



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE March 4, 2005

Contact: Andy Nielsen
515/281-5834

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

The County had local tax revenue of \$41,304,087 for the year ended June 30, 2004, which included \$1,787,444 in tax credits from the state. The County forwarded \$33,348,320 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,955,767 of the local tax revenue to finance County operations, a 3 percent increase over the prior year. Other revenues included charges for service of \$2,201,380, operating grants, contributions and restricted interest of \$5,463,482, capital grants, contributions and restricted interest of \$952,075, unrestricted investment earnings of \$100,838 and other general revenues of \$182,026.

Expenses for County operations totaled \$16,225,860, a 3 percent increase over the prior year. Expenses included \$5,331,677 for roads and transportation, \$3,231,961 for public safety and legal services and \$2,274,768 for mental health.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

###

WARREN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

Table of Contents

		Page
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	25
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	26
Statement of Cash Flows	I	27
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	28
Notes to Financial Statements		29-42
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		44
Budget to GAAP Reconciliation		45
Notes to Required Supplementary Information – Budgetary Reporting		46
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48-49
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	50-51
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	52-53
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	54-55
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	56
Schedule of Expenditures of Federal Awards	6	58-60
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting		61-62
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance		65-66
Schedule of Findings and Questioned Costs		67-75
Staff		76

Warren County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Sandy	Board of Supervisors	Jan 2005
E. David Mineart	Board of Supervisors	Jan 2007
Marvin Grace	Board of Supervisors	Jan 2007
Traci Vander Linden	County Auditor	Jan 2005
Julie Daugherty	County Treasurer	Jan 2007
Judith K. Lathrop	County Recorder	Jan 2007
James Lee	County Sheriff	Jan 2005
Gary Kendall	County Attorney	Jan 2007
David Ellis	County Assessor	Jan 2010

Warren County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Warren County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

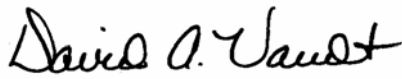
We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Warren County at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

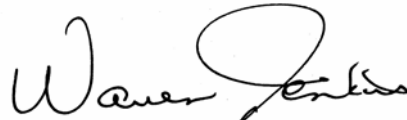
In accordance with Government Auditing Standards, we have also issued our reports dated October 1, 2004 on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 44 through 46 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 supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2003 (which are not presented herein) and expressed unqualified opinions on the financial statements for the year ended June 30, 2003 and qualified opinions on the financial statements for the three years ended June 30, 2002 for the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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

October 1, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Warren County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2004 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 6%, or approximately \$1,081,000, from fiscal 2003 to fiscal 2004. Property tax increased approximately \$225,000, operating grants, contributions and restricted interest increased approximately \$374,000 and capital grants, contributions and restricted interest decreased approximately \$1,574,000.
- Program expenses increased 2.7%, or approximately \$429,000, in fiscal 2004 over fiscal 2003. Physical health and social services expense increased approximately \$172,000.
- The County's net assets increased 2%, or approximately \$630,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

The 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

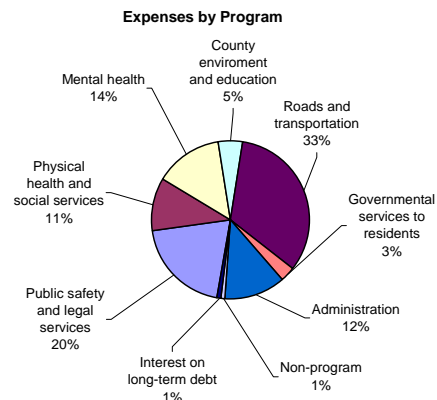
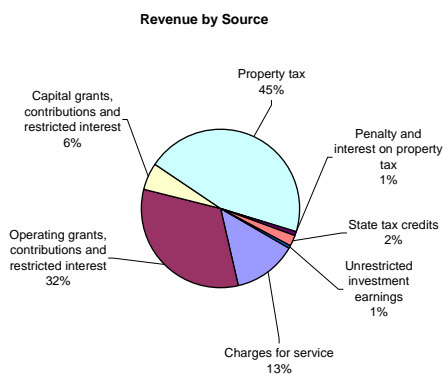
As noted earlier, net assets may serve over time as a useful indicator of financial position. Warren County's combined net assets were virtually unchanged from a year ago, increasing from \$31.0 million to \$31.7 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2004	2003
Current and other assets	\$ 14,238	13,386
Capital assets	29,719	28,877
Total assets	<u>43,957</u>	<u>42,263</u>
Long-term liabilities	2,647	2,958
Other liabilities	9,637	8,262
Total liabilities	<u>12,284</u>	<u>11,220</u>
Net assets:		
Invested in capital assets, net of related debt	27,454	26,292
Restricted	1,568	1,819
Unrestricted	2,651	2,932
Total net assets	<u>\$ 31,673</u>	<u>31,043</u>

Net assets of Warren County's governmental activities increased by \$630,000 (\$31.7 million compared to \$31.0 million). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—decreased from approximately \$2.9 at June 30, 2003 to approximately \$2.7 at the end of this year, a decrease of 10 percent.

This reduction of approximately \$281,000 in unrestricted net assets was a result of increased expenditures for physical health and social services and county environment and education. The County increased funding for home care aide services, substance abuse treatment and economic development.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Revenues:		
Program revenues:		
Charges for service	\$ 2,201	1,984
Operating grants, contributions and restricted interest	5,464	5,090
Capital grants, contributions and restricted interest	952	2,526
General revenues:		
Property tax	7,587	7,362
Penalty and interest on property tax	140	137
State tax credits	369	386
Grants and contributions not restricted to specific purposes	-	180
Unrestricted investment earnings	101	145
Gain on sale of capital assets	-	27
Other general revenues	42	100
Total revenues	16,856	17,937
Program expenses:		
Public safety and legal services	3,232	3,102
Physical health and social services	1,761	1,589
Mental health	2,275	2,339
County environment and education	812	730
Roads and transportation	5,332	5,247
Governmental services to residents	504	517
Administration	2,027	1,964
Non-program	167	148
Interest on long-term debt	116	161
Total expenses	16,226	15,797
Increase in net assets	630	2,140
Net assets beginning of year	31,043	28,903
Net assets end of year	\$ 31,673	31,043



Warren County's net assets of governmental activities increased by approximately \$630,000 during the year. Revenues for governmental activities decreased by approximately \$1,081,000 from the prior year, with property tax revenue up from the prior year by approximately \$225,000, or 3 percent.

