. The analysis that follows focuses on the changes in net assets for governmental activities.

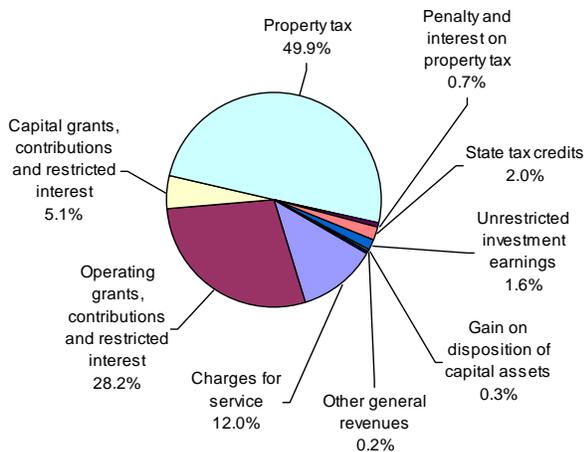
Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 18,024	16,959
Capital assets	31,699	31,499
Total assets	49,723	48,458
Long-term liabilities	1,430	1,865
Other liabilities	12,786	11,946
Total liabilities	14,216	13,811
Net assets:		
Invested in capital assets, net of related debt	30,836	30,229
Restricted	1,445	1,568
Unrestricted	3,226	2,850
Total net assets	\$ 35,507	34,647

Net assets of Warren County's governmental activities increased approximately \$860,000 (\$34.6 million compared to \$35.5 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$2.85 million at June 30, 2007 to approximately \$3.2 million at the end of this year, an increase of 13%.

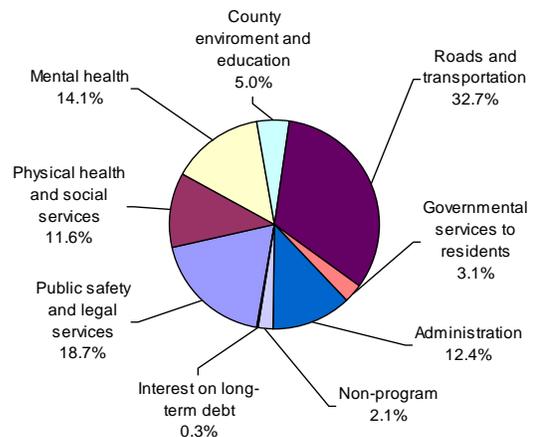
Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 2,619	2,090
Operating grants, contributions and restricted interest	6,127	6,910
Capital grants, contributions and restricted interest	1,108	1,003
<b>General revenues:</b>		
Property tax	10,833	10,017
Penalty and interest on property tax	154	153
State tax credits	440	431
Unrestricted investment earnings	355	424
Gain on disposition of capital assets	57	-
Other general revenues	44	72
Total revenues	21,737	21,100
<b>Program expenses:</b>		
Public safety and legal services	3,906	3,750
Physical health and social services	2,421	2,381
Mental health	2,951	2,744
County environment and education	1,047	951
Roads and transportation	6,831	5,985
Governmental services to residents	644	624
Administration	2,581	2,439
Non-program	437	323
Interest on long-term debt	59	81
Total expenses	20,877	19,278
Increase in net assets	860	1,822
Net assets beginning of year	34,647	32,825
Net assets end of year	\$ 35,507	34,647

**Revenue by Source**



**Expenses by Program**



Warren County's net assets of governmental activities increased approximately \$860,000 during the year. Revenues for governmental activities increased approximately \$637,000 over the prior year, with property tax revenue up from the prior year approximately \$816,000, or 8%. Operating grants, contributions and restricted interest decreased approximately \$783,000, or 11%. Charges for service increased approximately \$529,000.

The County increased property tax rates for 2008 by an average of 6%. This increase raised the County's property tax revenue approximately \$816,000 in 2008. Based on increases in the total assessed valuation and the increase in property tax levies, property tax revenue is budgeted to increase an additional \$584,000 next year.

The cost of all governmental activities this year was approximately \$20.9 million compared to approximately \$19.3 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$11.0 million because some of the cost was paid by those directly benefited from the programs (\$2.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.2 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in 2008 from approximately \$10 million to approximately \$9.9 million, principally due to operating grants and contributions for mental health. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$10.8 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$4.737 million, a decrease of approximately \$15,000 below last year's total of approximately \$4.752 million, leaving the combined fund balance relatively unchanged. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$659,000 over the prior year, due principally to increases in property tax, increases in driver license fees and decreases in interest due to declining interest rates from the prior year. Additionally, expenditures increased approximately \$100,000 over the prior year. This increase was primarily due to capital projects relating to the Wastewater Reclamation project and construction of a salt shed. The ending fund balance increased approximately \$622,000 over the prior year to approximately \$3,319,000.
- Mental Health Fund revenues decreased approximately \$1,104,000 due to a decrease in funding from the State of Iowa. The County was eligible for additional funding from the State during FY2007 due to the County's fund balance to expenditures ratio. During FY2008, the County was not eligible for the same funding. For the year, expenditures totaled approximately \$2,951,000, an increase of 7.6% from the prior year. This increase was primarily due to increased provider costs and demand for services. The Mental Health Fund balance at year ended decreased approximately \$643,000 from the prior year.
- Rural Services Fund revenues increased approximately \$185,000 over the prior year, due principally to an increase in the property tax levy. Additionally, expenditures increased approximately \$26,000 over the prior year. This increase was primarily due to the zoning department hiring a summer intern and additional funding for county libraries. Also, transfers to the Secondary Roads Fund increased approximately \$155,000. These increases resulted in a decrease in the Rural Services Fund balance of approximately \$16,000, or 4%.

- Secondary Roads Fund revenues increased approximately \$378,000, primarily due to an increase in grants received from the State of Iowa for the Highway 92 corridor and Southwest Connector engineering projects. Also, grants were received for bridge replacement and from the Federal Emergency Management Agency for the federal disaster declaration due to the ice storm and flooding. Secondary Roads Fund expenditures increased approximately \$861,000 over the prior year, due principally to increases in snow and ice control material purchased, maintenance rock and hauling, increase in fuel costs and additional equipment purchased. Also, there were increases in engineering services for the State of Iowa engineering projects and construction costs associated with the bridge replacement grant. These changes resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$92,000, or 13%.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Warren County amended its budget two times. The first amendment was made on December 18, 2007. This amendment resulted in an increase in budgeted disbursements related to additional human services grants, implementation of an employee wellness program and the Wastewater Reclamation Authority project. The additional human services activity was funded with grants.

The second amendment was made on May 27, 2008. This amendment resulted in an increase in budgeted disbursements related to brush and road repair due to a federal disaster declaration for the ice storm and corresponding budgeted revenues increased for the Federal Emergency Management Agency grant. This amendment also reduced budgeted receipts overall due to a reduction in state mental health funding and an increase for bridge replacement grants. In addition, this amendment provided for additional disbursements in certain County departments.

