



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

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Auditor of State

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Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

June 11, 2009

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$7,875,380 for the year ended June 30, 2008, which included \$514,223 in tax credits from the state. The County forwarded \$5,678,963 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,196,417 of the local tax revenue to finance County operations, a 2.5 percent increase over the prior year. Other revenues included charges for service of \$924,119, operating grants, contributions and restricted interest of \$2,983,401, capital grants, contributions and restricted interest of \$138,225, unrestricted investment earnings of \$102,598, local option sales tax of \$94,285 and other general revenues of \$100,178.

Expenses for County operations totaled \$6,344,809, an 8.4 percent increase over the prior year. Expenses included \$2,742,765 for roads and transportation, \$846,425 for public safety and legal services and \$789,205 for physical health and social services.

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>.

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**WAYNE COUNTY**

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

**JUNE 30, 2008**

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**Wayne County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Amy Sinclair	Board of Supervisors	Jan 2009
Donald Greenlee	Board of Supervisors	Jan 2011
Jerry O'Dell	Board of Supervisors	Jan 2011
Sue Ruble	County Auditor	Jan 2009
Kim Swearingin	County Treasurer	Jan 2011
Angie Horton	County Recorder	Jan 2011
Keith Davis	County Sheriff	Jan 2009
Alan Wilson	County Attorney	Jan 2011
Kay Middlebrook	County Assessor	Jan 2010

**Wayne County**



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Independent Auditor's Report

To the Officials of Wayne County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne 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 Wayne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

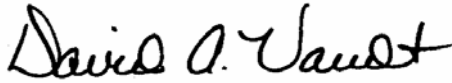
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 Wayne County at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

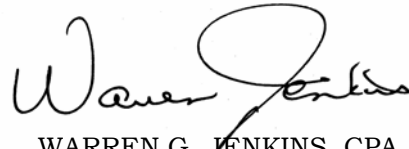
In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2009 on our consideration of Wayne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 13 and 40 through 43 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 Wayne 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 seven years ended June 30, 2007 (which are not presented herein). We expressed unqualified opinions on the financial statements for the four years ended June 30, 2007. We expressed qualified opinions on the financial statements for the year ended June 30, 2003 due to the omission of the materials and supplies inventories and we expressed qualified opinions on the financial statements for the two years ended June 30, 2002 due to the omission of the materials and supplies inventories and 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

May 4, 2009



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Wayne 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 4.2%, or approximately \$265,000, from fiscal 2007 to fiscal 2008.
- Program expenses of the County's governmental activities were 8.4%, or approximately \$494,000, more in fiscal 2008 than in fiscal 2007.
- The County's net assets increased 2.8%, or approximately \$194,000, 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 Wayne 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 Wayne 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 Wayne 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 federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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, non-program activities and interest on long-term debt. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

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

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

Reconciliations between the government-wide financial statements and the 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. Wayne County's net assets for FY08 total approximately \$7.2 million. This compares to FY07 at approximately \$7.0 million. The analysis that follow focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 8,780	5,054
Capital assets	4,439	4,232
Total assets	<u>13,219</u>	<u>9,286</u>
Long-term liabilities	3,788	86
Other liabilities	2,272	2,235
Total liabilities	<u>6,060</u>	<u>2,321</u>
Net assets:		
Invested in capital assets, net of related debt	4,144	4,232
Restricted	2,482	2,091
Unrestricted	533	642
Total net assets	<u>\$ 7,159</u>	<u>6,965</u>

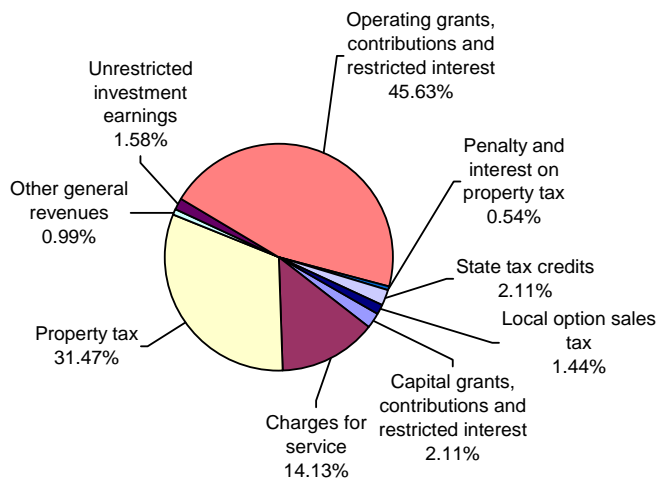
Net assets of Wayne County's governmental activities increased 2.8% (approximately \$7.2 million compared to approximately \$7.0 million). The largest portion of the County's net assets is invested in capital assets (e.g., infrastructure, buildings and equipment), less the related debt. Restricted net 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—decreased 17%, or from approximately \$642,000 to approximately \$533,000.

Restricted net assets increased approximately \$391,000, primarily due to increased balances in the Mental Health and Secondary Roads Funds. Unrestricted net assets decreased approximately \$109,000, primarily due to decreased balances in the General and Rural Services Funds.

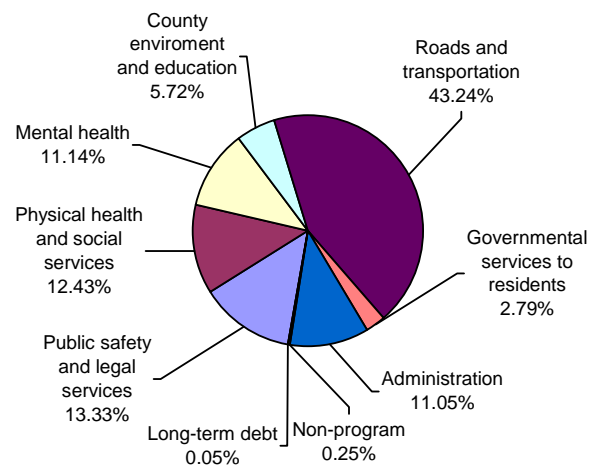
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 924	822
Operating grants, contributions and restricted interest	2,984	2,646
Capital grants, contributions and restricted interest	138	496
<b>General revenues:</b>		
Property tax	2,058	1,993
Penalty and interest on property tax	35	33
State tax credits	138	150
Local option sales tax	94	-
Unrestricted investment earnings	103	105
Gain on sale of capital assets	-	1
Other general revenues	65	28
<b>Total revenues</b>	<b>6,539</b>	<b>6,274</b>
<b>Program expenses:</b>		
Public safety and legal services	846	732
Physical health and social services	789	695
Mental health	707	759
County environment and education	363	253
Roads and transportation	2,743	2,568
Governmental services to residents	177	170
Administration	701	647
Non-program	16	27
Long-term debt	3	-
<b>Total expenses</b>	<b>6,345</b>	<b>5,851</b>
Increase in net assets	194	423
Net assets beginning of year	6,965	6,542
Net assets end of year	<b>\$ 7,159</b>	<b>6,965</b>

**Revenues by Source**



**Expenses by Program**



Revenues for governmental activities increased approximately \$265,000 over the prior year due to increases in charges for service (\$102,000), operating grants, contributions and restricted interest (\$338,000), property tax (\$65,000) and local option sales tax (\$94,000) offset by a decrease of \$358,000 in capital grants, contributions and restricted interest. The increase in operating grants, contributions and restricted interest was primarily due to FEMA received for flood and ice storm damages to secondary roads and conservation property. The decrease in capital grants, contributions and restricted interest was primarily due to a decrease in capital contributions for infrastructure capital assets. Overall, property tax revenue increased approximately \$65,000, or 3.3%.