The County increased property tax rates for 2004 by an average of .33 percent. This increase raised the County's property tax revenue by approximately \$179,000 in 2004. Based on increases in the total assessed valuation and property tax rates, property tax revenue is budgeted to increase by an additional \$1,169,000 next year.

The cost of all governmental activities this year was \$16.2 million compared to \$15.8 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$7.6 million because some of the cost was paid by those directly benefited from the programs (\$2.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.4 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, decreased in 2004 from approximately \$9.6 million to \$8.6 million, principally due to reductions in capital grants and contributions for infrastructure. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$7.6 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of \$4.4 million, a decrease of more than \$522,000 below last year's total of \$4.9 million. The decrease in fund balance is primarily attributable to bridge and road construction projects. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased moderately, revenues approximately \$131,000, or 2%, and expenditures \$287,000, or 3.8%. The ending fund balance showed a modest decline of \$15,000 from the prior year to approximately \$2,400,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$2,275,000, a decrease of 3% from the prior year. The Mental Health Fund balance at year ended increased by approximately \$57,000 over the prior year.
- Rural Services Fund revenues decreased by approximately \$43,000 from the prior year, due principally to the loss of personal property tax replacement funding by the State of Iowa. This decrease in revenues resulted in a decrease in the Rural Services Fund balance of approximately \$31,000, or 8%.
- Secondary Roads Fund expenditures increased by approximately \$526,000 over the prior year, due principally to bridge and road construction projects. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$408,000, or 32%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget two times. The first amendment was made in October 2003 and resulted in a decrease in budgeted disbursements related to various activities that were reduced due to the loss of state funding of personal property tax replacement and other credits. Also, the County received bioterrorism grants that increased receipts and disbursements. The second amendment was made on May 25, 2004. This

amendment was made to record a decategorization grant and remove activity related to the repayment of Lakewood Benefits Lake District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, Warren County had approximately \$30 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 \$842,000, or 2.9 percent over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2004	2003
Land	\$ 887	881
Buildings and improvements	5,795	6,013
Equipment and vehicles	1,745	1,848
Infrastructure	21,292	20,135
Total	<u>\$ 29,719</u>	<u>28,877</u>
This year's major additions included (in thousands):		
Roads		\$ 2,219
Construction in progress for roads		1,361
Engineer's equipment		343
Sheriff's vehicles		<u>61</u>
Total		<u>\$ 3,984</u>

The County had depreciation expense of \$1,573,863 in FY04 and total accumulated depreciation of \$13,514,056 at June 30, 2004.

The County's fiscal year 2004 capital budget included \$1,423,545 for capital projects, principally for infrastructure. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2004, Warren County had \$2,265,000 in general obligation bonds outstanding compared to approximately \$2,585,000 at June 30, 2003.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Warren County's outstanding general obligation debt is significantly below its constitutional debt limit of \$60 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Warren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 3.4 percent versus 4.0 percent a year ago. This compares with the State's unemployment rate of 4.7 percent and the national rate of 5.2 percent.

Inflation in the State continues to be somewhat lower than the National Consumer Price Index increase. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 2.9 percent for fiscal year 2004 compared with the national rate of 3.3 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2003-2004.

These indicators were taken into account when adopting the budget for fiscal year 2005. Amounts available for appropriation in the operating budget are \$17.5 million, an increase of 8 percent over the final 2004 budget. Property tax (benefiting from the 2004 rate increase and increases in assessed valuations) and grant receipts (boosted by increased State funding in several of our current programs) are expected to lead this increase. Warren County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise by approximately \$446,000. Increased wage and cost-of-living adjustments, and increases in infrastructure improvements, represent the largest increases. The County has added no major new programs or initiatives to the 2005 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of 2005.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Warren County

Basic Financial Statements

Exhibit A

Warren County
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,524,305
Receivables:	
Property tax:	
Delinquent	86,671
Succeeding year	8,697,000
Interest and penalty on property tax	174,182
Accounts	69,956
Accrued interest	6,646
Due from other governments	436,048
Inventories	170,205
Prepaid insurance	72,722
Capital assets (net of accumulated depreciation)	<u>29,718,788</u>
Total assets	<u>43,956,523</u>
Liabilities	
Accounts payable	290,080
Accrued interest payable	8,545
Salaries and benefits payable	193,213
Due to other governments	447,583
Deferred revenue:	
Succeeding year property tax	8,697,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	335,000
Compensated absences	255,599
Portion due or payable after one year:	
General obligation bonds	1,930,000
Compensated absences	<u>126,735</u>
Total liabilities	<u>12,283,755</u>
Net Assets	
Invested in capital assets, net of related debt	27,453,788
Restricted for:	
Supplemental levy purposes	115,304
Mental health purposes	610,847
Secondary roads purposes	692,749
Debt service	24,904
Other purposes	114,418
Unrestricted	<u>2,660,758</u>
Total net assets	<u>\$ 31,672,768</u>

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest		
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 3,231,961	265,043	339,156	-	(2,627,762)
Physical health and social services	1,760,890	341,281	617,802	3,300	(798,507)
Mental health	2,274,768	8,829	1,410,537	-	(855,402)
County environment and education	812,232	85,673	16,894	40,160	(669,505)
Roads and transportation	5,331,677	303,022	3,044,929	908,615	(1,075,111)
Governmental services to residents	503,915	833,878	328	-	330,291
Administration	2,027,135	190,274	31,601	-	(1,805,260)
Non-program	167,235	173,380	-	-	6,145
Interest on long-term debt	116,047	-	2,235	-	(113,812)
Total	\$ 16,225,860	2,201,380	5,463,482	952,075	(7,608,923)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,221,846
Debt service					364,519
Penalty and interest on property tax					140,213
State tax credits					369,402
Unrestricted investment earnings					100,838
Miscellaneous					41,813
Total general revenues					8,238,631
Change in net assets					629,708
Net assets beginning of year					31,043,060
Net assets end of year					\$ 31,672,768

See notes to financial statements.