The County's receipts were \$1,490,439 less than budgeted, a variance of 7%. The most significant variance resulted from the County receiving less in intergovernmental receipts than anticipated primarily due to reimbursement grants not being completed within the fiscal year as budgeted (bridge replacement, Highway 92 corridor and Southwest Connector engineering projects, Liberty Center Waste Water Treatment project and child welfare decat grants).

Total disbursements were \$2,675,382 less than the amended budget. Actual disbursements for the capital projects, physical health and social services, roads and transportation and mental health functions were \$916,152, \$546,569, \$471,973 and \$445,043, respectively, less than budgeted. Capital projects activity was primarily due to the timing of the Lacona Meal Site project and bridge replacement projects not being completed within the fiscal year. Physical health and social services activity was primarily due to grants not being utilized for the allowed amount and the lack of fully staffed health services. Roads and transportation was due to Highway 92 corridor and Southwest Connector engineering projects not being completed within the fiscal year, less being spent on rock than budgeted and a reduction in other projects due to funds being moved for increases in snow and ice control due to the ice storm and poor winter conditions. Mental health activity was primarily due to services not utilized for the entire amount available for individual clients and changing demands for services

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, Warren County had approximately \$31.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$199 thousand, or .6% over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2008	2007
Land	\$ 986	977
Buildings and improvements	5,250	5,423
Equipment and vehicles	2,014	1,937
Infrastructure	23,449	23,162
Total	\$ 31,699	31,499
This year's major additions included (in thousands):		
Roads		\$ 911
Construction in progress for roads		965
Engineering equipment		413
Sheriff's vehicles and equipment		167
Construction in progress for sewer system		144
Total		\$ 2,600

The County had depreciation expense of \$1,607,157 in FY2008 and total accumulated depreciation of \$18,350,281 at June 30, 2008

The County's FY2008 capital budget included \$1,506,804 for capital projects, principally for bridge projects and sanitary sewer projects. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2008 Warren County had approximately \$862,000 in general obligation bonds outstanding, compared to approximately \$1,283,000 at June 30, 2007, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2008	2007
General obligation bonds	\$ 862	1,283
Capital lease purchase agreements	78	152
Total	\$ 940	1,435

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent 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 \$68 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 2009 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.5% versus 3.2% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.5%.

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 4.9% for fiscal year 2008 compared with the national rate of 5.0%. After the end of fiscal year 2008 the Consumer Price Index decreased due to energy costs. As of October 2008, the Midwest Region of the Department of Labor CPI was 3.3% compared with the national rate of 3.7%.

These indicators were taken into account when adopting the budget for fiscal year 2009. Amounts available for appropriation in the operating budget are approximately \$23.5 million, an increase of 3.4% over the final 2008 budget. Property tax (benefiting from the increases in assessed valuations), grant receipts (primarily from bridge replacement projects) and state funding for mental health services are expected to lead this increase. Warren County will use these increases to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$773,000. Increased wage and cost-of-living adjustments, increased mental health services and provider costs, the planned purchase of a new financial software package and voting machines and increased road construction to correspond to increased revenues for bridge replacement grant represent the largest increases. The County has added no major new programs or initiatives to the 2009 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$422,000, or 10%, by the close of 2009.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

Warren County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,958,978
Receivables:	
Property tax:	
Delinquent	34,556
Succeeding year	11,443,000
Interest and penalty on property tax	181,188
Accounts	72,198
Accrued interest	27,395
Due from other governments	1,111,759
Inventories	144,257
Prepaid insurance	50,969
Capital assets - nondepreciable	2,246,718
Capital assets - depreciable, net	<u>29,451,910</u>
<b>Total assets</b>	<u>49,722,928</u>
<b>Liabilities</b>	
Accounts payable	523,918
Accrued interest payable	4,748
Salaries and benefits payable	327,740
Due to other governments	486,923
Deferred revenue:	
Succeeding year property tax	11,443,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	441,666
Capital lease purchase agreements	44,389
Compensated absences	320,284
Portion due or payable after one year:	
General obligation bonds	420,000
Capital lease purchase agreements	33,814
Compensated absences	<u>169,585</u>
<b>Total liabilities</b>	<u>14,216,067</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	30,835,942
Restricted for:	
Supplemental levy purposes	466,589
Secondary roads purposes	488,288
Debt service	36,774
Capital projects	31,103
Other purposes	422,240
Unrestricted	<u>3,225,925</u>
<b>Total net assets</b>	<u>\$ 35,506,861</u>

See notes to financial statements.

Warren County  
Statement of Activities  
Year ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 3,906,643	330,611	348,400	-	(3,227,632)
Physical health and social services	2,421,171	480,737	936,064	5,000	(999,370)
Mental health	2,950,647	43,489	1,180,291	-	(1,726,867)
County environment and education	1,047,406	283,271	84,047	170,298	(509,790)
Roads and transportation	6,830,885	54,831	3,567,293	922,256	(2,286,505)
Governmental services to residents	643,854	805,091	1,725	-	162,962
Administration	2,580,713	206,710	-	-	(2,374,003)
Non-program	436,841	414,077	1,291	10,000	(11,473)
Interest on long-term debt	58,644	-	8,341	-	(50,303)
<b>Total</b>	<b>\$ 20,876,804</b>	<b>2,618,817</b>	<b>6,127,452</b>	<b>1,107,554</b>	<b>(11,022,981)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					10,387,426
Debt service					445,420
Penalty and interest on property tax					153,876
State tax credits					439,596
Unrestricted investment earnings					355,173
Gain on disposition of capital assets					57,348
Miscellaneous					43,998
<b>Total general revenues</b>					<b>11,882,837</b>
Change in net assets					859,856
Net assets beginning of year					34,647,005
Net assets end of year					<b>\$ 35,506,861</b>

See notes to financial statements.

