



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 15, 2021

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$31,876,287 for the year ended June 30, 2020, a 3.5% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$28,150,444, a 4.0% increase over the prior year. The increase in revenues is due primarily to an increase to property tax revenues and local option sales tax. The increase in expenses is due primarily to additional road projects.

AUDIT FINDINGS:

Sand reported thirteen findings related to the receipt and expenditure of taxpayer funds and three findings related to the Friends of Warren County Conservation (Friends), a blended component unit. They are found on pages 82 through 92 of this report. The findings address issues such as lack of segregation of duties, bank reconciliations not consistently prepared by certain County offices and the blended component unit and disbursements exceeding budgeted amounts. Sand provided the County and the Friends with recommendations to address each of these findings.

Eleven of the thirteen findings discussed above for the County and three findings for the Friends are repeated from the prior year. The County Board of Supervisors, other elected officials and the Friend's management have a fiduciary responsibility to provide oversight of the County's and the Friend's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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WARREN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2020

Warren County



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Rob Sand
Auditor of State

March 9, 2021

Officials of Warren County
Indianola, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Warren County, Iowa, for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Warren County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	31
Notes to Financial Statements		32-55
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		58-59
Budget to GAAP Reconciliation		60
Notes to Required Supplementary Information – Budgetary Reporting		61
Schedule of the County's Proportionate Share of the Net Pension Liability		62-63
Schedule of County Contributions		64-65
Notes to Required Supplementary Information – Pension Liability		66
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes		67
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	70-71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	72-73
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	74-75
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	76-77
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	78-79

Table of Contents
(continued)

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	80-81
Schedule of Findings	82-92
Staff	93

Warren County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Doug Shull	Board of Supervisors	Jan 2021
Aaron DeKock	Board of Supervisors	Jan 2023
Crystal McIntyre	Board of Supervisors	Jan 2023
Traci Vander Linden	County Auditor	Jan 2021
Julie Daugherty	County Treasurer	Jan 2023
Polly Glascock	County Recorder	Jan 2023
Brian Vos	County Sheriff	Jan 2021
Douglas Eichholz	County Attorney	Jan 2023
Janet Bunce	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Warren County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Warren County as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 58 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

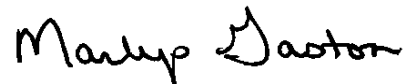
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2021 on our consideration of Warren County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Warren County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 9, 2021

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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3.5%, or approximately \$1,064,000, from fiscal year 2019 to fiscal year 2020. Property tax increased approximately \$1,559,000, local option sales tax increased approximately \$1,402,000, and capital grants, contributions and restricted interest decreased approximately \$1,664,000.
- Program expenses were 4.0%, or approximately \$1,084,000, more in fiscal year 2020 than in fiscal year 2019. Roads and transportation, interest on long-term debt, mental health, and county environment and education function expenses increased approximately \$838,000, \$326,000, \$184,000 and \$78,000, respectively, while administration expenses decreased approximately \$340,000.
- The County's net position increased 5.7%, or approximately \$3,725,000, over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 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) A proprietary fund accounts for the County's Internal Service, Fuel Station Fund. The Internal Service Fund is used for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

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

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Warren County's combined net position increased 5.7% over a year ago, increasing from approximately \$65.4 million to approximately \$69.2 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 66,266	37,987
Capital assets	73,267	62,207
Total assets	139,533	100,194
Deferred outflows of resources	1,931	2,166
Long-term liabilities	50,411	18,235
Other liabilities	1,827	1,538
Total liabilities	52,238	19,773
Deferred inflows of resources	20,074	17,160
Net position:		
Net investment in capital assets	62,785	59,496
Restricted	7,479	7,247
Unrestricted	(1,112)	(1,316)
Total net position	\$ 69,152	65,427

Net position of Warren County's governmental activities increased approximately \$3,725,000 over the fiscal year 2019 balance. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. This net position category increased approximately \$3,289,000 or 5.5%, over the prior year, primarily the result of construction on the new Justice Center and the purchase of emergency services communication equipment.