The cost of all governmental activities this year was approximately \$6.3 million compared to approximately \$5.9 million last year, an 8.4% increase. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$2.3 million because some of the cost was paid by those directly benefited from the programs (approximately \$924,000) or by other governments and organizations that subsidized certain programs with grants and contributions of approximately \$3,122,000.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Wayne County completed the year, its governmental funds reported a combined fund balance of approximately \$6.5 million, an increase of approximately \$3.7 million above last year's total of approximately \$2.8 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund balance decreased \$63,531, or 22.1%, to \$223,852. Revenues increased \$112,915, or 5.1%, and expenditures increased \$212,989, or 9.8%. The increase in expenditures was primarily due to increases in county environment and education for repairing ice storm and flood damage to conservation property and in administration for the rising cost of utilities and software updates.
- The balance in the Mental Health Fund increased \$102,037 over the prior year. Revenues increased 1.8% and expenditures decreased 7.2% from FY07. The County closed the County Care Facility in April 2007.
- The Rural Services Fund balance decreased \$86,679 from the prior year. Revenues increased \$7,616 while expenditures increased \$43,488. The increase in expenditures was primarily due to increases in the public safety and legal services function for an additional deputy being hired and increases in the physical health and social services function for additional hours for sanitation and well inspections.
- The Secondary Roads Fund balance increased \$306,534, or 23.5%, to \$1,610,149. Revenues increased \$344,249 over the prior year and expenditures increased \$177,622, or 7.7%, over the prior year. The increase in revenues and expenditures was due to FEMA funding received to repair ice storm and flooding damage.
- During the year ended June 30, 2008, the County issued \$3,670,000 of general obligation bonds to finance construction of a new jail. The proceeds from the bond issue were credited to the Capital Projects Fund. Approximately \$3,376,000 remained in the Capital Projects Fund at the end of the year.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Wayne County amended its budget three times. The first amendment made in January 2008 increased budgeted disbursements in the public safety and legal services, physical health and social services and administration functions \$456,500, \$4,000 and \$51,200, respectively, for the increase in costs associated with the new jail, purchase of a

new vehicle for the Emergency Management Coordinator, weed destruction and data processing. The second amendment was made in April 2008 and increased budgeted disbursements in the physical health and social services and county environment and education functions \$123,682 and \$40,925, respectively, for the hiring of additional public health staff and county conservation storm damage repair. The final amendment was made in May 2008 and increased budgeted disbursements in the county environment and education and administration functions \$41,024 and \$40,000, respectively, for additional costs associated with the conservation FEMA projects and repair work on the Courthouse foundation.

The County's receipts were \$625,202 more than budgeted, a variance of 10.9%. The most significant variances resulted from the County receiving intergovernmental receipts from FEMA for flood and ice storm damages which were not included in the County's budget.

Total disbursements were \$844,811 less than the amended budget. Actual disbursements for the public safety and legal services, county environment and education and administration functions were \$233,636, \$125,551, and \$93,594, respectively, less than budgeted. This was primarily due to less spent than anticipated on the jail construction, FEMA projects and courthouse foundation repairs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2008, Wayne County had approximately \$4.4 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 \$207,000, or 4.9%, over last year. This increase was due to construction in progress for the jail.

The County had depreciation expense of \$324,332 in FY08 and total accumulated depreciation of \$3,751,151 at June 30, 2008. 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, the County had \$3,684,407 in general obligation bonds and other debt outstanding, compared to \$29,761 at June 30, 2007. During the year, the County issued \$3,670,000 of general obligation bonds to finance construction of a new jail.

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. Wayne County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$14.6 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Wayne County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and fees charged for various County activities. In an ongoing effort to maintain County services, the Wayne County Board of Supervisors is committed to limiting expenditure increases and reducing funding to non-mandated programs to provide essential services for the citizens of Wayne County.

The fiscal year 2009 county-wide levy decreased slightly, from \$6.76972 per \$1,000 of taxable valuation to \$6.76648 per \$1,000 taxable valuation, while the rural services levy increased slightly, from \$4.18515 per \$1,000 taxable valuation to \$4.21443 per \$1,000 of taxable valuation. The fiscal year 2009 taxable valuations increased 1.2% for incorporated areas and less than .1% for rural areas.

Budgeted disbursements in the FY 2009 operating budget are \$9,939,034, an increase of 38% over the final FY 2008 budget. The increase is primarily due to budgeted disbursements for the jail construction. Wayne County added no new programs to the 2009 budget.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Wayne 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 Wayne County Auditor's Office, 100 N. Lafayette, Corydon, Iowa, 50060.

**Wayne County**



## **Basic Financial Statements**

**Exhibit A**

Wayne County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments:	
County Treasurer	\$ 6,161,507
Component units	6,180
Receivables:	
Property tax:	
Delinquent	5,611
Succeeding year	2,084,000
Interest and penalty on property tax	16,051
Accounts	5,429
Accrued interest	5,779
Due from other governments	294,048
Inventories	146,436
Prepaid insurance	55,689
Capital assets (net of accumulated depreciation)	4,438,704
<b>Total assets</b>	<u>13,219,434</u>
<b>Liabilities</b>	
Accounts payable	95,840
Salaries and benefits payable	35,778
Due to other governments	56,469
Deferred revenue:	
Succeeding year property tax	2,084,000
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	14,407
General obligation bonds	130,000
Compensated absences	67,084
Portion due or payable after one year:	
General obligation bonds	3,540,000
Compensated absences	36,494
<b>Total liabilities</b>	<u>6,060,072</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	4,143,999
Restricted for:	
Supplemental levy purposes	246,316
Mental health purposes	139,692
Conservation purposes	366,765
Secondary roads purposes	1,573,814
Debt service	115,679
Other purposes	39,970
Unrestricted	533,127
<b>Total net assets</b>	<u>\$ 7,159,362</u>

See notes to financial statements.

Wayne County

Statement of Activities

Year ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	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	\$ 846,425	30,531	44,191	-	(771,703)
Physical health and social services	789,205	512,616	127,122	-	(149,467)
Mental health	707,158	60,141	487,775	-	(159,242)
County environment and education	363,281	98,753	22,010	12,561	(229,957)
Roads and transportation	2,742,765	33,148	2,298,581	125,664	(285,372)
Governmental services to residents	176,526	129,709	114	-	(46,703)
Administration	700,948	59,221	-	-	(641,727)
Non-program	16,142	-	-	-	(16,142)
Interest on long-term debt	2,359	-	3,608	-	1,249
<b>Total</b>	<b>\$ 6,344,809</b>	<b>924,119</b>	<b>2,983,401</b>	<b>138,225</b>	<b>(2,299,064)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					2,034,894
Debt service					23,298
Penalty and interest on property tax					35,094
State tax credits					138,225
Local option sales tax					94,285
Unrestricted investment earnings					102,598
Miscellaneous					65,084
<b>Total general revenues</b>					<b>2,493,478</b>
Change in net assets					194,414
Net assets beginning of year					6,964,948
Net assets end of year					<b>\$ 7,159,362</b>

See notes to financial statements.