Warren County
Balance Sheet
Governmental Funds

June 30, 2004

Assets	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments	\$ 2,367,453	925,670	339,883	749,914
Receivables:				
Property tax:				
Delinquent	45,829	8,588	28,747	-
Succeeding year	5,606,000	892,000	1,781,000	-
Interest and penalty on property tax	174,182	-	-	-
Accounts	65,229	-	63	2,159
Accrued interest	6,646	-	-	-
Due from other funds	470	-	324	31,213
Due from other governments	176,642	7,038	738	242,084
Inventories	83,094	-	-	67,314
Prepaid insurance	-	-	-	72,722
Total assets	\$ 8,525,545	1,833,296	2,150,755	1,165,406
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 114,148	84,395	499	69,242
Salaries and benefits payable	133,935	2,254	9,420	47,604
Due to other funds	8,844	120	17,514	8,693
Due to other governments	19,260	241,523	-	186,773
Deferred revenue:				
Succeeding year property tax	5,606,000	892,000	1,781,000	-
Other	203,828	3,363	6,071	-
Total liabilities	6,086,015	1,223,655	1,814,504	312,312
Fund balances:				
Reserved for:				
Supplemental levy purposes	120,550	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for future jail expansion	885,000	-	-	-
Unreserved, reported in:				
General fund	1,433,980	-	-	-
Special revenue funds	-	609,641	336,251	853,094
Total fund balances	2,439,530	609,641	336,251	853,094
Total liabilities and fund balances	\$ 8,525,545	1,833,296	2,150,755	1,165,406

See notes to financial statements.

Nonmajor	Total
141,385	4,524,305
3,507	86,671
418,000	8,697,000
-	174,182
-	67,451
-	6,646
2,783	34,790
221	426,723
-	150,408
-	72,722
<u>565,896</u>	<u>14,240,898</u>
29	268,313
-	193,213
-	35,171
-	447,556
418,000	8,697,000
1,122	214,384
<u>419,151</u>	<u>9,855,637</u>
-	120,550
32,327	32,327
-	885,000
-	1,433,980
114,418	1,913,404
<u>146,745</u>	<u>4,385,261</u>
<u>565,896</u>	<u>14,240,898</u>

Warren County

Warren County

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

June 30, 2004

Total governmental fund balances (page 19) \$ 4,385,261

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 funds. The cost of assets is \$43,144,964 and the accumulated depreciation is \$13,462,695. 29,682,269

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 214,384

The Internal Service Fund is used by management to charge the costs of fuel to individual funds and other entities. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

Capital assets of \$87,880 less accumulated depreciation of \$51,361	\$ 36,519	
Other net assets	10,214	46,733

Long-term liabilities, including bonds payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (2,655,879)

Net assets of governmental activities (page 16) \$ 31,672,768

See notes to financial statements.

Warren County

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

Year ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,651,768	871,219	1,736,318	-
Interest and penalty on property tax	116,564	-	-	-
Intergovernmental	1,510,354	1,452,636	84,938	3,436,018
Licenses and permits	88,655	-	-	775
Charges for service	1,021,674	-	-	-
Use of money and property	109,998	-	-	-
Miscellaneous	323,691	8,830	3,604	185,534
Total revenues	<u>7,822,704</u>	<u>2,332,685</u>	<u>1,824,860</u>	<u>3,622,327</u>
Expenditures:				
Operating:				
Public safety and legal services	3,198,521	-	-	-
Physical health and social services	1,745,733	-	-	-
Mental health	-	2,275,267	-	-
County environment and education	526,177	-	176,840	-
Roads and transportation	-	-	208,019	4,314,182
Governmental services to residents	507,592	-	1,559	-
Administration	1,759,019	-	-	-
Debt service	-	-	-	-
Capital projects	51,324	-	422	1,350,805
Total expenditures	<u>7,788,366</u>	<u>2,275,267</u>	<u>386,840</u>	<u>5,664,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,338</u>	<u>57,418</u>	<u>1,438,020</u>	<u>(2,042,660)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	6,875
Operating transfers in	109,174	-	-	1,627,472
Operating transfers out	(158,772)	-	(1,468,700)	-
Total other financing sources (uses)	<u>(49,598)</u>	<u>-</u>	<u>(1,468,700)</u>	<u>1,634,347</u>
Net change in fund balances	(15,260)	57,418	(30,680)	(408,313)
Fund balances beginning of year	<u>2,454,790</u>	<u>552,223</u>	<u>366,931</u>	<u>1,261,407</u>
Fund balances end of year	<u>\$ 2,439,530</u>	<u>609,641</u>	<u>336,251</u>	<u>853,094</u>

See notes to financial statements.

Nonmajor	Total
363,421	7,622,726
-	116,564
36,999	6,520,945
-	89,430
37,961	1,059,635
3,018	113,016
-	521,659
441,399	16,043,975
-	3,198,521
-	1,745,733
-	2,275,267
-	703,017
-	4,522,201
4,964	514,115
-	1,759,019
437,248	437,248
15,562	1,418,113
457,774	16,573,234
(16,375)	(529,259)
-	6,875
-	1,736,646
(109,174)	(1,736,646)
(109,174)	6,875
(125,549)	(522,384)
272,294	4,907,645
146,745	4,385,261

Warren County

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

Year ended June 30, 2004

Net change in fund balances - Total governmental funds (page 23) \$ (522,384)

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

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

Expenditures for capital assets	\$ 1,826,471	
Capital assets contributed by the Iowa Department of Transportation	639,547	
Depreciation expense	<u>(1,567,470)</u>	898,548

In the Statement of Activities, the loss on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (51,496)

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	(36,361)	
Other	<u>35,027</u>	(1,334)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 320,000

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

Compensated absences	(9,253)	
Interest on long-term debt	<u>1,201</u>	(8,052)

The Internal Service Fund is used by management to charge the costs of fuel station services to individual departments and funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (5,574)

Change in net assets of governmental activities (page 17) \$ 629,708

See notes to financial statements.

Warren County
Statement of Net Assets
Proprietary Fund
June 30, 2004

	Internal Service - Fuel Station
Assets	
Accounts receivable	\$ 2,505
Due from other funds	12,741
Due from other governments	9,325
Inventories	19,797
Capital assets, net of accumulated depreciation of \$51,361	36,519
Total assets	80,887
Liabilities	
Accounts payable	21,767
Due to other funds	12,360
Due to other governments	27
Total Liabilities	34,154
Net Assets	
Invested in capital assets, net of related debt	36,519
Unrestricted	10,214
Total net assets	\$ 46,733

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2004

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 126,151
Reimbursements from other governments		150,942
Fuel and other tax refunds		20,557
Total operating revenues		<u>297,650</u>
Operating expenses:		
Fuel	\$ 256,355	
State fuel and other taxes	24,655	
Clerical	13,573	
Utilities	774	
Insurance	1,474	
Depreciation	6,393	
Operating loss		<u>303,224</u> (5,574)
Net assets beginning of year		<u>52,307</u>
Net assets end of year		<u>\$ 46,733</u>

See notes to financial statements.