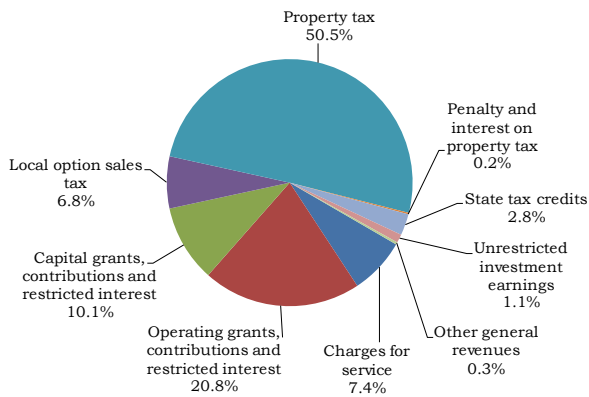
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$232,000, or 3.2%, over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit balance of approximately \$1,316,000 at June 30, 2019 to a deficit of approximately \$1,112,000 at the end of this year. This increase in unrestricted net position is primarily due to a decrease in the net pension and total OPEB liabilities and related changes to deferred inflows of resources and deferred outflows of resources pertaining to these liabilities.

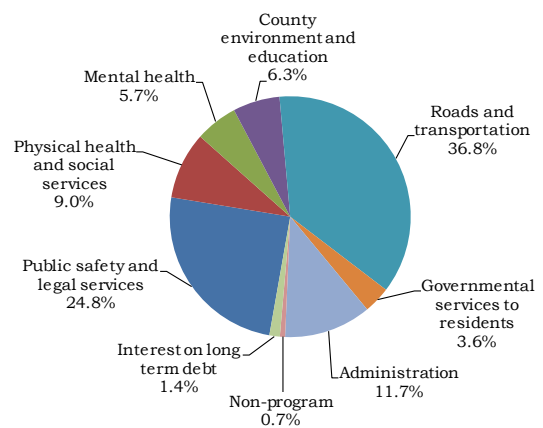
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 2,367	2,351
Operating grants, contributions and restricted interest	6,620	6,555
Capital grants, contributions and restricted interest	3,217	4,881
General revenues:		
Property tax	16,073	14,514
Penalty and interest on property tax	66	117
State tax credits	899	820
Local option sales tax	2,165	763
Unrestricted investment earnings	366	497
Other general revenues	103	314
Total revenues	31,876	30,812
Program expenses:		
Public safety and legal services	6,986	6,805
Physical health and social services	2,523	2,560
Mental health	1,609	1,425
County environment and education	1,781	1,703
Roads and transportation	10,349	9,511
Governmental services to residents	1,015	1,077
Administration	3,306	3,646
Non-program	190	273
Interest on long-term debt	392	66
Total expenses	28,151	27,066
Change in net position	3,725	3,746
Net position beginning of year	65,427	61,681
Net position end of year	\$ 69,152	65,427

Revenues by Source



Expenses by Program



Revenues for governmental activities increased approximately \$1,064,000 over the prior year. Property tax increased approximately \$1,559,000 due, in part, to a new debt service levy.

For fiscal year 2020, the countywide and rural taxable property valuations increased approximately \$117,190,000 and \$40,082,000, respectively. The countywide tax levy rate increased \$1.03635, from \$5.64089 to \$6.67724, per \$1,000 of taxable valuation, due primarily to a new debt service levy in fiscal year 2020 of 0.87867 per \$1,000 of taxable valuation. The rural levy decreased \$1.60342, from \$3.63342 to \$2.03000. In fiscal year 2021, the countywide and rural taxable property valuations increased approximately \$151,489,000 and \$64,037,000, respectively. The countywide tax levy rate is set to increase \$0.20260 per \$1,000 of taxable valuation while the rural levy is set to increase \$0.25000 per \$1,000 of taxable valuation. Total property tax revenue is budgeted to increase approximately \$1,980,000 next year

The cost of all governmental activities this year was approximately \$28.2 million compared to approximately \$27.1 million last year. The increase in expenses was due, in part, to additional road projects during the year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$15.9 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2.4 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9.8 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased from approximately \$13.7 million in fiscal year 2019 to approximately \$12.2 million in fiscal year 2020, principally due to a decrease in capital grants for roads and transportation. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$19.7 million of taxes and other revenues, such as local option sales tax and interest. Local option sales tax (LOST) increased from approximately \$800,000 in fiscal year 2019 to approximately \$2,200,000 in fiscal year 2020. Fiscal year 2020 is the first full year of collection of LOST.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$45,945,000, an increase of approximately \$26,269,000 above last year's total. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

The General Fund balance increased approximately \$844,000 over the prior year to approximately \$6,461,000. General Fund revenues increased approximately \$838,000, or 5.6% over the prior year, due principally to an increase in property tax. Expenditures increased approximately \$183,000, or 1.3% over the prior year.