Wayne County  
Balance Sheet  
Governmental Funds

June 30, 2008

	General	Special Revenue	
		Mental Health	Rural Services
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 626,906	209,507	95,040
Component units	-	-	-
Receivables:			
Property tax:			
Delinquent	3,994	836	699
Succeeding year	1,172,000	237,000	675,000
Interest and penalty on property tax	16,051	-	-
Accounts	1,485	-	-
Accrued interest	5,079	-	-
Advances to other funds	-	-	480,000
Due from other governments	107,120	4,577	3,995
Inventories	-	-	-
Prepaid insurance	30,969	-	-
<b>Total assets</b>	<b>\$ 1,963,604</b>	<b>451,920</b>	<b>1,254,734</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 32,587	21,163	650
Salaries and benefits payable	16,192	1,516	1,364
Advance from other funds	480,000	-	-
Due to other governments	7,974	48,407	-
Deferred revenue:			
Succeeding year property tax	1,172,000	237,000	675,000
Other	30,999	836	698
Total liabilities	1,739,752	308,922	677,712
Fund balances:			
Reserved for:			
Supplemental levy purposes	248,670	-	1
Advances to other funds	-	-	480,000
Debt service	-	-	-
Unreserved, reported in:			
General fund	(24,818)	-	-
Special revenue funds	-	142,998	97,021
Capital projects fund	-	-	-
Total fund balances	223,852	142,998	577,022
<b>Total liabilities and fund balances</b>	<b>\$ 1,963,604</b>	<b>451,920</b>	<b>1,254,734</b>

See notes to financial statements.

Secondary Roads	Capital Projects	Nonmajor	Total
1,336,854	3,381,110	512,090	6,161,507
-	-	6,180	6,180
-	-	82	5,611
-	-	-	2,084,000
-	-	-	16,051
3,710	-	234	5,429
-	541	159	5,779
-	-	-	480,000
173,944	-	4,412	294,048
146,436	-	-	146,436
24,720	-	-	55,689
<b>1,685,664</b>	<b>3,381,651</b>	<b>523,157</b>	<b>9,260,730</b>
34,806	5,815	819	95,840
16,241	-	465	35,778
-	-	-	480,000
88	-	-	56,469
-	-	-	2,084,000
24,380	-	82	56,995
<b>75,515</b>	<b>5,815</b>	<b>1,366</b>	<b>2,809,082</b>
-	-	-	248,671
-	-	-	480,000
-	-	115,597	115,597
-	-	-	(24,818)
1,610,149	-	406,194	2,256,362
-	3,375,836	-	3,375,836
<b>1,610,149</b>	<b>3,375,836</b>	<b>521,791</b>	<b>6,451,648</b>
<b>1,685,664</b>	<b>3,381,651</b>	<b>523,157</b>	<b>9,260,730</b>

**Wayne County**

Wayne County

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

June 30, 2008

**Total governmental fund balances (page 19)** \$ 6,451,648

***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 \$8,189,855 and the accumulated depreciation is \$3,751,151. 4,438,704

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 56,995

Long-term liabilities, including a capital lease purchase agreement, general obligation bonds and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (3,787,985)

**Net assets of governmental activities (page 16)** \$ 7,159,362

See notes to financial statements.

Wayne County

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

Year ended June 30, 2008

	Special Revenue		
	General	Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 1,130,485	236,741	668,373
Interest and penalty on property tax	32,998	-	-
Intergovernmental	776,608	504,179	92,097
Licenses and permits	-	-	2,599
Charges for service	195,491	60,135	-
Use of money and property	124,295	-	-
Miscellaneous	61,972	196	263
Total revenues	<u>2,321,849</u>	<u>801,251</u>	<u>763,332</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	522,719	-	249,564
Physical health and social services	760,921	-	16,422
Mental health	-	699,214	-
County environment and education	207,105	-	107,760
Roads and transportation	-	-	-
Governmental services to residents	167,922	-	3,180
Administration	710,571	-	-
Non-program	16,142	-	-
Debt service	-	-	-
Total expenditures	<u>2,385,380</u>	<u>699,214</u>	<u>376,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,531)</u>	<u>102,037</u>	<u>386,406</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	(473,085)
General obligation bonds issued	-	-	-
Discount on general obligation bonds issued	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(473,085)</u>
Net change in fund balances	(63,531)	102,037	(86,679)
Fund balances beginning of year	<u>287,383</u>	<u>40,961</u>	<u>663,701</u>
Fund balances end of year	<u>\$ 223,852</u>	<u>142,998</u>	<u>577,022</u>

See notes to financial statements.



Secondary Roads	Capital Projects	Nonmajor	Total
-	-	117,583	2,153,182
-	-	-	32,998
2,274,200	-	15,900	3,662,984
2,160	-	-	4,759
6	-	8,494	264,126
-	541	14,716	139,552
30,982	-	37,106	130,519
2,307,348	541	193,799	6,388,120
-	239,655	1,699	1,013,637
-	-	-	777,343
-	-	-	699,214
-	-	140,361	455,226
2,473,899	-	-	2,473,899
-	-	2,629	173,731
-	-	988	711,559
-	-	-	16,142
-	-	17,713	17,713
2,473,899	239,655	163,390	6,338,464
(166,551)	(239,114)	30,409	49,656
473,085	-	-	473,085
-	-	-	(473,085)
-	3,670,000	-	3,670,000
-	(55,050)	-	(55,050)
473,085	3,614,950	-	3,614,950
306,534	3,375,836	30,409	3,664,606
1,303,615	-	491,382	2,787,042
1,610,149	3,375,836	521,791	6,451,648

Wayne 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)** \$ 3,664,606

**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	\$ 405,192	
Capital assets contributed by the Iowa Department of Transportation	125,664	
Depreciation expense	<u>(324,332)</u>	206,524

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	(705)	
Other	<u>26,144</u>	25,439

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

Issued	(3,670,000)	
Repaid	<u>15,354</u>	(3,654,646)

Compensated absences 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.

(47,509)

**Change in net assets of governmental activities (page 17)**

\$ 194,414

See notes to financial statements.

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

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 697,399
Other County officials	16,091
Receivables:	
Property tax:	
Delinquent	23,027
Succeeding year	5,303,000
Accounts	754
<b>Total assets</b>	<b>6,040,271</b>

**Liabilities**

Accounts payable	4,113
Salaries and benefits payable	4,343
Due to other governments	6,003,528
Trusts payable	19,759
Compensated absences	8,528
<b>Total liabilities</b>	<b>6,040,271</b>

<b>Net assets</b>	<b>\$ -</b>
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See notes to financial statements.

Wayne County

Notes to Financial Statements

June 30, 2008

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

Wayne 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, 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, Wayne 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 Wayne County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Wayne County Sheriff's Canine has been incorporated under Chapter 504A of the Code of Iowa to receive donations to aid the Wayne County Sheriff's Office. These donations are to be used to fund the training and care of a canine for law enforcement use. The financial activity of the component unit has been displayed as a Special Revenue Fund of the County.

Wayne County Sheriff's Reserve has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Wayne County Sheriff's Office. These donations are to be used to fund the reserve officers who assist the County Sheriff as requested. The financial activity of this component unit has been displayed as a Special Revenue Fund of the County.

Jointly Governed Organizations – The County 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: Wayne County Assessor’s Conference Board, Wayne County Emergency Management Commission and the Wayne 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: Wayne, Ringgold and Decatur County Solid Waste Commission, Ten Fifteen Regional Transit Agency Board, South Iowa Area Crime Commission, Wayne County Development Corporation Board, Chariton Valley Rural Economic Development Incorporated Board, Southeast Iowa Case Management Board, Wayne County Empowerment Board and Southeast Iowa Response Group.