Warren County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2004

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 123,128
Cash received from other governments	146,891
Cash received from other operating receipts	20,557
Cash paid for personal services	(13,573)
Cash paid to suppliers	(275,500)
Net cash provided by operating activities	1,503
Cash flows from noncapital financing activities:	
Deficit cash implicitly financed	(120)
Cash flows from capital and related financing activities	
Purchase of capital assets	(1,383)
Net increase in cash and cash equivalents	-
Cash and cash equivalents beginning of year	-
Cash and cash equivalents end of year	\$ -
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (5,574)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	6,393
(Increase) in accounts receivable	(1,045)
(Increase) in due from other funds	(3,023)
(Increase) in due from other governments	(3,006)
(Increase) in inventories	(5,161)
Increase in accounts payable	12,400
Increase in due to other funds	519
Net cash provided by operating activities	\$ 1,503

See notes to financial statements.

Warren County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,484,667
Other County officials	60,613
Receivables:	
Property tax:	
Delinquent	246,414
Succeeding year	31,922,000
Accounts	143,684
Special assessments	573,000
Due from other governments	150,680
Total assets	<u>34,581,058</u>

Liabilities

Accounts payable	43,640
Salaries and benefits payable	27,043
Due to other governments	34,428,288
Trusts payable	82,087
Total liabilities	<u>34,581,058</u>

Net assets \$ -

See notes to financial statements.

Warren County

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

Warren County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, Warren County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Warren County has no component units which meet the Governmental Accounting Standards Board criteria.

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

The County also participates in the Wastewater Reclamation Authority (WRA) (formerly the Des Moines Area Integrated Community Wastewater Facilities Project). The WRA, a joint venture, was developed as the result of an agreement between the City of Des Moines and surrounding municipalities.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission, Warren County Economic Development Corporation and Warren County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: The Housing Authority of Warren County, the Central Iowa Regional Transportation Planning Alliance, the Cooperative Reimbursement Agreement for Child Support Enforcement and Establishment and the Des Moines Area Metropolitan Planning Organization.

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. 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 and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements in one department exceeded the amount appropriated prior to re-appropriation.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa, Public Agency Investment Trust which are valued at an amortized cost of \$41,090 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Mental Health	\$ 120
	Secondary Roads	312
	Internal Service:	
	Fuel Station	38
Special Revenue:	Internal Service:	
Rural Services	Fuel Station	324
Secondary Roads	Fuel Station	11,998
	General	1,720
	Special Revenue:	
	Rural Services	17,495
County Recorder's Electronic Transaction Fee	General	92
Resource Enhancement and Protection	General	456
Debt Service	General	2,235
Internal Service:	General	4,341
Fuel Station	Special Revenue:	
	Rural Services	19
	Secondary Roads	8,381
Total		<u>\$ 47,531</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 109,174
Special Revenue:	General	158,772
Secondary Roads	Special Revenue:	
	Rural Services	1,468,700
Total		<u>\$ 1,736,646</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, 2004 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 881,471	5,782	-	887,253
Construction in progress	1,667,727	1,360,604	(1,667,727)	1,360,604
Total capital assets not being depreciated	2,549,198	1,366,386	(1,667,727)	2,247,857
Capital assets being depreciated:				
Buildings	7,369,369	74,487	-	7,443,856
Equipment and vehicles	4,879,959	483,794	(340,405)	5,023,348
Equipment – internal service	86,497	1,383	-	87,880
Infrastructure, road network	25,011,418	2,219,478	(178,024)	27,052,872
Infrastructure, other	1,377,031	-	-	1,377,031
Total capital assets being depreciated	38,724,274	2,779,142	(518,429)	40,984,987
Less accumulated depreciation for:				
Buildings	1,356,843	292,268	-	1,649,111
Equipment and vehicles	3,073,494	537,963	(296,327)	3,315,130
Equipment – internal service	44,968	6,393	-	51,361
Infrastructure, road network	7,829,619	691,338	(160,206)	8,360,751
Infrastructure, other	91,802	45,901	-	137,703
Total accumulated depreciation	12,396,726	1,573,863	(456,533)	13,514,056
Total capital assets being depreciated, net	26,327,548	1,205,279	(61,896)	27,470,931
Governmental activities capital assets, net	\$ 28,876,746	2,571,665	(1,729,623)	29,718,788

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 86,962
Physical health and social services	13,065
County environment and education	103,213
Roads and transportation	1,026,987
Governmental services to residents	3,000
Administration	334,243
Total depreciation expense - governmental activities, excluding Internal Service Funds	\$ 1,567,470
Depreciation expense charged to the Internal Service Fund	\$ 6,393

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 19,260
Special Revenue:		
Mental Health	Services	241,523
Secondary Roads	Services	186,773
		<u>428,296</u>
Total for governmental funds		<u>\$ 447,556</u>
Agency:		
County Assessor	Collections	\$ 591,037
Schools		22,284,921
Community Colleges		701,152
Corporations		8,432,735
Townships		414,644
Auto License and Use Tax		789,280
All other		1,214,519
Total for agency funds		<u>\$ 34,428,288</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	General Obligation Bonds	Compen- sated Absences	Total
Balance beginning of year	\$ 2,585,000	373,081	2,958,081
Increases	-	432,567	432,567
Decreases	320,000	423,314	743,314
Balance end of year	<u>\$ 2,265,000</u>	<u>382,334</u>	<u>2,647,334</u>
Due within one year	<u>\$ 335,000</u>	<u>255,599</u>	<u>590,599</u>

General Obligation Bonds

A summary of the County's June 30, 2004 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2005	4.50%	\$ 335,000	102,547	437,547
2006	4.50	350,000	87,473	437,473
2007	4.50	370,000	71,722	441,722
2008	4.50	385,000	55,073	440,073
2009	4.55	405,000	37,748	442,748
2010	4.60	420,000	19,320	439,320
Total		\$ 2,265,000	373,883	2,638,883

During the year ended June 30, 2004, the County retired \$320,000 of bonds.