The Special Revenue, Mental Health Fund balance at year end decreased approximately \$469,000 from the prior year. Mental Health Fund revenues remained fairly constant while expenditures increased approximately \$183,000. During fiscal year 2020, the County paid approximately \$162,000 more to the region fiscal agent.

The Special Revenue, Rural Services Fund balance increased approximately \$532,000 over fiscal year 2019. Property and other county tax revenue decreased approximately \$1,367,000, or 42.1%, due to a decrease in the rural levy of \$1.60342, from \$3.63342 to \$2.03000 per \$1,000 of taxable valuation. This was offset by an increase in local option sales tax of \$1,402,000. The increase in local option sales tax is due to fiscal year 2020 being the first full year the County received local option sales tax revenue. Expenditures increased approximately \$73,000 over the prior year.

Special Revenue, Secondary Roads Fund revenues increased approximately \$948,000, or 17.8%, due in part to bridge replacement funds received from the Iowa Department of Transportation in fiscal year 2020. Secondary Roads Fund expenditures increased approximately \$174,000 over the prior year, due primarily to additional road projects during the year. These changes resulted in an increase in the Secondary Roads Fund balance of approximately \$410,000.

A Debt Service Fund was created in fiscal year 2020. For fiscal year 2020 the County implemented a debt service levy of 0.87867 per \$1,000 of taxable valuation to pay the principal and interest associated with the general obligation capital loan notes.

The Capital Projects Fund balance increased approximately \$25,205,000 over the prior year. During the year ended June 30, 2020, the County issued \$29,480,000 of general obligation capital loan notes to help finance the construction of the new law enforcement center (Justice Center) and emergency services communication equipment. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this major project. Approximately \$32.3 million of bond proceeds remained in the Capital Projects Fund at the end of the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget three times. The amendments were made in March, and two in May. The amendments were made to provide for additional disbursements in County departments.

The County's receipts were \$176,640 more budgeted. The most significant variances resulted from the County receiving \$125,635 more in miscellaneous receipts and \$283,618 more in property and other county tax than budgeted.

Total disbursements were \$20,908,413 less than the final amended budget. Actual disbursements for the administration, physical health, roads and transportation, and capital projects were \$284,743, \$476,386, \$757,978 and \$19,097,098, respectively less than budgeted. The difference in capital projects is due to construction of the Justice Center and the 911 communication project not proceeding as planned. The two projects are still active.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, Warren County had approximately \$73.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$11,050,000, or 17.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 2,607	2,586
Construction in progress	15,731	9,516
Intangibles	371	371
Buildings and improvements	3,533	3,732
Equipment and vehicles	3,720	3,392
Infrastructure	47,295	42,610
Total	\$ 73,257	62,207
This year's major additions included (in thousands):		
Construction in progress - Justice Center	\$	3,152
Construction in progress - roads		6,464
Conservation Lodge		165
Total	\$	9,781

The County had depreciation expense of \$2,764,840 in fiscal year 2020 and total accumulated depreciation of \$37,014,008 at June 30, 2020.

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

Long-Term Debt

At June 30, 2020, Warren County had \$42,802,798 of general obligation capital loan notes and other long-term debt outstanding compared to \$9,861,213 at June 30, 2019, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2020	2019
General obligation notes	\$ -	24,442
General obligation capital loan	42,557,630	9,500,000
Installment purchase contract	133,168	196,771
Rural development loan agreement	112,000	140,000
Total	\$ 42,802,798	9,861,213

Debt increased as a result of issuing general obligation capital loan notes for the Justice Center and emergency services communication equipment.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Warren County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$206 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Warren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 6.9% versus 2.4% a year ago. This compares with the State's unemployment rate of 8% and the national rate of 11%.

Inflation in the State was comparable to the national Consumer Price Index at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 0.4% for fiscal year 2020 compared with the national rate of 0.6% increase.