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 units. 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 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.

The Capital Projects Fund is used to account for resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

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

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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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 in the Special Revenue Funds 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, 2003 (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	\$ 60,000
Land and buildings	25,000
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	20 - 50
Infrastructure	30 - 60
Equipment	2 - 20
Vehicles	2 - 10



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 and vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. 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.

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 by function. However, disbursements in two departments exceeded the amounts appropriated.

**(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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008, the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)	
		1-5	6-10
Federal National Mortgage Association (FNMA)	\$ 264,114	200,258	63,856

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$5,042,364 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk. The County's FNMA investments at June 30, 2008 are rated Aaa by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

**(3) Advances To and From Other Funds**

Receivable Fund	Payable Fund	Amount
Special Revenue: Rural Services	General	\$ 480,000

The advances to/from other funds resulted from a borrowing of rural services revenues to supplement General Fund operations. The County has approved a schedule to repay the borrowing at a minimum of \$15,000 each fiscal year.

**(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: Secondary Roads	Special Revenue: Rural Services	<u>\$ 473,085</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, road network	\$ 254,209	-	-	254,209
Construction in progress, other	7,500	325,093	(93,003)	239,590
Construction in progress, road network	-	125,664	(125,664)	-
Total capital assets not being depreciated	<u>261,709</u>	<u>450,757</u>	<u>(218,667)</u>	<u>493,799</u>
Capital assets being depreciated:				
Buildings	829,955	93,003	-	922,958
Improvements other than buildings	53,939	25,000	-	78,939
Equipment and vehicles	3,605,808	55,099	-	3,660,907
Infrastructure, road network	2,907,588	125,664	-	3,033,252
Total capital assets being depreciated	<u>7,397,290</u>	<u>298,766</u>	<u>-</u>	<u>7,696,056</u>
Less accumulated depreciation for:				
Buildings	533,424	24,035	-	557,459
Improvements other than buildings	1,798	2,631	-	4,429
Equipment and vehicles	2,685,924	178,599	-	2,864,523
Infrastructure, road network	205,673	119,067	-	324,740
Total accumulated depreciation	<u>3,426,819</u>	<u>324,332</u>	<u>-</u>	<u>3,751,151</u>
Total capital assets being depreciated, net	<u>3,970,471</u>	<u>(25,566)</u>	<u>-</u>	<u>3,944,905</u>
Governmental activities capital assets, net	<u>\$ 4,232,180</u>	<u>425,191</u>	<u>(218,667)</u>	<u>4,438,704</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 21,633
Physical health and social services	1,105
Mental health	6,383
County environment and education	23,465
Roads and transportation	257,916
Governmental services to residents	3,400
Administration	10,430
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 324,332</u>

**(6) Long-Term Liabilities**

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

	Capital Lease Purchase Agreement	General Obligation Bonds	Compen- sated Absences	Total
Balance beginning of year	\$ 29,761	-	56,069	85,830
Increases	-	3,670,000	91,064	3,761,064
Decreases	15,354	-	43,555	58,909
	<hr/>			
Balance end of year	\$ 14,407	3,670,000	103,578	3,787,985
	<hr/>			
Due within one year	\$ 14,407	130,000	67,084	211,491

Capital Lease Purchase Agreement

In December 2006, the County entered into a capital lease purchase agreement to purchase computer software for \$65,186. The agreement requires four semi-annual payments of \$17,713, including interest at 11.71% per annum, beginning April 15, 2007 and ending October 15, 2008. During the year ended June 30, 2008, the County paid \$17,713 on the agreement because an additional payment was made in advance in 2007.

Bonds Payable

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

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	2.70%	\$ 130,000	138,712	268,712
2010	2.85	135,000	140,815	275,815
2011	3.00	135,000	136,968	271,968
2012	3.20	140,000	132,917	272,917
2013	3.35	145,000	128,438	273,438
2014-2018	3.50-4.00	805,000	561,332	1,366,332
2019-2023	4.05-4.30	980,000	388,463	1,368,463
2024-2028	4.30-4.40	1,200,000	161,990	1,361,990
		<hr/>		
Total		\$ 3,670,000	1,789,635	5,459,635

**(7) 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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 7,974</u>
Special Revenue:		
Mental Health	Services	48,407
Secondary Roads	Services	88
		<u>48,495</u>
Total for governmental funds		<u>\$ 56,469</u>
Agency:		
County Offices	Collections	\$ 6,227
Agricultural Extension Education		58,616
County Assessor		270,279
Schools		3,452,886
Community Colleges		176,761
Corporations and Special Assessments		697,615
Townships		129,011
Auto License and Use Tax		117,356
County Hospital		831,624
Other		263,153
Total for agency funds		<u>\$ 6,003,528</u>

**(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 \$136,419, \$130,160 and \$125,326, respectively, equal to the required contributions for each year.

**(9) Risk Management**

Wayne 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 300 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 \$109,709.

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 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 capital contributions. If a member withdraws after the sixth year, the member is

refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual 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 \$1,000,000 and \$50,000, 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) Financial Condition**

The General Fund had an unreserved deficit fund balance of \$24,818 at June 30, 2008. The County plans to eliminate this deficit by decreasing future expenditures in the General Fund.

**(11) Construction Commitment**

In May 2008, the County entered into a contract totaling \$3,464,811 for jail construction. As of June 30, 2008, no costs on the project had been incurred. The contract will be paid as work on the project progresses.

**(12) Special Investigation**

The Board of Supervisors requested the Office of Auditor of State perform a special investigation of the Wayne County Conservation Department as a result of concerns regarding the Department's use of a business owned and operated by Scott Ingram, the former Conservation Director. The Auditor of State's special investigation report dated February 23, 2009 identified \$31,709 of improper disbursements and undeposited camping fees for the period July 1, 2005 through July 30, 2008. Of the improper disbursements and undeposited camping fees, \$28,288 apply to the year ended June 30, 2008. In addition, \$23,037 of unallowable costs for certain Federal Emergency Management Agency (FEMA) grants were reported, including \$19,710 of improper disbursements.

Copies of the Auditor of State's special investigation report were filed with the Division of Criminal Investigation, the Wayne County Attorney's Office and the Attorney General's Office.