(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.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$379,573, \$371,788 and \$364,865, respectively, equal to the required contributions for each year.

(9) Risk Management

Warren County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from 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 and inland marine. 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, 2004 were \$145,979.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also 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, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, 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 property, workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Joint Ventures

Joint Vehicle Fueling Facility

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

Wastewater Reclamation Authority

The County is a member of the Wastewater Reclamation Authority (WRA), a joint venture established in accordance with the provisions of Chapter 28E of the Code of Iowa for the purpose of planning, constructing, operating and managing sewer-related facilities in order to solve members’ waste water problems. Pursuant to the joint venture agreement, the City of Des Moines is the operating agency and, as such, provides the management and each member participates in governing the joint venture.

Each WRA member participates at varying percentages in each project phase based on the member’s respective benefit. The County’s interest at June 30, 2004 is approximately 1.42 percent. More than 60 percent of the total program cost of \$225,000,000 was funded by state and federal grants. The County’s share of the project has been funded through a combination of general obligation bonds, sewer revenue bonds and several financing agreements with the WRA based on specific construction phases of the project.

Through a separate Chapter 28E agreement, the County’s participating share in the WRA was transferred in its entirety to the Greenfield Plaza Hills of Coventry Sanitary Sewer District and the Lakewood Benefited Sanitary Sewer District (City of Norwalk), giving these Districts a .60 percent and .82 percent share, respectively.

The WRA system is operated on a cost reimbursement basis whereby participating communities share in the costs of operations as set forth in the WRA Agreements. Services are billed to the members (Greenfield Plaza Hills of Coventry Sanitary Sewer District and Lakewood Benefited Sanitary Sewer District (City of Norwalk)), and contract payments are made by the members directly to the WRA for operations and maintenance.

Selected information of the WRA as of and for the year ended June 30, 2004 is as follows:

Results of operations:		
Operating revenues	\$	9,134,149
Operating loss		(6,425,005)
Non-operating income		258,564
Capital contributions		70,788
Net loss		(6,095,653)
Financial position:		
Total assets		272,519,611
Total liabilities		7,447,216
Net assets		265,072,395

The financial statements for the Wastewater Reclamation Authority (WRA) can be obtained from the operating agency, the City of Des Moines.

(11) Construction Commitment

The County has entered into contracts totaling \$2,553,623 for bridge construction and roadway paving. As of June 30, 2004, costs of \$1,360,604 on the projects have been incurred. The balance remaining on the projects at June 30, 2004 (\$1,193,019) will be paid as work on the projects progresses.

(12) Jointly Governed Organization

Warren County participates in the Child Support Recovery Program, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2004:

Additions:		
Contributions from governmental units:		
Iowa Department of Human Services		\$ 673,677
Deductions:		
Salaries	\$ 487,186	
Benefits	183,572	
Office supplies	543	
Travel	479	
Office equipment	405	
Legal and court-related services	1,492	673,677
		<hr/>
Net		-
		<hr/>
Balance beginning of year		71,802
		<hr/>
Balance end of year		\$ 71,802
		<hr/> <hr/>

(13) Pending Litigation

The County is a defendant in a lawsuit seeking an unspecified amount of damages. The probability and amount of loss, if any, is undeterminable.

(14) Subsequent Events

In August 2004, the County entered into a line of credit for \$800,000 to pay for the cost of E911 equipment. The debt is to be repaid by E911 surcharge fees.

Required Supplementary Information

Warren County

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

Required Supplementary Information

Year ended June 30, 2004

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Property and other county tax	\$ 7,562,982	7,456,662	7,597,792	(34,810)
Interest and penalty on property tax	118,357	100,000	100,000	18,357
Intergovernmental	6,726,983	7,122,066	6,803,655	(76,672)
Licenses and permits	111,952	82,080	82,160	29,792
Charges for service	1,043,400	878,936	1,015,652	27,748
Use of money and property	114,042	231,800	89,705	24,337
Miscellaneous	539,542	471,568	522,518	17,024
Total receipts	16,217,258	16,343,112	16,211,482	5,776
Disbursements:				
Public safety and legal services	3,175,283	3,376,591	3,238,223	62,940
Physical health and social services	1,748,709	1,812,469	1,972,117	223,408
Mental health	2,275,680	2,695,275	2,545,117	269,437
County environment and education	708,941	752,264	737,903	28,962
Roads and transportation	4,490,417	4,762,700	4,564,200	73,783
Governmental services to residents	506,039	536,129	529,603	23,564
Administration	1,767,175	1,825,051	1,860,331	93,156
Debt service	437,247	522,460	437,248	1
Capital projects	1,234,472	1,183,650	1,423,545	189,073
Total disbursements	16,343,963	17,466,589	17,308,287	964,324
Deficiency of receipts under disbursements	(126,705)	(1,123,477)	(1,096,805)	970,100
Other financing sources, net	1,505	10,000	13,500	(11,995)
Excess of receipts and other financing sources over disbursements and other financing uses	(125,200)	(1,113,477)	(1,083,305)	958,105
Balance beginning of year	4,658,262	3,770,440	3,770,440	887,822
Balance end of year	\$ 4,533,062	2,656,963	2,687,135	1,845,927

See accompanying independent auditor's report.

Warren County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,217,258	(173,283)	16,043,975
Expenditures	16,343,963	229,271	16,573,234
Net	(126,705)	(402,554)	(529,259)
Other financing sources, net	1,505	5,370	6,875
Beginning fund balances	4,658,262	249,383	4,907,645
Ending fund balances	\$ 4,533,062	(147,801)	4,385,261

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments decreased budgeted disbursements by \$158,302. 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, 2004, disbursements in one department exceeded the amount appropriated prior to re-appropriation.

Other Supplementary Information

Warren County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2004

	Special Revenue		
	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee
Assets			
Cash and pooled investments	\$ 34,835	56,375	22,689
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Due from other funds	-	456	92
Due from other governments	-	-	-
	Total assets	56,831	22,781
	\$ 34,835	56,831	22,781
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 29	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	29	-	-
Fund equity:			
Fund balances:			
Reserved for debt service	-	-	-
Unreserved	34,806	56,831	22,781
Total fund equity	34,806	56,831	22,781
	Total liabilities and fund equity	56,831	22,781
	\$ 34,835	56,831	22,781

See accompanying independent auditor's report.