Warren County  
Balance Sheet  
Governmental Funds

June 30, 2008

<b>Assets</b>	General	Mental Health
Cash and pooled investments	\$ 3,257,775	475,154
Receivables:		
Property tax:		
Delinquent	22,904	3,366
Succeeding year	7,518,000	1,039,000
Interest and penalty on property tax	181,188	-
Accounts	59,547	-
Accrued interest	27,395	-
Due from other funds	945	-
Due from other governments	588,886	-
Inventories	-	-
Prepaid insurance	50,969	-
<b>Total assets</b>	<b>\$ 11,707,609</b>	<b>1,517,520</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 143,583	112,636
Salaries and benefits payable	235,545	6,268
Due to other funds	27,850	269
Due to other governments	28,248	451,566
Deferred revenue:		
Succeeding year property tax	7,518,000	1,039,000
Other	435,401	3,247
Total liabilities	8,388,627	1,612,986
Fund balances:		
Reserved for:		
Supplemental levy purposes	537,911	-
Debt service	-	-
Unreserved:		
Designated for future jail expansion	654,857	-
Unreserved, reported in:		
General fund	2,126,214	-
Special revenue funds	-	(95,466)
Capital projects fund	-	-
Total fund balances	3,318,982	(95,466)
<b>Total liabilities and fund balances</b>	<b>\$ 11,707,609</b>	<b>1,517,520</b>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
408,622	385,768	431,659	4,958,978
6,833	-	1,453	34,556
2,445,000	-	441,000	11,443,000
-	-	-	181,188
5,040	265	124	64,976
-	-	-	27,395
-	83,689	16,763	101,397
195	454,509	43,999	1,087,589
-	108,090	-	108,090
-	-	-	50,969
<b>2,865,690</b>	<b>1,032,321</b>	<b>934,998</b>	<b>18,058,138</b>
958	265,991	613	523,781
13,293	72,634	-	327,740
64	22,651	-	50,834
-	7,082	-	486,896
2,445,000	-	441,000	11,443,000
6,770	42,252	1,357	489,027
<b>2,466,085</b>	<b>410,610</b>	<b>442,970</b>	<b>13,321,278</b>
-	-	-	537,911
-	-	38,685	38,685
-	-	-	654,857
-	-	-	2,126,214
399,605	621,711	422,240	1,348,090
-	-	31,103	31,103
<b>399,605</b>	<b>621,711</b>	<b>492,028</b>	<b>4,736,860</b>
<b>2,865,690</b>	<b>1,032,321</b>	<b>934,998</b>	<b>18,058,138</b>

**Warren County**

Warren County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2008

**Total governmental fund balances (page 19)** \$ 4,736,860

***Amounts reported for governmental activities in the Statement of Net Assets 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 \$49,959,447 and the accumulated depreciation is \$18,284,234. 31,675,213

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 489,027

The Internal Service Fund is used by management to charge the costs of fuel 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 Assets, as follows:

Capital assets of \$89,462 less accumulated depreciation of \$66,047	\$ 23,415	
Other net assets	16,832	40,247

Long-term liabilities, including bonds payable, capital lease purchase agreements payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,434,486)

**Net assets of governmental activities (page 16)** \$ 35,506,861

See notes to financial statements.

Warren County

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

Year ended June 30, 2008

	General	Mental Health
Revenues:		
Property and other county tax	\$ 7,094,095	1,042,456
Interest and penalty on property tax	150,009	-
Intergovernmental	1,966,039	1,222,159
Licenses and permits	21,365	-
Charges for service	1,090,259	-
Use of money and property	346,288	-
Miscellaneous	346,894	43,489
Total revenues	11,014,949	2,308,104
Expenditures:		
Operating:		
Public safety and legal services	3,926,623	-
Physical health and social services	2,421,017	-
Mental health	-	2,951,364
County environment and education	708,600	-
Roads and transportation	-	-
Governmental services to residents	640,729	-
Administration	2,252,355	-
Non-program	12,804	-
Debt service	74,754	-
Capital projects	204,092	-
Total expenditures	10,240,974	2,951,364
Excess (deficiency) of revenues over (under) expenditures	773,975	(643,260)
Other financing sources (uses):		
Sale of capital assets	15,146	-
Operating transfers in	-	-
Operating transfers out	(173,700)	-
Capital lease purchase agreement	7,000	-
Total other financing sources (uses)	(151,554)	-
Net change in fund balances	622,421	(643,260)
Fund balances beginning of year	2,696,561	547,794
Fund balances end of year	\$ 3,318,982	(95,466)

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
2,257,471	-	445,941	10,839,963
-	-	-	150,009
95,561	3,688,944	253,496	7,226,199
31,050	3,960	-	56,375
14,650	2,101	10,368	1,117,378
-	1,240	16,763	364,291
1,260	33,298	60,872	485,813
2,399,992	3,729,543	787,440	20,240,028
-	-	21,788	3,948,411
-	-	-	2,421,017
-	-	-	2,951,364
239,130	-	11,292	959,022
353,204	5,552,146	-	5,905,350
3,681	-	29	644,439
-	-	-	2,252,355
-	-	-	12,804
-	-	480,074	554,828
-	279,735	160,098	643,925
596,015	5,831,881	673,281	20,293,515
1,803,977	(2,102,338)	114,159	(53,487)
-	16,438	-	31,584
-	1,993,502	-	1,993,502
(1,819,802)	-	-	(1,993,502)
-	-	-	7,000
(1,819,802)	2,009,940	-	38,584
(15,825)	(92,398)	114,159	(14,903)
415,430	714,109	377,869	4,751,763
399,605	621,711	492,028	4,736,860

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, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ (14,903)

**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	\$ 1,004,022	
Capital assets contributed by the Iowa Department of Transportation	776,735	
Depreciation expense	<u>(1,602,782)</u>	177,975

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. 25,764

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

Property tax	(7,117)	
Other	<u>236,116</u>	228,999

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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issuances, as follows:

Issued	(7,000)	
Repaid	<u>502,930</u>	495,930

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	(60,276)	
Interest on long-term debt	<u>2,687</u>	(57,589)

The Internal Service Fund is used by management to charge the costs of fuel station services to individual departments and funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 3,680

**Change in net assets of governmental activities (page 17)** \$ 859,856

See notes to financial statements.

Warren County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	Internal Service - Fuel Station
<b>Assets</b>	
Accounts receivable	\$ 7,222
Due from other funds	33,201
Due from other governments	24,170
Inventories	36,167
Capital assets, net of accumulated depreciation of \$66,047	23,415
<b>Total assets</b>	124,175
<b>Liabilities</b>	
Accounts payable	137
Due to other funds	83,764
Due to other governments	27
<b>Total liabilities</b>	83,928
<b>Net Assets</b>	
Invested in capital assets	23,415
Unrestricted	16,832
<b>Total net assets</b>	\$ 40,247

See notes to financial statements.

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

Year ended June 30, 2008

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 363,186
Reimbursements from other governments		414,010
Fuel and other tax refunds		<u>19,478</u>
Total operating revenues		796,674
Operating expenses:		
Fuel	\$ 755,092	
State fuel and other taxes	25,490	
Clerical	6,077	
Utilities	774	
Insurance	1,186	
Depreciation	<u>4,375</u>	<u>792,994</u>
Operating income		3,680
Net assets beginning of year		<u>36,567</u>
Net assets end of year		<u><u>\$ 40,247</u></u>

See notes to financial statements.