**Wayne County**



**Required Supplementary Information**

Wayne 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	Net
<b>Receipts:</b>			
Property and other county tax	\$ 2,148,769	-	2,148,769
Interest and penalty on property tax	32,998	-	32,998
Intergovernmental	3,662,025	-	3,662,025
Licenses and permits	4,759	-	4,759
Charges for service	255,484	-	255,484
Use of money and property	143,188	-	143,188
Miscellaneous	134,218	3,358	130,860
Total receipts	<u>6,381,441</u>	<u>3,358</u>	<u>6,378,083</u>
<b>Disbursements:</b>			
Public safety and legal services	1,002,171	1,699	1,000,472
Physical health and social services	759,524	-	759,524
Mental health	717,148	-	717,148
County environment and education	458,294	-	458,294
Roads and transportation	2,504,372	-	2,504,372
Governmental services to residents	171,845	-	171,845
Administration	711,897	-	711,897
Debt service	17,713	-	17,713
Non-program	18,474	-	18,474
Capital projects	-	-	-
Total disbursements	<u>6,361,438</u>	<u>1,699</u>	<u>6,359,739</u>
Excess (deficiency) of receipts over (under) disbursements	20,003	1,659	18,344
Other financing sources, net	3,614,950	-	3,614,950
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,634,953	1,659	3,633,294
Balance beginning of year	<u>2,532,734</u>	<u>4,521</u>	<u>2,528,213</u>
Balance end of year	<u>\$ 6,167,687</u>	<u>6,180</u>	<u>6,161,507</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
2,067,509	2,067,509	81,260
33,300	33,300	(302)
3,097,928	3,208,877	453,148
2,825	2,825	1,934
250,900	258,900	(3,416)
132,620	132,620	10,568
48,850	48,850	82,010
<u>5,633,932</u>	<u>5,752,881</u>	<u>625,202</u>
777,608	1,234,108	233,636
705,318	833,000	73,476
756,498	756,498	39,350
501,896	583,845	125,551
2,597,100	2,597,100	92,728
233,058	233,058	61,213
714,291	805,491	93,594
25,000	25,000	7,287
87,000	87,000	68,526
49,450	49,450	49,450
<u>6,447,219</u>	<u>7,204,550</u>	<u>844,811</u>
(813,287)	(1,451,669)	1,470,013
-	500,000	3,114,950
(813,287)	(951,669)	4,584,963
<u>1,912,487</u>	<u>1,912,487</u>	<u>615,726</u>
<u>1,099,200</u>	<u>960,818</u>	<u>5,200,689</u>

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Wayne 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	\$ 6,381,441	6,679	6,388,120
Expenditures	6,361,438	(22,974)	6,338,464
Net	20,003	29,653	49,656
Other financing sources, net	3,614,950	-	3,614,950
Beginning fund balances	2,532,734	254,308	2,787,042
Ending fund balances	<u>\$ 6,167,687</u>	<u>283,961</u>	<u>6,451,648</u>

See accompanying independent auditor's report.

Wayne 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 blended component units 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, three budget amendments increased budgeted disbursements by \$757,331. 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 by function. However, disbursements in two departments exceeded the amounts appropriated.

**Wayne County**

**Other Supplementary Information**

Wayne County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2008

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection	Conservation Wetlands	Bobwhite State Park
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ 1,571	626	32,785	1,873	13,041
Component units	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Accounts	-	-	-	-	234
Accrued interest	2	1	60	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,573</b>	<b>627</b>	<b>32,845</b>	<b>1,873</b>	<b>13,275</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	-	-	-	784
Salaries and benefits payable	-	-	465	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Total liabilities	-	-	465	-	784
Fund balances:					
Reserved for debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	1,573	627	32,380	1,873	12,491
Total fund balances	1,573	627	32,380	1,873	12,491
<b>Total liabilities and fund balances</b>	<b>\$ 1,573</b>	<b>627</b>	<b>32,845</b>	<b>1,873</b>	<b>13,275</b>

See accompanying independent auditor's report.



Special Revenue								
Duncan	Wayne	Wayne	Wayne	Local		Conservation	Debt	
Bequest	County	County	County	Option	Group	Land	Service	Total
	Sheriff's	Sheriff's	Sheriff's	Sales	Home	Acquisition		
	Canine	Reserve	Foreiture	Tax				
306,779	-	-	1,977	93,481	29,072	13,181	17,704	512,090
-	552	5,628	-	-	-	-	-	6,180
-	-	-	-	-	-	-	82	82
-	-	-	-	-	-	-	-	234
73	-	-	-	-	-	23	-	159
-	-	-	-	4,412	-	-	-	4,412
306,852	552	5,628	1,977	97,893	29,072	13,204	17,786	523,157
35	-	-	-	-	-	-	-	819
-	-	-	-	-	-	-	-	465
-	-	-	-	-	-	-	82	82
35	-	-	-	-	-	-	82	1,366
-	-	-	-	97,893	-	-	17,704	115,597
306,817	552	5,628	1,977	-	29,072	13,204	-	406,194
306,817	552	5,628	1,977	97,893	29,072	13,204	17,704	521,791
306,852	552	5,628	1,977	97,893	29,072	13,204	17,786	523,157

Wayne County

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

Year ended June 30, 2008

	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Resource Enhancement and Protection	Conservation Wetlands	Bobwhite State Park
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Intergovernmental	-	-	14,273	-	-
Charges for service	1,776	-	-	-	6,718
Use of money and property	89	25	1,115	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,865	25	15,388	-	6,718
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	-
County environment and education	-	-	9,863	-	3,942
Governmental services to residents	2,629	-	-	-	-
Administration	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	2,629	-	9,863	-	3,942
Excess (dericiency) of revenues over (under) expenditures	(764)	25	5,525	-	2,776
Fund balances beginning of year	2,337	602	26,855	1,873	9,715
Fund balances end of year	\$ 1,573	627	32,380	1,873	12,491

See accompanying independent auditor's report.

Special Revenue								
Duncan Bequest	Wayne County Sheriff's Canine	Wayne County Sheriff's Reserve	Wayne County Sheriff's Forfeiture	Local Option Sales Tax	Group Home	Conservation Land Acquisition	Debt Service	Total
-	-	-	-	94,285	-	-	23,298	117,583
-	-	-	-	-	-	-	1,627	15,900
-	-	-	-	-	-	-	-	8,494
12,481	-	-	-	-	-	517	489	14,716
80	-	3,358	-	3,608	30,060	-	-	37,106
12,561	-	3,358	-	97,893	30,060	517	25,414	193,799
-	20	1,679	-	-	-	-	-	1,699
126,556	-	-	-	-	-	-	-	140,361
-	-	-	-	-	-	-	-	2,629
-	-	-	-	-	988	-	-	988
-	-	-	-	-	-	-	17,713	17,713
126,556	20	1,679	-	-	988	-	17,713	163,390
(113,995)	(20)	1,679	-	97,893	29,072	517	7,701	30,409
420,812	572	3,949	1,977	-	-	12,687	10,003	491,382
306,817	552	5,628	1,977	97,893	29,072	13,204	17,704	521,791

Wayne 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	\$ -	1,419	165,987	82,506
Other County officials	16,091	-	-	-
Receivables:				
Property tax:				
Delinquent	-	197	416	11,380
Succeeding year	-	57,000	113,000	3,359,000
Accounts	-	-	-	-
<b>Total assets</b>	<b>\$ 16,091</b>	<b>58,616</b>	<b>279,403</b>	<b>3,452,886</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	596	-
Due to other governments	6,227	58,616	270,279	3,452,886
Trusts payable	9,864	-	-	-
Compensated absences	-	-	8,528	-
<b>Total liabilities</b>	<b>\$ 16,091</b>	<b>58,616</b>	<b>279,403</b>	<b>3,452,886</b>

See accompanying independent auditor's report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
4,174	24,101	2,843	117,356	19,862	279,151	697,399
-	-	-	-	-	-	16,091
587	7,514	168	-	2,762	3	23,027
172,000	666,000	126,000	-	809,000	1,000	5,303,000
-	-	-	-	-	754	754
<b>176,761</b>	<b>697,615</b>	<b>129,011</b>	<b>117,356</b>	<b>831,624</b>	<b>280,908</b>	<b>6,040,271</b>
-	-	-	-	-	4,113	4,113
-	-	-	-	-	3,747	4,343
176,761	697,615	129,011	117,356	831,624	263,153	6,003,528
-	-	-	-	-	9,895	19,759
-	-	-	-	-	-	8,528
<b>176,761</b>	<b>697,615</b>	<b>129,011</b>	<b>117,356</b>	<b>831,624</b>	<b>280,908</b>	<b>6,040,271</b>

Wayne 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	\$ 16,248	57,653	270,494	3,320,952
Additions:				
Property and other county tax	-	56,881	112,886	3,356,831
E911 surcharge	-	-	-	-
State tax credits	-	3,914	8,255	226,875
Office fees and collections	216,713	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Drivers license fees	-	-	-	-
Trusts	99,027	-	-	-
Miscellaneous	-	4	277	259
Total additions	315,740	60,799	121,418	3,583,965
Deductions:				
Agency remittances:				
To other funds	125,989	-	-	-
To other governments	115,125	59,836	112,509	3,452,031
Trusts paid out	74,783	-	-	-
Total deductions	315,897	59,836	112,509	3,452,031
Balances end of year	\$ 16,091	58,616	279,403	3,452,886

See accompanying independent auditor's report.