Debt Service	Total
27,486	141,385
3,507	3,507
418,000	418,000
2,235	2,783
221	221
<u>451,449</u>	<u>565,896</u>
-	29
418,000	418,000
1,122	1,122
<u>419,122</u>	<u>419,151</u>
32,327	32,327
-	114,418
<u>32,327</u>	<u>146,745</u>
<u>451,449</u>	<u>565,896</u>

Warren County

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

Year ended June 30, 2004

	Special Revenue		
	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee
Revenues:			
Property and other county tax	-	-	-
Intergovernmental	\$ -	16,438	-
Charges for service	15,272	-	22,689
Use of money and property	235	456	92
Total revenues	15,507	16,894	22,781
Expenditures:			
Operating:			
Governmental services to residents	4,964	-	-
Debt service	-	-	-
Capital projects	-	12,262	-
Total expenditures	4,964	12,262	-
Excess (deficiency) of revenues over (under) expenditures	10,543	4,632	22,781
Other financing uses:			
Operating transfers out	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	10,543	4,632	22,781
Fund balances beginning of year	24,263	52,199	-
Fund balances end of year	\$ 34,806	56,831	22,781

See accompanying independent auditor's report.

Debt Service	Capital Projects	Total
363,421	-	363,421
17,261	3,300	36,999
-	-	37,961
2,235	-	3,018
<u>382,917</u>	<u>3,300</u>	<u>441,399</u>
-	-	4,964
437,248	-	437,248
-	3,300	15,562
<u>437,248</u>	<u>3,300</u>	<u>457,774</u>
(54,331)	-	(16,375)
-	(109,174)	(109,174)
(54,331)	(109,174)	(125,549)
<u>86,658</u>	<u>109,174</u>	<u>272,294</u>
<u><u>32,327</u></u>	<u>-</u>	<u><u>146,745</u></u>

Warren County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	979	155,968	235,564
Other county officials	60,613	-	-	-
Receivables:				
Property tax:				
Delinquent	-	855	3,622	202,507
Succeeding year	-	86,000	440,000	21,835,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	47	238	11,850
Total assets	\$ 60,613	87,881	599,828	22,284,921
Liabilities				
Accounts payable	\$ -	-	844	-
Salaries and benefits payable	-	-	7,947	-
Due to other governments	33,003	87,881	591,037	22,284,921
Trusts payable	27,610	-	-	-
Total liabilities	\$ 60,613	87,881	599,828	22,284,921

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
7,355	69,705	5,047	789,280	220,769	1,484,667
-	-	-	-	-	60,613
6,426	24,976	7,437	-	591	246,414
687,000	8,334,000	402,000	-	138,000	31,922,000
-	-	-	-	143,684	143,684
-	-	-	-	573,000	573,000
371	4,054	160	-	133,960	150,680
701,152	8,432,735	414,644	789,280	1,210,004	34,581,058
-	-	-	-	42,796	43,640
-	-	-	-	19,096	27,043
701,152	8,432,735	414,644	789,280	1,093,635	34,428,288
-	-	-	-	54,477	82,087
701,152	8,432,735	414,644	789,280	1,210,004	34,581,058

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

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 57,751	87,899	547,708	21,795,376
Additions:				
Property and other county tax	-	86,443	439,657	21,890,072
E911 surcharge	-	-	-	-
State tax credits	-	4,146	17,553	1,016,925
Office fees and collections	948,794	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	720,919	-	-	-
Miscellaneous	-	46	4,313	11,850
Total additions	1,669,713	90,635	461,523	22,918,847
Deductions:				
Agency remittances:				
To other funds	613,527	-	-	-
To other governments	263,833	90,653	409,403	22,429,302
Trusts paid out	789,491	-	-	-
Total deductions	1,666,851	90,653	409,403	22,429,302
Balances end of year	\$ 60,613	87,881	599,828	22,284,921

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
661,057	7,667,136	411,382	764,627	1,461,733	33,454,669
688,750	8,277,380	406,819	-	141,157	31,930,278
-	-	-	-	372,005	372,005
31,139	321,160	19,311	-	7,808	1,418,042
-	-	-	-	673,676	1,622,470
-	-	-	9,659,435	-	9,659,435
-	-	-	-	43,560	43,560
-	-	-	-	562,988	1,283,907
371	4,054	160	-	451,864	472,658
720,260	8,602,594	426,290	9,659,435	2,253,058	46,802,355
-	-	-	349,773	-	963,300
680,165	7,836,995	423,028	9,285,009	1,948,302	43,366,690
-	-	-	-	556,485	1,345,976
680,165	7,836,995	423,028	9,634,782	2,504,787	45,675,966
701,152	8,432,735	414,644	789,280	1,210,004	34,581,058

Schedule 5

Warren County

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

For the Last Five Years

	Modified Accrual Basis				
	2004	2003	2002	2001	2000
Revenues:					
Property and other county tax	\$ 7,622,726	7,349,911	6,928,811	6,691,491	6,751,879
Interest and penalty on property tax	116,564	108,385	113,333	105,104	96,392
Intergovernmental	6,520,945	6,613,117	6,994,414	6,316,292	6,722,733
Licenses and permits	89,430	82,103	88,101	73,116	76,277
Charges for service	1,059,635	1,016,699	992,117	895,048	864,602
Use of money and property	113,016	166,901	283,568	515,158	514,812
Miscellaneous	521,659	535,449	359,014	554,778	269,277
Total	\$ 16,043,975	15,872,565	15,759,358	15,150,987	15,295,972
Expenditures:					
Operating:					
Public safety and legal services	\$ 3,198,521	3,096,633	3,130,057	2,619,902	2,505,636
Physical health and social services	1,745,733	1,638,876	1,717,513	1,621,645	1,465,731
Mental health	2,275,267	2,338,950	2,503,407	2,408,904	2,253,426
County environment and education	703,017	637,735	701,880	737,095	656,531
Roads and transportation	4,522,201	4,434,541	4,469,042	3,970,136	4,061,271
Governmental services to residents	514,115	504,071	508,399	534,893	454,228
Administration	1,759,019	1,699,790	1,576,445	1,536,685	1,494,406
Debt service	437,248	519,787	521,130	521,785	568,880
Capital projects	1,418,113	965,699	1,576,974	1,337,019	2,069,471
Total	\$ 16,573,234	15,836,082	16,704,847	15,288,064	15,529,580

See accompanying independent auditor's report.