Warren County  
 Statement of Cash Flows  
 Proprietary Fund  
 Year ended June 30, 2008

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 349,744
Cash received from other governments	402,474
Cash received from other operating receipts	19,478
Cash paid for personal services	(10,157)
Cash paid to suppliers	(799,116)
Net cash used by operating activities	(37,577)
Cash flows from noncapital financing activities:	
Deficit cash implicitly financed	37,577
Net change in cash and cash equivalents	-
Cash and cash equivalents beginning of year	-
Cash and cash equivalents end of year	\$ -
 <b>Reconciliation of operating income to net cash used by operating activities:</b>	
Operating income	\$ 3,680
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	4,375
(Increase) in accounts receivable	(2,627)
(Increase) in due from other funds	(13,442)
(Increase) in due from other governments	(8,910)
(Increase) in inventories	(16,611)
Increase in accounts payable	137
(Decrease) in due to other funds	(4,179)
Net cash used by operating activities	\$ (37,577)

See notes to financial statements.

Warren County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2008

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 2,392,977
Other County officials	157,705
Receivables:	
Property tax:	
Delinquent	125,072
Succeeding year	41,117,000
Accounts	56,414
Special assessments	1,064,000
Due from other governments	10,523
<b>Total assets</b>	<u>44,923,691</u>

**Liabilities**

Accounts payable	138,719
Salaries and benefits payable	22,383
Due to other governments	44,495,491
Trusts payable	239,719
Compensated absences	27,379
<b>Total liabilities</b>	<u>44,923,691</u>

<b>Net assets</b>	<u><u>\$ -</u></u>
-------------------	--------------------

See notes to financial statements.

Warren County

Notes to Financial Statements

June 30, 2008

**(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 that 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. Warren 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, Warren County Economic Development Corporation and Warren County Joint E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

The County also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a jointly governed organization established pursuant to Chapter 28E of the Iowa Code. Prior to July 1, 2004, the WRA operated as a joint venture, with the City of Des Moines as the operating agency. The County’s interest in the joint venture was approximately 1.42%, which has been transferred in its entirety to the Greenfield Plaza Hills of Coventry Sanitary Sewer District and the Lakewood Benefited Sanitary Sewer District (City of Norwalk) through a separate 28E agreement. The Greenfield Plaza Hills of Coventry Sanitary 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 Assets 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 Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources 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 designated to be used to fund mental health, mental retardation 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 secondary road 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 period or soon enough thereafter to pay liabilities of the current period. 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 assets available to finance the program. 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.

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

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, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which 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, 2008, 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 infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	5,000
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
Equipment	3-20
Vehicles	5-15

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.

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

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets 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, 2008, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$118,152 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 269
	Rural Services	6
	Secondary Roads	595
	Internal Service:	
	Fuel Station	75
Special Revenue:	Internal Service:	
Secondary Roads	Fuel Station	83,689
County Recorder's Records	General	1,670
Management	General	3,045
Resource Enhancement	General	3,707
and Protection		
Lacona Meal Site Trust	General	8,341
Debt Service		
Internal Service:	General	11,087
Fuel Station	Special Revenue:	
	Rural Services	58
	Secondary Roads	22,056
Total		<u>\$ 134,598</u>

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	General	\$ 173,700
Secondary Roads	Special Revenue:	
	Rural Services	1,819,802
Total		<u>\$ 1,993,502</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 977,225	8,762	-	985,987
Construction in progress	1,072,316	1,108,610	920,195	1,260,731
Total capital assets not being depreciated	<u>2,049,541</u>	<u>1,117,372</u>	<u>920,195</u>	<u>2,246,718</u>
Capital assets being depreciated:				
Buildings	7,784,228	71,186	-	7,855,414
Improvements other than buildings	21,465	-	-	21,465
Equipment and vehicles	5,768,674	642,961	349,504	6,062,131
Equipment, internal service	89,462	-	-	89,462
Infrastructure, road network	31,485,255	911,433	-	32,396,688
Infrastructure, other	1,377,031	-	-	1,377,031
Total capital assets being depreciated	<u>46,526,115</u>	<u>1,625,580</u>	<u>349,504</u>	<u>47,802,191</u>
Less accumulated depreciation for:				
Buildings	2,378,366	243,001	-	2,621,367
Improvements other than buildings	4,293	1,431	-	5,724
Equipment and vehicles	3,859,564	544,844	333,268	4,071,140
Equipment, internal service	61,672	4,375	-	66,047
Infrastructure, road network	10,497,090	767,605	-	11,264,695
Infrastructure, other	275,407	45,901	-	321,308
Total accumulated depreciation	<u>17,076,392</u>	<u>1,607,157</u>	<u>333,268</u>	<u>18,350,281</u>
Total capital assets being depreciated, net	<u>29,449,723</u>	<u>18,423</u>	<u>16,236</u>	<u>29,451,910</u>
Governmental activities capital assets, net	<u>\$ 31,499,264</u>	<u>1,135,795</u>	<u>936,431</u>	<u>31,698,628</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 121,066
Physical health and social services	8,612
County environment and education	108,023
Roads and transportation	1,140,570
Administration	224,511
Total depreciation expense - governmental activities, excluding the Internal Service Fund	<u>\$ 1,602,782</u>
Depreciation expense charged to the Internal Service Fund	<u>\$ 4,375</u>

**(6) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 28,248
Special Revenue:		
Mental Health	Services	451,566
Secondary Roads	Services	7,082
		<u>458,648</u>
Total for governmental funds		<u>\$ 486,896</u>
Agency:		
County Assessor	Collections	\$ 677,606
Schools		28,182,783
Community Colleges		803,690
Corporations		11,325,186
Townships		481,814
Auto License and Use Tax		826,497
All other		<u>2,197,915</u>
Total for agency funds		<u>\$ 44,495,491</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	General Obligation Bonds	Capital Lease Purchase Agreements	Compen- sated Absences	Total
Balance beginning of year	\$ 1,283,333	152,466	429,593	1,865,392
Increases	-	7,000	585,743	592,743
Decreases	421,667	81,263	525,467	1,028,397
Balance end of year	<u>\$ 861,666</u>	<u>78,203</u>	<u>489,869</u>	<u>1,429,738</u>
Due within one year	<u>\$ 441,666</u>	<u>44,389</u>	<u>320,284</u>	<u>806,339</u>

General Obligation Bonds

A summary of the County's June 30, 2008 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Issued December 1, 1997			Issued March 15, 2006			Total		
	Interest Rates	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2009	4.55%	\$ 405,000	37,747	4.00%	\$ 36,666	1,467	441,666	39,214	480,880
2010	4.60	420,000	19,320		-	-	420,000	19,320	439,320
Total		\$ 825,000	57,067		\$ 36,666	1,467	861,666	58,534	920,200

During the year ended June 30, 2008, the County retired \$421,667 of bond principal.