Community Colleges	Corporations and Special Assessments	Townships	Auto License and Use Tax	County Hospital	Other	Total
169,358	707,602	122,307	118,521	804,251	311,573	5,898,959
171,417	670,665	125,210	-	808,356	719	5,302,965
-	-	-	-	-	51,445	51,445
11,512	63,167	7,444	-	54,781	50	375,998
-	-	-	-	-	-	216,713
-	-	-	1,437,117	-	-	1,437,117
-	6,443	-	-	-	-	6,443
-	-	-	-	-	29,275	29,275
-	-	-	-	-	139,490	238,517
13	216	-	-	60	223,922	224,751
182,942	740,491	132,654	1,437,117	863,197	444,901	7,883,224
-	-	-	57,384	-	-	183,373
175,539	750,478	125,950	1,380,898	835,824	344,418	7,352,608
-	-	-	-	-	131,148	205,931
175,539	750,478	125,950	1,438,282	835,824	475,566	7,741,912
176,761	697,615	129,011	117,356	831,624	280,908	6,040,271

Wayne County

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

For the Last Eight Years

	2008	2007	2006
<b>Revenues:</b>			
Property and other county tax	\$ 2,153,182	1,993,573	1,927,731
Interest and penalty on property tax	32,998	35,881	33,737
Intergovernmental	3,662,984	3,270,942	3,198,154
Licenses and permits	4,759	3,251	2,585
Charges for service	264,126	261,776	265,761
Use of money and property	139,552	142,835	138,985
Miscellaneous	130,519	75,924	137,495
<b>Total</b>	<b>\$ 6,388,120</b>	<b>5,784,182</b>	<b>5,704,448</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 1,013,637	735,437	666,122
Physical health and social services	777,343	694,106	679,267
Mental health	699,214	753,824	768,428
County environment and education	455,226	350,741	258,890
Roads and transportation	2,473,899	2,296,227	2,476,437
Governmental services to residents	173,731	165,946	270,426
Administration	711,559	659,251	612,510
Non-program	16,142	27,352	30,993
Debt service	17,713	15,000	-
Capital projects	-	2,033	77,730
<b>Total</b>	<b>\$ 6,338,464</b>	<b>5,699,917</b>	<b>5,840,803</b>

See accompanying independent auditor's report.



Modified Accrual Basis				
2005	2004	2003	2002	2001
1,921,146	1,886,630	1,909,597	1,917,364	2,061,493
39,013	31,256	33,296	32,833	30,329
2,932,444	2,728,114	2,509,435	2,628,927	2,705,893
4,455	3,110	3,470	4,340	3,380
258,540	286,578	243,145	254,266	309,704
96,795	50,929	57,569	63,847	139,244
101,989	618,739	143,782	128,498	31,891
5,354,382	5,605,356	4,900,294	5,030,075	5,281,934
664,155	654,496	663,662	675,716	544,095
540,199	506,947	527,257	446,912	432,350
803,813	770,381	848,038	789,342	670,637
283,393	341,574	267,999	261,827	241,607
2,134,371	1,886,025	1,916,921	1,931,912	2,041,994
171,198	140,185	136,866	125,352	114,128
665,167	536,846	518,242	473,438	428,470
34,875	32,897	38,248	48,340	112,193
-	-	-	65,528	65,527
102,234	98,469	131,915	151,487	289,535
5,399,405	4,967,820	5,049,148	4,969,854	4,940,536

**Schedule 6**

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

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 4,404
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Safety Belt Performance Grants	20.609	07-157, Task 182	500
Safety Belt Performance Grants	20.609	08-157, Task 172	4,465
			<u>4,965</u>
U. S. Department of Health and Human Services:			
Des Moines County Public Health:			
Public Health Emergency Preparedness	93.069	BT93	<u>13,607</u>
Iowa Department of Public Health:			
Immunization Grants	93.268	58871437	2,899
Immunization Grants	93.268	58881479	1,359
			<u>4,258</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>4,836</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>1,164</u>
Foster Care - Title IV-E	93.658		<u>2,809</u>
Adoption Assistance	93.659		<u>665</u>
State Children's Insurance Program	93.767		<u>40</u>
Medical Assistance Program	93.778		<u>6,142</u>
Social Services Block Grant	93.667		<u>3,173</u>
Social Services Block Grant	93.667		<u>40,020</u>
			<u>43,193</u>

Wayne 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 Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1727 DR IA	204,183
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1737 DR IA	228,831
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763 DR IA	139,923
			<u>572,937</u>
Emergency Management Performance Grants	97.042		<u>1,532</u>
INRCOG (Region V):			
Homeland Security Grant Program	97.067	2005 HSGP	16,159
Homeland Security Grant Program	97.067	2006 HSGP	6,051
			<u>22,210</u>
Total			<u>\$ 682,762</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Wayne 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.

**Wayne 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 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 Wayne County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne 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 May 4, 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 Wayne 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 statements, but not for the purpose of expressing our opinion on the effectiveness of Wayne County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wayne 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 internal 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 Wayne 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 Wayne County's financial statements that is more than inconsequential will not be prevented or detected by Wayne 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 a more than remote likelihood a material misstatement of the financial statements will not be prevented or detected by Wayne 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 are material weaknesses.

#### Compliance and Other Matters

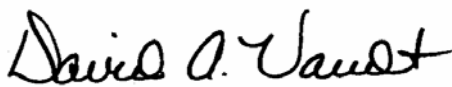
As part of obtaining reasonable assurance about whether Wayne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 and are described in Part II of the accompanying Schedule of Findings and Questioned Costs. We also 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.

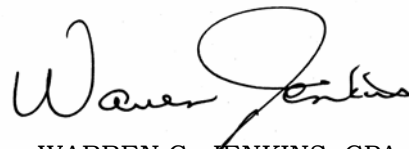
Wayne County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Wayne County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wayne County and other parties to whom Wayne 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 Wayne 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

May 4, 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**

**Wayne County**





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

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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 Wayne County:

Compliance

We have audited the compliance of Wayne 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 its major federal program for the year ended June 30, 2008. Wayne County's major federal program is 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 its major federal program is the responsibility of Wayne County's management. Our responsibility is to express an opinion on Wayne 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 Wayne 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 Wayne County's compliance with those requirements.