Warren County

Schedule 6

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Marion County Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		<u>16,152</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>10,721</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	02-WS-108	<u>3,300</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Criminal and Juvenile Justice Planning:			
Juvenile Accountability Incentive Block Grants	16.523	40-JD02-F03	<u>56,122</u>
Juvenile Justice and Delinquency Prevention - Allocation to the States	16.540	40-JD02-F03	<u>4,087</u>
Enforcing Underage Drinking Laws Program	16.727	40-JD02-F03	<u>7,276</u>
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-04	<u>25,000</u>
Violence Against Women Formula Grants	16.588	VW-04-7148	<u>31,020</u>
Governor's Office on Drug Control Policy:			
Polk County Sheriff:			
Byrne Formula Grant Program	16.579		<u>86,898</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO91(48)--8J-91	<u>211,962</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 04-04, Task 40	<u>14,538</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 04-163, Task 68	<u>7,432</u>

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Environmental Protection Agency:			
Iowa Department of Public Health:			
Linn County Health Department:			
State Indoor Radon Grants	66.032	5889RC02	<u>2,508</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health and Social Services Emergency Fund	93.003	5884EM85	<u>8,070</u>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5883BT93	26,160
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5883BT189	1,222
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5884BT01	28,804
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5883EHC12	<u>10,399</u>
			<u>66,585</u>
Clarke County Public Health:			
Immunization Grants	93.268		<u>6,814</u>
Marion County Public Health:			
Maternal and Child Health Services Block			
Grant to the States	93.994		<u>4,548</u>
Iowa Department of Elder Affairs:			
Aging Resource of Central Iowa:			
Special Programs for the Aging - Title III,			
Part D - Disease Prevention and Health			
Promotion Services	93.043		<u>4,000</u>
Special Programs for the Aging - Title III,			
Part B - Grants for Supportive Services and			
Senior Centers	93.044		<u>10,000</u>
Special Programs for the Aging - Title III,			
Part C - Nutrition Services	93.045		<u>62,016</u>
Nutrition Services Incentive Program			
(Commodities)	93.053		42,981
Nutrition Services Incentive Program (Cash)	93.053		<u>19,278</u>
			<u>62,259</u>

Schedule 6

Warren County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2004

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		13,875
Refugee and Entrant Assistance - State Administered Programs	93.566		48
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		2,520
Foster Care - Title IV-E	93.658		6,290
Adoption Assistance	93.659		1,688
Social Services Block Grant	93.667		100,158
Social Services Block Grant	93.667		9,126
			109,284
Medical Assistance Program	93.778		13,912
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		23,772
Total			<u>\$ 872,697</u>

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

See accompanying independent auditor's report.



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Warren County:

We have audited the financial statements of Warren County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance 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, 2004 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. Prior year statutory comments have been resolved except for items IV-B-04, IV-G-04, IV-J-04 and IV-N-04.

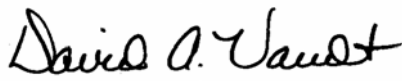
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Warren County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

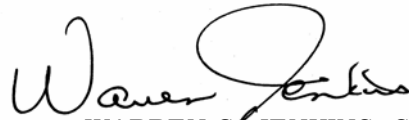
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-04 is a material weakness. Prior year reportable conditions have been resolved except for items II-A-04, II-B-04, II-C-04 and II-F-04.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 1, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Warren County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Warren County:

Compliance

We have audited the compliance of Warren County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Warren County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, 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 provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren County's compliance with those requirements.

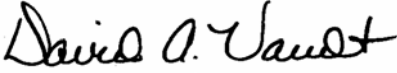
In our opinion, Warren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.


Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 1, 2004

Warren County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services
 - CFDA Number 93.053 – Nutrition Services Incentive
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Warren County did not qualify as a low-risk auditee.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part II: Findings Related to the Financial Statements:

II-A-04 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:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing and posting.	Sheriff
(2) Bank reconciliation is not prepared by someone who does not sign checks, handle or record cash.	Recorder
(3) Bank reconciliations should be reviewed periodically by an independent person for propriety and evidenced with a signature.	Sheriff, Recorder

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.

Responses:

County Recorder – All employees in the office handle and record cash so we will make arrangements for someone outside the recorder's office to review the bank reconciliations and sign.

County Sheriff – We have started a third employee issuing receipts. We try to segregate duties the best we can. We started keeping track of mailed receipts and will retain that documentation. We will try to have another department perform an independent review of our bank reconciliations.

Conclusion – Responses accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- II-B-04 County Sheriff – Book balances were not reconciled to bank account balances and trust account listings.

Receipts from the State of Iowa are not always deposited timely.

Separate bank accounts were maintained for the collections and expenditures of the D.A.R.E. program.

Recommendation – Book balances should be reconciled at the end of each month to bank account balances. Also, a list of trusts on hand should be prepared and reconciled to this balance monthly.

Receipts should be deposited timely.

All collections for the D.A.R.E. program should be remitted to the County Treasurer and all expenditures should be reflected in the County's accounting system, annual budget and financial reports.

Response – We will continue to work toward balancing our book and bank balances. We have started depositing the State of Iowa receipts more timely with the County Treasurer. D.A.R.E. funds may be eliminated due to lack of funding. We will retain these funds until they are eliminated.

Conclusion – Response accepted, except that D.A.R.E. funds currently on hand should be remitted to the County Treasurer for expenditure in the same manner as all other County disbursements.

- II-C-04 Fuel Station Deficit Balance – The Internal Service, Fuel Station Fund had a deficit cash balance at June 30, 2004.

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

Response – I will contact the other entities, but the last time we asked for more money, they refused.

Conclusion – Response acknowledged.

- II-D-04 Inventory – Inventory records did not include all consumable items. Also, the process used to value inventory did not use actual cost. This issue was resolved for audit purposes.

Recommendation – Inventory should include all items on hand and should be valued at cost.

Response – We will try to be more thorough with inventory. We need to better decide how to manage signs since they are not stored in an area that allows us to determine whether they are new, refaced or used.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

II-E-04 Zoning – A restrictive endorsement was not placed on checks when received. Receipts were not deposited with the County Treasurer timely. No review of receipts to deposit with the County Treasurer was performed.