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements for 15 health monitors, a tractor with mower, conservation equipment and a bobcat with historical costs of \$54,348, \$79,143, \$42,477 and \$7,000, respectively. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 3.5% to 8.9% per annum, and the present value of the net minimum lease payments under the agreements in effect at June 30, 2008:

Year ending June 30,	Health Monitors	Tractor with Mower	Conservation Equipment	Conservation Bobcat	Total
2009	\$ 13,500	20,830	11,048	3,785	49,163
2010	13,500	-	-	3,784	17,284
2011	13,500	-	-	-	13,500
2012	6,793	-	-	-	6,793
Total minimum lease payments	47,293	20,830	11,048	7,569	86,740
Less amount representing interest	(6,776)	(705)	(487)	(569)	(8,537)
Present value of net minimum lease payments	\$ 40,517	20,125	10,561	7,000	78,203

The historical cost of assets acquired under capital lease purchase agreements and included in capital assets in the government-wide statements at June 30, 2008 is as follows:

	Tractor with Mower	Conservation Equipment	Conservation Bobcat	Total
Cost	\$ 79,143	42,477	7,000	128,620
Accumulated depreciation	(31,657)	(10,376)	(1,400)	(43,433)
Net	\$ 47,486	32,101	5,600	85,187

Payments under capital lease purchase agreements totaled \$87,794 for the year ended June 30, 2008.

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 3.90% of their annual covered salary and the County is required to contribute 6.05% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$459,065, \$434,738 and \$416,545, respectively, equal to the required contributions for each year.

**(9) Risk Management**

Warren County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 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 operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$155,898.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 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.

**(10) Joint Vehicle Fueling Facility**

The County, under a 28E agreement with the City of Indianola and the Indianola School District, has 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 percent, City of Indianola, 18 percent, and the Indianola Community School District, 29 percent. 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.

**(11) Construction Commitment**

The County has entered into contracts totaling \$531,314 for construction of a sanitary sewer system for Liberty Center. As of June 30, 2008, costs of \$471,541 on the project have been incurred. The balance remaining on the project at June 30, 2008, \$59,773, will be paid as work on the project progresses.

**(12) Pending Litigation**

The County is subject to a potential lawsuit and is a defendant in lawsuits for which the probability and amount of loss, if any, is undeterminable.

**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, 2008

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 10,839,081	-
Interest and penalty on property tax	147,797	-
Intergovernmental	6,959,286	-
Licenses and permits	55,455	-
Charges for service	1,122,555	-
Use of money and property	397,015	-
Miscellaneous	488,972	24,580
Total receipts	<u>20,010,161</u>	<u>24,580</u>
Disbursements:		
Public safety and legal services	3,946,972	-
Physical health and social services	2,422,762	-
Mental health	2,800,103	-
County environment and education	968,809	11,292
Roads and transportation	5,866,565	-
Governmental services to residents	623,910	-
Administration	2,263,162	-
Nonprogram	2,967	-
Debt service	554,827	-
Capital projects	590,652	-
Total disbursements	<u>20,040,729</u>	<u>11,292</u>
Excess (deficiency) of receipts over (under) disbursements	(30,568)	13,288
Other financing sources, net	28,502	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,066)	13,288
Balance beginning of year	<u>5,044,733</u>	<u>54,887</u>
Balance end of year	<u>\$ 5,042,667</u>	<u>68,175</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
10,839,081	10,860,605	10,860,605	(21,524)
147,797	106,500	106,500	41,297
6,959,286	8,927,405	8,499,940	(1,540,654)
55,455	54,770	55,770	(315)
1,122,555	1,066,925	1,153,678	(31,123)
397,015	403,260	372,860	24,155
464,392	451,718	426,667	37,725
19,985,581	21,871,183	21,476,020	(1,490,439)
3,946,972	4,111,088	4,035,088	88,116
2,422,762	2,625,468	2,969,331	546,569
2,800,103	3,441,547	3,245,146	445,043
957,517	944,664	976,119	18,602
5,866,565	5,899,060	6,338,538	471,973
623,910	680,118	680,886	56,976
2,263,162	2,371,694	2,383,391	120,229
2,967	-	12,563	9,596
554,827	556,953	556,953	2,126
590,652	1,494,028	1,506,804	916,152
20,029,437	22,124,620	22,704,819	2,675,382
(43,856)	(253,437)	(1,228,799)	1,184,943
28,502	104,500	21,000	7,502
(15,354)	(148,937)	(1,207,799)	1,192,445
4,989,846	3,999,990	4,908,682	81,164
4,974,492	3,851,053	3,700,883	1,273,609

---

Warren County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 20,010,161	229,867	20,240,028
Expenditures	20,040,729	252,786	20,293,515
Net	(30,568)	(22,919)	(53,487)
Other financing sources, net	28,502	10,082	38,584
Beginning fund balances	5,044,733	(292,970)	4,751,763
Ending fund balances	\$ 5,042,667	(305,807)	4,736,860

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 and the Internal Service and Agency Funds and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 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, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$580,199. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted.

**Warren County**

**Other Supplementary Information**

Warren County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2008

	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee
<b>Assets</b>			
Cash and pooled investments	\$ 57,744	105,954	383
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Due from other funds	1,670	3,045	-
Due from other governments	-	-	-
<b>Total assets</b>	<b>\$ 59,414</b>	<b>108,999</b>	<b>383</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	-	-	-
Fund equity:			
Fund balances:			
Reserved for debt service	-	-	-
Unreserved, reported in:			
Special revenue funds	59,414	108,999	383
Capital projects fund	-	-	-
Total fund equity	59,414	108,999	383
<b>Total liabilities and fund equity</b>	<b>\$ 59,414</b>	<b>108,999</b>	<b>383</b>

See accompanying independent auditor's report.

Special Revenue

Attorney Forfeiture	Sheriff Forfeiture	Lacona Meal Site	County Attorney Court Fee	Friends of Conservation	Debt Service	Capital Projects	Total
759	1,132	125,304	41,360	68,175	30,249	599	431,659
-	-	-	-	-	1,453	-	1,453
-	-	-	-	-	441,000	-	441,000
-	-	-	-	-	-	124	124
-	-	3,707	-	-	8,341	-	16,763
-	-	-	13,007	-	-	30,992	43,999
759	1,132	129,011	54,367	68,175	481,043	31,715	934,998
-	-	-	-	-	-	613	613
-	-	-	-	-	441,000	-	441,000
-	-	-	-	-	1,357	-	1,357
-	-	-	-	-	442,357	613	442,970
-	-	-	-	-	38,685	-	38,685
759	1,132	129,011	54,367	68,175	-	-	422,240
-	-	-	-	-	-	31,103	31,103
759	1,132	129,011	54,367	68,175	38,685	31,103	492,028
759	1,132	129,011	54,367	68,175	481,042	31,716	934,998

Warren County

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

Year ended June 30, 2008

	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee
Revenues:			
Property and other county tax	\$ -	-	-
Intergovernmental	-	23,040	-
Charges for service	10,368	-	-
Use of money and property	1,670	3,045	-
Miscellaneous	-	-	-
Total revenues	12,038	26,085	-
Expenditures:			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	-
Governmental services to residents	29	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	29	-	-
Excess (deficiency) of revenues over (under) expenditures	12,009	26,085	-
Fund balances beginning of year	47,405	82,914	383
Fund balances end of year	\$ 59,414	108,999	383

See accompanying independent auditor's report.