As described in item III-B-08 in the accompanying Schedule of Findings and Questioned Costs, Wayne County did not comply with requirements regarding allowable costs/cost principles that are applicable to the Public Assistance (Presidentially Declared Disasters) program. Compliance with such requirements is necessary, in our opinion, for Wayne County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Wayne County complied, in all material respects, with the requirements referred to above that are applicable to the Public Assistance (Presidentially Declared Disasters) program. In addition, the results of our auditing procedures disclosed another instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and is described as item III-A-08 in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of Wayne 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 Wayne 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 Wayne County's internal control over compliance.

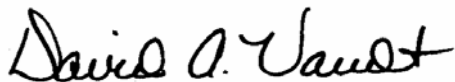
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed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

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-C-08 to be a significant deficiency.

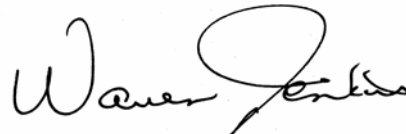
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. The significant deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item III-C-08 is considered to be a material weakness.

Wayne County's responses to the 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 Wayne 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 Wayne County and other parties to whom Wayne 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

May 4, 2009

Wayne 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 disclosed non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements which is considered to be a material weakness.
- (e) A qualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Wayne County did not qualify as a low-risk auditee.

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

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received and forwarded to the accounting personnel for processing is not prepared. The listing of cash and checks received was not compared to the cash receipt records by an independent person.	Recorder and Conservation
(2) Prenumbered receipts were issued for collections received directly from individuals (sheriff trust account, county fees, commissary and others). However, the prenumbered receipts were not compared to the amount deposited by an independent person. In addition, the listing of cash and checks received by mail was not compared to the cash receipt records by an independent person.	Sheriff
(3) Collection and deposit preparation functions were not performed by an individual who does not record and account for cash receipts.	Recorder and Conservation
(4) Bank accounts are not reconciled by an individual who does not sign checks, handle or record cash. Monthly reviews of bank reconciliations by an independent person were not documented.	Sheriff and Group Home

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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. Reviews should be documented by the reviewer's signature or initials and the date of the review.

Responses –

Recorder – We do our best to carry out some sort of internal control. It is, however, difficult to perform segregation when the office only employs two people. During vacations, sick days, etc., there is only one person left to run the office and no segregation can be performed. We will continue to review each others work for accuracy.

Conservation – Daily incoming mail will be documented. The list of documented mail will be presented at regular monthly board meeting for authorization. The documented mail shall contain records of checks and bills for Wayne County Conservation. Deposits will be prepared for Treasurer and a copy will be retained by Wayne County Conservation (WCC).

A policy will be implemented for collections of camping rentals as follows: When an employee of WCC puts out envelopes for camping receipts a record will be made of the number of receipts left at the collection box. Upon daily collection the employee shall note the number of campers, the number of sealed envelopes, and the number of unused envelopes in the collection box. A deposit by campsite will be made and delivered to the Treasurer's office. Someone other than the employee who gathered the envelopes will make the deposits.

Sheriff – The listing does not get checked by an independent person due to lack of staffing to be able to do this. We will study this after the addition of staff for the new facility. The bank statements are reconciled by the clerk and the Sheriff and are checked monthly and verified by the Chief Deputy. We will have the Chief Deputy document his review by initialing the reconciliation.

Group Home – We will have an independent person review the bank reconciliations and include evidence of the review.

Conclusion – Responses accepted.

II-B-08 Financial Reporting – During the audit, we identified material amounts of receivables, deferred revenue and capital assets additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record the receivables, deferred revenue and capital asset additions in the financial statements.

Recommendation – The County should implement procedures to ensure all receipts are reviewed and coded to the proper fiscal year and capital asset additions are included in the County's financial statements.

Response – We will attempt to ensure compliance with the Board resolution requiring each department turn in a list of their capital assets annually in a timely manner. We will instruct each office to make sure all receipts are coded to the correct fiscal year.

Conclusion – Response accepted.

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-C-08 County Sheriff – Certain expenditures were paid from the County Sheriff's commissary account but were not included in the County's budget or annual financial reports.

Recommendation – Commissary profits in excess of those needed to purchase resale items for the Commissary should be remitted to the County Treasurer and included in the County's annual budget and financial statements. All expenditures for the County Sheriff's Office should be paid by claims approved by the Board of Supervisors and reflected in the County's accounting system, County budget and annual financial statements.

Response – We will discuss the issue with other departments but foresee no changes in the Commissary at this time.

Conclusion – Response acknowledged. To strengthen internal controls and accountability over public funds, the County Sheriff should remit Commissary profits to the County Treasurer and include expenditures made from the profits in the County budget. In addition, Chapter 331.552(2) requires the County Treasurer to disburse money owed or payable by the County on warrants or checks.

II-D-08 County Engineer – Certain secondary roads employees have vacation balances exceeding the allowable hours per the County employee handbook and the secondary roads union agreement. Per the County employee handbook, department heads may allow employees to carry over a maximum of one year's vacation accrual. Per the secondary roads union agreement, all vacation time accumulated on an employee's anniversary date must be used within one year following the anniversary date or it will be forfeited.

Salaried personnel of the County Engineer's Office do not prepare and file timesheets.

Recommendation – The Engineer should ensure vacation balances do not exceed allowable limits in accordance with County policy and the union agreement.

Timesheets should be prepared by all personnel, including salaried employees, and should be submitted to the County Auditor's office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor prior to submission. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – Our understanding of Section 14.2 of the union agreement is all vacation time the employee has accumulated on his/her anniversary date not used within one year following the anniversary date will be forfeited. We interpret this to mean an employee may on the day prior to their second anniversary date have vacation accrual from the prior year plus vacation accrual from the current year. On the second anniversary date the employee will forfeit any vacation hours in excess of the prior year and current year.

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Conclusion – Response acknowledged. The Engineer should ensure timesheets are completed for all employees. In addition, the Engineer should consult legal counsel for determining the allowable carryover of vacation hours in accordance with the union agreement.

II-E-08 Information Systems – The County does not have written policies for:

- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring passwords remain confidential between department heads and staff.
- Requiring passwords to be a minimum of six characters.

The County does not have a lockout function in place if an incorrect password is entered multiple times.

Recommendation – The County should develop written policies addressing the above items and a lockout function should be in place to improve the County's control over computer based systems.

Response – We will work with our software provider and each department to develop a policy.

Conclusion – Response accepted.

II-F-08 Group Home Disbursements – There was no supporting documentation for a \$26 disbursement from a resident account.

Recommendation – The County should keep supporting documentation for all disbursements made from the resident accounts.

Response – Staff will monitor purchases and check merchandise and request receipts from all vendors.

Conclusion – Response accepted.

II-G-08 Camping Fees – The County maintains campgrounds at County parks. Because the County does not allow campsites to be reserved, they are filled on a first come, first served basis. Campers are required to complete a self registration form and deposit the completed form and correct fee in a locked box at each camp ground. During the period of our review, the fees were subsequently collected by Conservation staff and deposited with the County by the former Conservation Director.

According to the former Conservation Director, the registration forms for the collections were not maintained. In addition, other supporting documentation was not maintained which would allow for reconciliations between the number of campsites occupied and the amount deposited with the County.

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Recommendation – The County should develop procedures to maintain supporting documentation for fees collected at each campground and deposited with the County. Records should include pre-numbered reservation forms and a daily census of the camping sites occupied or other documents allowing the County to reconcile the fees deposited with the County to the amount which should be collected.

In addition, someone independent of collecting the fees should periodically reconcile the supporting documentation to the amounts deposited.