These indicators were taken into account when adopting the budget for fiscal year 2021. Revenues available for appropriation in the operating budget are approximately \$30.5 million, an increase of approximately \$1,900,000 over the final fiscal year 2020 budget, primarily due to an increase in property and other county tax. Budgeted disbursements are expected to increase approximately \$17,000,000 over the final fiscal year 2020 actual, primarily in the capital projects function related to the construction of the Justice Center. The County has added no major new programs or initiatives to the fiscal year 2021 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$6,742,000, or 38.3%, by the close of fiscal year 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Warren County

Basic Financial Statements

Warren County
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 45,506,169
Receivables:	
Property tax:	
Delinquent	116,417
Succeeding year	18,099,000
Interest and penalty on property tax	102,574
Accounts	109,821
Accrued interest	92,125
Due from other governments	1,710,890
Inventories	539,636
Capital assets not being depreciated	18,708,610
Capital assets net of accumulated depreciation/amortization	54,548,362
Total assets	139,533,604
Deferred Outflows of Resources	
Pension related deferred outflows	1,889,054
OPEB related deferred outflows	42,441
Total deferred outflows of resources	1,931,495
Liabilities	
Accounts payable	1,126,811
Accrued interest payable	94,147
Salaries and benefits payable	489,388
Due to other governments	116,416
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan	1,123,000
Installment purchase agreement	65,570
Rural development loan agreement	28,000
Compensated absences	579,717
Portion due or payable after one year:	
General obligation capital loan	41,434,630
Installment purchase agreement	67,598
Rural development loan agreement	84,000
Compensated absences	397,783
Net pension liability	5,545,490
Total OPEB liability	1,085,912
Total liabilities	52,238,462
Deferred Inflows of Resources	
Unavailable property tax revenue	18,099,000
Pension related deferred inflows	1,435,852
OPEB related deferred inflows	539,335
Total deferred inflows of resources	20,074,187
Net Position	
Net investment in capital assets	62,785,236
Restricted for:	
Supplemental levy purposes	461,777
Mental health purposes	157,784
Rural services purposes	2,405,621
Secondary roads purposes	3,849,772
Other purposes	604,550
Unrestricted	(1,112,290)
Total net position	\$ 69,152,450

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 6,985,933	497,180	234,445	-	(6,254,308)
Physical health and social services	2,523,317	183,397	1,155,050	-	(1,184,870)
Mental health	1,608,607	10,499	-	-	(1,598,108)
County environment and education	1,781,319	108,047	137,814	-	(1,535,458)
Roads and transportation	10,348,862	46,479	5,092,822	3,048,432	(2,161,129)
Governmental services to residents	1,015,417	1,250,373	173	-	235,129
Administration	3,305,621	93,019	-	-	(3,212,602)
Non-program	189,804	177,970	-	-	(11,834)
Interest and fees on long-term debt	391,564	-	-	168,233	(223,331)
Total	<u>\$ 28,150,444</u>	<u>2,366,964</u>	<u>6,620,304</u>	<u>3,216,665</u>	<u>(15,946,511)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					14,155,472
Debt service					1,917,461
Penalty and interest on property tax					66,124
State tax credits					899,486
Local option sales tax					2,164,907
Unrestricted investment earnings					366,304
Miscellaneous					102,600
Total general revenues					<u>19,672,354</u>
Change in net position					3,725,843
Net position beginning of year					<u>65,426,607</u>
Net position end of year					<u>\$ 69,152,450</u>
See notes to financial statements.					

Warren County
Balance Sheet
Governmental Funds

June 30, 2020

	General	Special	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 6,505,659	182,521	2,162,620
Receivables:			
Property tax:			
Delinquent	78,474	7,461	16,688
Succeeding year	11,798,000	1,266,000	2,250,000
Interest and penalty on property tax	102,574	-	-
Accounts	104,661	-	1,600
Accrued interest	92,125	-	-
Due from other funds	179,312	-	-
Due from other governments	197,090	-	311,266
Inventories	-	-	-
Total assets	\$ 19,057,895	1,455,982	4,742,174
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 165,014	230	7,520
Salaries and benefits payable	342,052	10,728	30,742
Due to other funds	3,747	-	-
Due to other governments	107,191	-	-
Total liabilities	618,004	10,958	38,262
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	11,798,000	1,266,000	2,250,000
Other	181,048	7,461	16,688
Total deferred inflows of resources	11,979,048	1,273,461	2,266,688
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	524,086	-	-
Mental health purposes	-	171,563	-
Rural services purposes	-	-	2,437,224
Secondary roads purposes	-	-	-
Conservation purposes	6,748	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Future jail expansion	588,243	-	-
Building reserve	620,167	-	-
Unassigned	4,721,599	-	-
Total fund balances	6,460,843	171,563	2,437,224
Total liabilities, deferred inflows of resources and fund balances	\$ 19,057,895	1,455,982	4,742,174

See notes to financial statements.