Special Revenue								
Attorney Forfeiture	Sheriff Forfeiture	Lacona Meal Site	County Attorney Court Fee	Friends of Conservation	Debt Service	Capital Projects	Total	
-	-	-	-	-	445,941	-	445,941	
-	-	-	42,909	-	17,249	170,298	253,496	
-	-	-	-	-	-	-	10,368	
-	-	3,707	-	-	8,341	-	16,763	
1,890	16,236	18,042	-	24,580	-	124	60,872	
1,890	16,236	21,749	42,909	24,580	471,531	170,422	787,440	
3,763	17,925	-	100	-	-	-	21,788	
-	-	-	-	11,292	-	-	11,292	
-	-	-	-	-	-	-	29	
-	-	-	-	-	480,074	-	480,074	
-	-	1,542	-	-	-	158,556	160,098	
3,763	17,925	1,542	100	11,292	480,074	158,556	673,281	
(1,873)	(1,689)	20,207	42,809	13,288	(8,543)	11,866	114,159	
2,632	2,821	108,804	11,558	54,887	47,228	19,237	377,869	
759	1,132	129,011	54,367	68,175	38,685	31,103	492,028	

Warren County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,171	160,673	335,189
Other County officials	157,705	-	-	-
Receivables:				
Property tax:				
Delinquent	-	281	1,543	82,594
Succeeding year	-	91,000	589,000	27,765,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 157,705</b>	<b>92,452</b>	<b>751,216</b>	<b>28,182,783</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	40,815	-
Salaries and benefits payable	-	-	14,067	-
Due to other governments	34,110	92,452	677,606	28,182,783
Trusts payable	123,595	-	-	-
Compensated absences	-	-	18,728	-
<b>Total liabilities</b>	<b>\$ 157,705</b>	<b>92,452</b>	<b>751,216</b>	<b>28,182,783</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
10,234	128,607	6,256	826,497	924,350	2,392,977
-	-	-	-	-	157,705
2,456	36,579	1,558	-	61	125,072
791,000	11,160,000	474,000	-	247,000	41,117,000
-	-	-	-	56,414	56,414
-	-	-	-	1,064,000	1,064,000
-	-	-	-	10,523	10,523
803,690	11,325,186	481,814	826,497	2,302,348	44,923,691
-	-	-	-	97,904	138,719
-	-	-	-	8,316	22,383
803,690	11,325,186	481,814	826,497	2,071,353	44,495,491
-	-	-	-	116,124	239,719
-	-	-	-	8,651	27,379
803,690	11,325,186	481,814	826,497	2,302,348	44,923,691

Warren County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 236,789	88,678	615,934	25,585,760
Additions:				
Property and other county tax	-	90,938	589,337	27,774,405
E911 surcharge	-	-	-	-
State tax credits	-	3,495	19,192	991,524
Drivers license fees	-	-	-	-
Office fees and collections	829,883	-	-	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	365,464	-	-	-
Miscellaneous	-	-	6,634	-
Total additions	1,195,347	94,433	615,163	28,765,929
Deductions:				
Agency remittances:				
To other funds	489,843	-	-	-
To other governments	347,619	90,659	479,881	26,168,906
Trusts paid out	436,969	-	-	-
Total deductions	1,274,431	90,659	479,881	26,168,906
Balances end of year	\$ 157,705	92,452	751,216	28,182,783

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
776,458	10,793,977	449,109	788,452	2,292,053	41,627,210
790,513	11,178,480	473,664	-	248,809	41,146,146
-	-	-	-	256,122	256,122
30,552	337,081	18,266	-	8,441	1,408,551
-	-	-	97,944	-	97,944
-	-	-	-	-	829,883
-	-	-	-	10,368	10,368
-	-	-	10,023,860	-	10,023,860
-	-	-	-	135,046	135,046
-	-	-	-	690,925	1,056,389
-	-	-	-	771,751	778,385
821,065	11,515,561	491,930	10,121,804	2,121,462	55,742,694
-	-	-	415,675	-	905,518
793,833	10,984,352	459,225	9,668,084	1,401,266	50,393,825
-	-	-	-	709,901	1,146,870
793,833	10,984,352	459,225	10,083,759	2,111,167	52,446,213
803,690	11,325,186	481,814	826,497	2,302,348	44,923,691

Warren County

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

For the Last Nine Years

	2008	2007	2006	Modified 2005
<b>Revenues:</b>				
Property and other county tax	\$ 10,856,199	10,012,217	9,039,256	8,744,970
Interest and penalty on property tax	150,009	134,630	129,981	118,383
Intergovernmental	7,226,199	7,991,557	7,112,383	6,127,442
Licenses and permits	56,375	72,145	88,350	103,448
Charges for service	1,117,378	1,053,691	1,137,039	1,030,308
Use of money and property	364,291	448,356	285,375	154,853
Miscellaneous	469,577	409,063	502,144	633,937
<b>Total</b>	<b>\$ 20,240,028</b>	<b>20,121,659</b>	<b>18,294,528</b>	<b>16,913,341</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 3,948,411	3,728,866	3,674,865	3,988,525
Physical health and social services	2,421,017	2,377,752	2,054,666	1,792,350
Mental health	2,951,364	2,743,476	2,713,918	2,634,837
County environment and education	959,022	935,270	804,023	841,841
Roads and transportation	5,905,350	5,270,656	4,925,412	4,759,210
Governmental services to residents	644,439	618,230	897,476	575,169
Administration	2,252,355	2,149,060	2,049,422	1,866,473
Non-program	12,804	3,289	-	80,000
Debt service	554,828	658,125	765,977	496,495
Capital projects	643,925	883,407	479,805	1,057,685
<b>Total</b>	<b>\$ 20,293,515</b>	<b>19,368,131</b>	<b>18,365,564</b>	<b>18,092,585</b>

See accompanying independent auditor's report.