Response – We are working on numbering the camp sites and installing camp posts with numbers. We are checking camper registrations. When all of the camp sites are numbered, we will be able to have an independent person match the registration forms with the camp site occupancy.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

A Special Investigation dated February 23, 2009 covering the period of July 1, 2005 through July 30, 2008 identified \$31,709 of improper disbursements and undeposited camping fees for the Wayne County Conservation Department. Of the improper disbursements and undeposited camping fees, \$28,288 apply to the year ended June 30, 2008. The recommended control procedures included in the special report are addressed in items II-G-08, III-B-08, III-C-08 and IV-D-08 of this report.



Wayne 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:**

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

**Pass-through Agency Number: FEMA 1727 DR IA and FEMA 1737 DR IA  
Federal Award Year: 2008**

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

**Passed through the Iowa Department of Public Defense – Iowa Homeland Security and Emergency Management Division**

III-A-08 Unsupported Expenditures – The Conservation Department reported FEMA project worksheet number 418 was 100% complete at June 30, 2008, with a total cost of \$54,697.54. However, the County was unable to provide support for the actual costs for completing the scattered debris work at various County parks. The work was estimated by FEMA at \$16,000 and was to be completed by the County using force account labor and equipment.

Recommendation – The County should contact the Iowa Homeland Security and Emergency Management Division to determine the appropriate resolution of this matter. In addition, the County should implement procedures to ensure expenditures are properly supported.

Response and Corrective Action Planned – We are currently going through records to prove expenditures and will be in contact with Iowa Homeland Security and Emergency Management Division.

Conclusion – Response accepted.

III-B-08 Unallowable Costs – Certain unallowable costs related to the Conservation Department FEMA projects were noted in a Special Investigation performed by the Office of Auditor of State, as follows:

Because the County contracted with S&K Odd Jobs, a business owned and operated by the former Conservation Director, to perform repairs on certain FEMA projects and did not go through a competitive bid process to award the contracts, excessive costs of \$19,710 were paid by the County. The excessive costs were determined by estimating the amount the County would have saved had Conservation Department staff performed the work rather than S&K Odd Jobs.

The County overstated force labor costs by \$293 for 16 hours of sick leave taken by the former Conservation Director which was included in the force labor amounts.

Of the amounts paid to a temporary employee for labor on FEMA projects, \$3,034 was determined to be unallowable because the hourly rate included in the force labor amounts exceeded the actual hourly rate paid and certain payments did not include proper support.

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Recommendation – The County should contact the Iowa Homeland Security and Emergency Management Division to determine the appropriate resolution of this matter. In addition, the County should implement procedures to ensure federal expenditures are reasonable and properly supported.

Response – We will contact the Iowa Homeland Security and Emergency Management Division about this matter. We will implement procedures to ensure federal expenditures are supported and reasonable.

Conclusion – Response accepted.

**SIGNIFICANT DEFICIENCIES:**

III-C-08 Procurement – The County does not have written policies and procedures for bidding. During the year ended June 30, 2008, a County Conservation Department employee responsible for procuring cleanup services for storm damages submitted a bid from the employee's own business. A competitive bid process was not followed and the employee's business was awarded the contract. As described in item IV-D-08, this may represent a conflict of interest which violates State law due to the lack of competitive bidding for the contract.

Recommendation – The County should develop written policies and procedures requiring the publishing of requests for bids and public opening of any bids submitted. In addition, the County should develop written policies and procedures regarding establishment of contracts with parties who have a relationship with County employees or officials.

The County should also consider requiring employees and officials to disclose any potential conflicts of interest on an annual basis and County employees or officials should be precluded from awarding contracts to businesses with which they have a relationship.

Response – The Board adopted a resolution in June 2007 requiring the Wayne County Conservation Board to seek sealed bids for all new construction and updating or refurbishing of facilities when using General Fund dollars. We will consider establishing a policy requiring all employees and officials disclose potential conflicts of interest to the Board of Supervisors on an annual basis.

Conclusion – Response accepted.

Wayne 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 for the year ended June 30, 2008 did not exceed the amounts budgeted by function.

During the year ended June 30, 2008, disbursements in two departments exceeded the amounts appropriated.

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

Response – We will watch this more closely in the future and make amendments to appropriations as necessary.

Conclusion – Response accepted.

IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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

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
Kenny Holmes, Conservation Board Member, owner of Holmes Tiling, Inc.	Snow removal - Group Home	\$ 1,460
	Well closings – Sanitation Department	4,900
Dale Housh, Conservation Board Member, owner of Lockridge, Inc.	Supplies – Conservation Department	322
	Supplies – Other County departments	2,030
Kay Middlebrook, County Assessor, husband is owner of Middlebrook Amoco	Fuel, service and repairs – various County departments	1,219
Melinda Middlebrook, County CPC Administrator, father-in-law is owner of Middlebrook Amoco		
Scott Ingram, Conservation Director, owner of S&K Odd Jobs	Flood and ice storm cleanup	42,750

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

The transactions with Holmes Tiling, Inc. for snow removal and well closings for the sanitation Department and the transactions with Lockridge, Inc. for supplies for other County departments do not appear to represent conflicts of interest in accordance with Chapter 331.342(4) since the Conservation Board members employment is not directly affected as a result of the contracts and the duties of employment do not directly involve procurement or preparation of any part of the contracts.

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Middlebrook Amoco and the transactions with Lockridge, Inc. for supplies for the Conservation Department do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

The transactions with S&K Odd Jobs for flood and ice storm cleanup may represent a conflict of interest in accordance with Chapters 331.342(9) & (10) since the transactions exceeded \$1,500 and the County did not obtain competitive bids for the project.

Recommendation – The County should consult legal counsel to determine disposition of these matters.

Response – Currently the Wayne County Attorney is aware of this and has received a copy of the Special Investigation report. The Wayne County Conservation Board has in place procedures for bidding projects that will prevent future conflicts.

Conclusion – Response accepted.

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 Financial Condition – Although the General Fund had a positive cash balance at June 30, 2008, on a modified accrual basis, an unreserved fund balance deficit of \$24,818 was reported in the General Fund.

Wayne County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

During fiscal year 1998, the Board approved a \$550,000 interfund loan from the Special Revenue, Rural Services Fund to the General Fund. While the Board has established a repayment schedule for the loan, the \$480,000 balance of the loan at June 30, 2008 will not be fully repaid until the year 2040 if the minimum annual repayment of \$15,000 is made on the loan.

Recommendation – The County should continue to investigate alternatives to eliminate the deficit balance in order to return the General Fund to a sound financial position. In addition, since it is unlawful, in accordance with Chapter 331.432 of the Code of Iowa, to make permanent transfers of money between the General Fund and the Rural Services Fund, the County should continue to make the annual scheduled payments on the loan.

Response – The County will continue to work on building an adequate General Fund balance and we will make the scheduled loan repayments.

Conclusion – Response accepted.

IV-J-08 E-911 Budget – Disbursements for the E-911 Service Board exceeded the amount budgeted.

Recommendation – The budget should have been amended by the E-911 Service Board in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will make sure we watch this in the future.

Conclusion – Response accepted.

IV-K-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 exceeded the amount budgeted before the amendment on May 21, 2008 was made.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will watch this more closely in the future.

Conclusion – Response accepted.

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Wayne County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Shelley M. Klingbeil, Staff Auditor  
Paula J. Smothers, Staff Auditor  
Jeana R. Muhlbauer, Assistant Auditor

  
Andrew E. Nielsen, CPA  
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