Recommendation – A restrictive endorsement (for deposit only) should be placed on checks when received to provide protection in case of theft or loss. Collections should be remitted to the County Treasurer timely. Also, to improve financial accountability, the deposit with the County Treasurer should be reconciled to zoning receipts by a person independent of the individual preparing the deposit and recording receipts.

Response – I will check with the Treasurer to see if we can get an endorsement stamp. We will deposit twice a month. I will review all deposits.

Conclusion – Response accepted.

II-F-04 Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- requiring user profiles to help limit access to programs to those who have a legitimate need.
- requiring time out/log off functions or screen saver passwords to be used when computers are left unattended for extended periods of time.
- requiring terminals to be logged off when left unattended for extended periods of time.
- requiring critical files on workstations located on the local area networks to be regularly backed up.

Also, policies for password privacy and confidentiality are not being followed.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. Also, policies established for password security should be enforced.

Response – The IT department will make appropriate policy/procedure changes to correct deficiencies noted above. Where compliance issues exist, IT department will continue training and encourage department heads to enforce compliance.

Conclusion – Response accepted.

Warren County
Schedule of Findings and Questioned Costs
Year ended June 30, 2004

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over major programs were identified.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-04 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004, except as follows:

Office	Depository	Maximum Authorized Deposit
County Treasurer	Peoples Saving Bank	\$20,000,000

Recommendation – A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board.

Response – The depository amount will be increased to \$25,000,000 on September 28, 2004.

Conclusion – Response accepted.

IV-B-04 Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.

Although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements exceeded the appropriations prior to approval.

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 – Departmental appropriations will be monitored more closely and will be amended before appropriations are exceeded.

Conclusion – Response accepted.

IV-C-04 Questionable Expenditures – No expenditures that 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-D-04 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-E-04 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Mary Taylor, Secretary to County Attorney, husband is part owner of Copy Plus	Supplies for various County departments Supplies – Attorney’s office	\$7,597 690
Rebecca Curtiss, Public Health Services Director, spouse	CPR training	400
Tom George, Secondary Roads employee, brother is owner of Jim George Excavating	Rock hauling, per bid	301,374

Recommendation – The transactions with Jim George Excavating and the spouse of Rebecca Curtiss do not appear to represent conflicts of interest since they were entered into through competitive bidding or, in accordance with Chapter 331.342(10) of the Code of Iowa, total transactions with the individual were less than \$1,500 during the fiscal year.

The transactions with Mary Taylor do not appear to represent a conflict of interest since the amount for which she is directly involved in the procurement would be for the County Attorney’s portion, which is less than \$1,500.

IV-F-04 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-G-04 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of Board proceedings were published, they were not always published within the time period specified by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure all Board proceedings are published as required.

Response – We have started sending the minutes to the newspaper prior to formal board approval so that the minutes can be submitted within the 7 day requirement.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

- IV-H-04 Deposits and Investments – Except as noted in item IV-A-04 above, 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-I-04 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-J-04 Economic Development The County paid \$100,000 to the Warren County Economic Development Corporation which may not be an appropriate expenditure of public funds. The Board obtains documentation of how the funds are used to accomplish economic development activities. However, the Board does not evaluate and document the public purpose of these expenditures.

According to an Attorney General’s opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses specific criteria to be considered in documenting the public purpose.

Recommendation – The Board should evaluate and document the public purpose served by the expenditure before authorizing further payments.

Response – The Board will adopt a resolution documenting the public purpose for economic development payments before any future payments are made.

Conclusion – Response accepted.

- IV-K-04 Apportionment of Tax – Property tax in a tax increment financing district was properly collected from taxpayers. However, the tax was incorrectly apportioned to the various taxing entities since the base and increment amounts were incorrect.

Recommendation – Chapter 403.19 of the Code of Iowa provides for the division of property taxes within a tax increment financing district. The County should properly identify the base and increments on individual parcels and correctly apportion taxes to the proper taxing entities.

Response – The TIF information and calculations done by the Auditors Office has been in an on ongoing process to be corrected due to previous inconsistencies. Over the past 18 months to 2 years the information has been reviewed and corrected, as problems have been uncovered.

This latest incidence is a Norwalk TIF that had been established and amended 5 times. I will be working with the County Auditors Office to identify the problem and make any necessary corrections.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2004

IV-L-04 County Sheriff Reports – The Sheriff did not file a quarterly report of fees collected with the Board of Supervisors as required by Chapter 331.655(3) of the Code of Iowa. Also, the Sheriff did not file a report of condemnation funds with the Board of Supervisors and County Treasurer as required by Chapter 331.656(2) of the Code of Iowa.

Recommendation – The required reports should be completed and filed with the Board of Supervisors.

Response – Reports were given to the County Auditor’s office. We will also file with the Board of Supervisors directly.

Conclusion – Response accepted.

IV-M-04 Electronic Checks – The County Sheriff received electronic images of only the front side of canceled checks.

Recommendation – Chapter 554D.114(5) of the Code of Iowa states in part, “If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check.” The County Sheriff should request the required information be included.

Response – We will discuss this with our bank and obtain the proper documentation.

Conclusion – Response accepted.

IV-N-04 County Code of Ordinances – The County Code has not been recodified within the past five years.

Recommendation – Chapter 331.302(9) of the Code of Iowa states in part, “At least once every five years, the Board shall compile a code of ordinances containing all of the county ordinances in effect.” The County should review this for compliance.

Response – The County Attorney is reviewing the current code of ordinances and recommending changes. A recodification of county ordinances will be recommended by the County Attorney and adopted by the Board of Supervisors.

Conclusion – Response accepted.

IV-O-04 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.

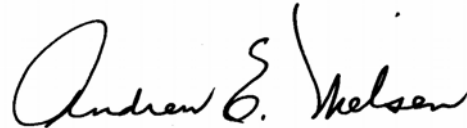
Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

Warren County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Katherine L. Rupp, CPA, Senior Auditor II
Jennifer Campbell, CPA, Staff Auditor
Nicole B. Tenges, Staff Auditor
Dustin S. Boxa, CPA, Assistant Auditor
Jennifer R. Edgar, Assistant Auditor
Jeffrey L. Lenhart, Assistant Auditor
Andrea M. Pothast, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State