Accrual Basis				
2004	2003	2002	2001	2000
7,622,726	7,349,911	6,928,811	6,691,491	6,751,879
116,564	108,385	113,333	105,104	96,392
6,520,945	6,613,117	6,994,414	6,316,292	6,722,733
89,430	82,103	88,101	73,116	76,277
1,059,635	1,016,699	992,117	895,048	864,602
113,016	166,901	283,568	515,158	514,812
521,659	535,449	359,014	554,778	269,277
<b>16,043,975</b>	<b>15,872,565</b>	<b>15,759,358</b>	<b>15,150,987</b>	<b>15,295,972</b>
3,198,521	3,096,633	3,130,057	2,619,902	2,505,636
1,745,733	1,638,876	1,717,513	1,621,645	1,465,731
2,275,267	2,338,950	2,503,407	2,408,904	2,253,426
703,017	637,735	701,880	737,095	656,531
4,522,201	4,434,541	4,469,042	3,970,136	4,061,271
514,115	504,071	508,399	534,893	454,228
1,759,019	1,699,790	1,576,445	1,536,685	1,494,406
-	-	-	-	-
437,248	519,787	521,130	521,785	568,880
1,418,113	965,699	1,576,974	1,337,019	2,069,471
<b>16,573,234</b>	<b>15,836,082</b>	<b>16,704,847</b>	<b>15,288,064</b>	<b>15,529,580</b>

**Schedule 6**

## Warren County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 121,911</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Marion County Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>14,255</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>17,232</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		<u>30,770</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-08 (VOCA)	<u>23,281</u>
Violence Against Women Formula Grants	16.588	VW-08	<u>26,153</u>
Governor's Office of Drug Control Policy:			
Polk County Sheriff:			
Public Safety Partnership and Community Policing Grants	16.710		<u>46,865</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>34,427</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-92-5(46)--2C-91	47,451
Highway Planning and Construction	20.205	HDP-CO91(61)-71-91	184,205
Highway Planning and Construction	20.205	BROS-CO91(62)-8J-91	132,270
Highway Planning and Construction	20.205	BROS-CO91(54)-8J-91	13,571
			<u>377,497</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	07-410, Task 37 08-410, Task 65	<u>8,664</u>

Warren County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Grinnell Regional Home Care:			
Public Health Emergency Preparedness	93.069	5887BT01, 5888BT01	29,835
Immunization Grants	93.268	5886I436, 5887I436	5,160
National Bioterrorism Hospital Preparedness Program	93.889	5887EM190	4,242
Marion County Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994		4,924
Iowa Department of Elder Affairs:			
Aging Resource of Central Iowa:			
Aging Cluster Programs:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		8,839
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		66,069
Nutrition Services Incentive Program (Commodities)	93.053		20,974
Nutrition Services Incentive Program (Cash)	93.053		28,577
			49,551
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		18,726
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		4,540
Foster Care - Title IV-E	93.658		10,908
Adoption Assistance	93.659		2,596
State Children's Insurance Program	93.767		155
Medical Assistance Program	93.778		23,798

**Schedule 6**

Warren County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Social Services Block Grant	93.667		12,284
Social Services Block Grant	93.667		107,046
			<u>119,330</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		31,705
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-IA 1737	176,456
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	08 Flood	16,481
Story County:			<u>192,937</u>
State Homeland Security Program (SHSP)	97.073		
Total indirect			<u>53,212</u>
			<u>1,205,671</u>
Total			<u>\$ 1,327,582</u>

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

See accompanying independent auditor's report.



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on 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 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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 26, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of Warren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Warren County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Warren County's financial statements that is more than inconsequential will not be prevented or detected by Warren County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Warren County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 and II-B-08 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

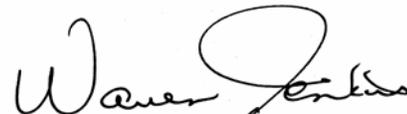
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all 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 findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Warren County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Warren County and other parties to whom Warren County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Warren County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Warren County:

Compliance

We have audited the compliance of Warren County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Warren County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a significant deficiency.

A control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We do not consider the significant deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Warren County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Warren County's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Warren County and other parties to whom Warren County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2009

Warren County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over a major program was disclosed by the audit which was not considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
  - Special Program for the Aging - Cluster:
    - CFDA Number 93.044 – Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers
    - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
    - CFDA Number 93.053 – Nutrition Services Incentive Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Warren County did not qualify as a low-risk auditee.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

	<u>Applicable Offices</u>
(1) 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 this review.	Recorder, Zoning, Public Health Nurse, Sheriff, Congregate Meals and Engineer
(2) 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.	Sheriff
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder and Sheriff
(4) Responsibilities for maintaining detail accounts receivable records are not segregated from posting receipts.	Public Health Nurse
(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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Responses –

- (a) Zoning – With only two employees, segregation is difficult.
- (b) Public Health Nurse – We have changed our process to include some internal control measures. The person who opens the mail is now preparing initial receipts. Another individual is preparing and making deposits. Following receiving the treasurer's receipt, the administrator is verifying the deposit with the initial receipts and initialing the receipts and deposit slips to evidence this review.
- (c) Sheriff – In a small office, segregation is difficult. I will remove as authorized signature the person who prepares the checks. Also, we will attempt to have the County Auditor reconcile statements periodically.
- (d) Congregate Meals – This is a one person office. Procedures are in place to have two people count money at the meal sites. I count the money again, enter the information into the computer, match it to the reports for the meal sites, then deposit it with the Treasurer.
- (e) Engineer – We will try to use compensating controls in regard to receipts where a staff person receipts and another person independently reviews and documents this review. In regards to the fuel station, procedures at the fuel station will be reviewed with the new engineer.
- (f) Recorder – We will ask the Budget Analyst to begin initialing the bank reconciliations as evidence of independent review.

Conclusion – Responses accepted for (a), (e) and (f). The Public Health Nurse should segregate duties for maintaining the accounts receivable records from posting receipts. An initial listing of receipts should be prepared in the Sheriff's office. Also, an independent person should periodically reconcile congregate meal receipts reported by each site to amounts deposited.

II-B-08 Financial Reporting – During the audit, we identified payables not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables are identified and included in the County's financial statements.

Response – Individual departments are primarily responsible for identifying their payables. The proper recording of payables has been discussed with those departments that had material errors. We will be more aware of the type of payables that were missed or improperly reported.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

- II-C-08 County Sheriff – A current trust listing is not maintained and reconciled with book balances. In addition, checks are not restrictively endorsed upon receipt.

The County Sheriff's office does not prepare a year-to-date spreadsheet of receipts and disbursements which reconciles to the beginning and ending book balances. In addition, the County Sheriff's main checking account does not reconcile to the book balance and variances are not investigated or resolved in a timely manner.

Recommendation – A list of trusts on hand should be prepared and reconciled to book balances monthly. A restrictive endorsement should be placed on all checks immediately upon receipt to provide protection in case of theft or loss. Bank reconciliations, including outstanding check listings and other reconciling items, should be prepared monthly and reconciled to book balances. All variances between bank and book balances should be investigated and resolved in a timely manner.

The County Sheriff's Office should prepare a year-to-date spreadsheet of receipts and disbursements which should reconcile to the beginning and ending book balances.

Response – The County Auditor will assist with setting up the trust listing and staff will maintain.

Conclusion – Response acknowledged. In addition, a year-to-date spreadsheet of receipts and disbursements should be prepared. Also, bank reconciliations should be performed monthly.

- II-D-08 Sheriff Fees – Sheriff fees were not remitted timely to the County Treasurer for three of twelve months. Fees of \$34,516 had not been remitted by September 2008.

Recommendation – The Sheriff should make timely deposits to the County Treasurer of all Sheriff fees monthly.

Sheriff Response – Deposits will be made more timely.

Conclusion – Responses accepted.

- II-E-08 Sheriff Law Enforcement Contracts – At June 30, 2008, the outstanding balance for law enforcement contracts totaled \$3,750. The County does not have a policy to approve write-offs of delinquent receivables.

Recommendation – The County should monitor collections of law enforcement contracts and adopt a policy to approve any write-offs of delinquent receivables.

Sheriff Response – Collections are monitored on a ledger. The Board of Supervisors will approve any write-offs.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Board Response – The Board does not intend to write-off any law enforcement contracts. The County Sheriff and city officials will be consulted and payments reviewed to resolve these delinquent amounts.

Conclusion – Responses accepted.

- II-F-08 Sheriff Jail Commissary – Jail Commissary deposits are not made timely and collections are not adequately secured prior to deposit. In addition, one person collects, deposits and records receipts. The listing of inmate receipts received is not reconciled to receipt records and deposited by an independent person. Deposits are not reconciled to the amounts listed on the individual inmate ledgers. Bank reconciliations for the Jail Commissary bank account are not performed. Although the County Treasurer maintains a fund for the Commissary account, profits were not remitted to the County Treasurer during FY08. In addition, an inventory listing is not maintained to reconcile commissary items at the jail.

Recommendation – The County should deposit all receipts timely and 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 performed and reviewed monthly by an independent person for propriety. Inmate ledgers should be reconciled to deposits to ensure funds are properly recorded. Profits from the Jail Commissary should be remitted to the Treasurer's Commissary fund. Also, a listing of inventory should be maintained.

Response – Reconciliations will be made and periodically reviewed. We will attempt to maintain inventory and improve the timeliness of deposits and records reconciliations.

Conclusion – Response acknowledged. Profits from the Jail Commissary should be remitted to the County Treasurer.

- II-G-08 Public Health Nurse – Reconciliations of nursing service billings and collections were not prepared each month.

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

Response – Effective July 1, 2008, we began using a spreadsheet for reconciliations of all billings. Variances in amount billed and amount received are investigated and resolved. Private pay clients currently are being billed on invoices through our CareFacts software. We are in the process of changing this invoice process to a statement which will be used to reconcile individual accounts.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-H-08 Assessor – An initial listing of mail receipts is not prepared by the mail opener.

Recommendation – An initial listing of receipts should be prepared by the mail opener and reconciled to deposits by an independent person.

Response – A spreadsheet will be created to log incoming checks by the person opening the mail.

Conclusion – Response acknowledged. In addition, the log of incoming checks should be reconciled to deposits by an independent person.

II-I-08 Fuel Station Deficit Balance – The Internal Service, Fuel Station Fund had a deficit cash balance at June 30, 2008.

Recommendation – The County should continue to investigate alternatives to eliminate this deficit and return this fund to a sound financial position.

Response – The Fuel Station Fund operates on a reimbursement basis where the departments and other governmental entities reimburse the County based on usage. Therefore, on a cash basis, the fund is operating in a deficit until reimbursement is received. On an accrual basis, the fund is positive. Other than transferring a significant amount from the County's funds to cover this deficit as a permanent advance, additional recommendations would be appreciated.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 97.036: Disaster Grants – Public Assistance  
(Presidentially Declared Disasters)**

**Pass-through Number: 08 Flood**

**Federal Award Year: 2008**

**U.S. Department of Homeland Security**

**Passed through the Iowa Department of Public Defense**

III-A-08 Project Accounting – The County is required to submit an accounting and certify reported costs were incurred in performance of eligible work. The County incurred eligible costs in excess of the approved Project Worksheet (PW). However, the County incorrectly reported these amounts by category to FEMA.

Recommendation – The County should implement procedures to ensure expenditures are properly reported by category.

Response – The County did not properly instruct its employees on how to document their timesheets for FEMA work they were performing. Also, once the reimbursement level from FEMA was exceeded, the County ceased record keeping since no further funding would be reimbursed. The County has subsequently instructed its employees in regard to proper record keeping. The current FEMA project will be adequately documented.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted.

IV-B-08 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. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Fareway Stores	Wellness Fruit	\$ 660
Anderson Erickson Dairy	Milk	243
Dwane Henry	Wellness Shirts	1,321
Wal-Mart	Gift cards for Turkey Trot	1,086
Hy-Vee Food Store	Weather Radios	1,200

According to the opinion, it is possible for certain expenditures 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 improper purpose is very thin.

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

Response – A public purpose statement will be attached to the invoices for any questionable expenditures.

Conclusion – Response accepted.

IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-D-08 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Mary Taylor, Secretary to County Attorney, husband is part owner of Copy Plus	Supplies for various County departments	\$ 10,896
	Supplies for Attorney's office	339

The transactions with Mary Taylor do not appear to represent a conflict of interest in accordance with Chapter 331.342(10) of the Code of Iowa since the amount for the County Attorney, the portion for which she is involved in the procurement process, is less than \$1,500.

IV-E-08 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-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-08 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-08 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-08 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, 2008 for the County Extension Office did not exceed the amount budgeted.

One individual may have control over listing, collecting, depositing, posting and reconciling receipts for which no compensating controls exist. The initial listing should be compared to receipt records by an independent person and initialed to evidence this review.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Extension Office should review the operating procedures to obtain the maximum internal control possible under the circumstances.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – This is a small office with only two staff working with the financial records. The Council and Director will look for possible ways to segregate more of the activities.

Conclusion – Response accepted.

IV-J-08 Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2008 in accordance with the County's policy.

Recommendation – Capital assets should be inspected periodically by an employee having no responsibility for the assets.

Response – Capital assets will be physically inspected by an independent person that is not responsible for assets. These inspections will be performed annually on a rotating basis by department.

Conclusion – Response accepted.

IV-K-08 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 should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will ask the bank institution to send copies with statements.

Conclusion – Response accepted.

IV-L-08 Sheriff 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 – We will have the County Auditor establish a separate fund to do this.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-M-08 Emergency Management – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted for the Emergency Management Commission.

Recommendation – The budget should have been amended before disbursements were allowed to exceed the budget.

Response – Two Presidential Disaster Declarations during the later part of this budget year resulted in unexpected expenditures, causing slight overspending of the published budget. In the future, the budget will be amended before it is exceeded.

Conclusion – Response accepted.

---

Warren County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Selina V. Johnson, CPA, Senior Auditor II  
Tina R. Stuart, Senior Auditor  
Tiffany M. Ainger, Staff Auditor  
Tracey L. Gerrish, Staff Auditor  
James R. Wittenwyler, Staff Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State