<u>Revenue</u>				
<u>Secondary</u>	<u>Debt</u>	<u>Capital</u>		
<u>Roads</u>	<u>Service</u>	<u>Projects</u>	<u>Nonmajor</u>	<u>Total</u>
2,748,609	-	33,009,388	\$ 597,590	45,206,387
-	13,794	-	-	116,417
-	2,785,000	-	-	18,099,000
-	-	-	-	102,574
3,320	-	-	240	109,821
-	-	-	-	92,125
-	-	-	-	179,312
1,194,381	-	-	-	1,702,737
527,997	-	-	-	527,997
<u>4,474,307</u>	<u>2,798,794</u>	<u>33,009,388</u>	<u>597,830</u>	<u>66,136,370</u>
223,140	-	678,326	28	1,074,258
105,866	-	-	-	489,388
10,728	179,312	-	-	193,787
9,198	-	-	-	116,389
<u>348,932</u>	<u>179,312</u>	<u>678,326</u>	<u>28</u>	<u>1,873,822</u>
-	2,785,000	-	-	18,099,000
-	13,794	-	-	218,991
-	<u>2,798,794</u>	-	-	<u>18,317,991</u>
527,997	-	-	-	527,997
-	-	-	-	524,086
-	-	-	-	171,563
-	-	-	-	2,437,224
3,597,378	-	-	-	3,597,378
-	-	-	514,688	521,436
-	-	32,331,062	-	32,331,062
-	-	-	83,114	83,114
-	-	-	-	588,243
-	-	-	-	620,167
-	(179,312)	-	-	4,542,287
<u>4,125,375</u>	<u>(179,312)</u>	<u>32,331,062</u>	<u>597,802</u>	<u>45,944,557</u>
<u>4,474,307</u>	<u>2,798,794</u>	<u>33,009,388</u>	<u>597,830</u>	<u>66,136,370</u>

Warren County

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

June 30, 2020

Total governmental fund balances (page 21) \$ 45,944,557

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$110,178,647 and the accumulated depreciation/amortization is \$36,921,675. 73,256,972

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 218,991

The Internal Service Fund is used by management to charge the costs of fuel station services to individual funds and other entities. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 281,469

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	1,931,495	
Deferred inflows of resources	<u>(1,975,187)</u>	(43,692)

Long-term liabilities, including general obligation capital loan notes payable, installment purchase agreement, rural development loan agreement payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (50,505,847)

Net position of governmental activities (page 18) \$ 69,152,450

See notes to financial statements.

Warren County

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

Year ended June 30, 2020

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 11,122,444	1,057,478	1,882,663
Local option sales tax	-	-	2,164,907
Interest and penalty on property tax	54,053	-	-
Intergovernmental	2,240,555	61,358	85,655
Licenses and permits	36,450	-	55,250
Charges for service	1,477,252	-	12,500
Use of money and property	401,829	-	-
Miscellaneous	352,076	10,499	37
Total revenues	<u>15,684,659</u>	<u>1,129,335</u>	<u>4,201,012</u>
Expenditures:			
Operating:			
Public safety and legal services	6,706,334	-	7,504
Physical health and social services	2,477,379	-	-
Mental health	-	1,598,828	-
County environment and education	1,220,550	-	351,117
Roads and transportation	-	-	423,682
Governmental services to residents	1,006,787	-	2,180
Administration	3,130,156	-	-
Debt service	53,969	-	-
Capital projects	192,472	-	-
Total expenditures	<u>14,787,647</u>	<u>1,598,828</u>	<u>784,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>897,012</u>	<u>(469,493)</u>	<u>3,416,529</u>
Other financing sources (uses):			
Sale of capital assets	3,744	-	-
General obligation capital loan notes issued	240,000	-	-
Premium on notes issued	-	-	-
Transfers in	-	-	-
Transfers out	(296,278)	-	(2,884,935)
Total other financing sources (uses)	<u>(52,534)</u>	<u>-</u>	<u>(2,884,935)</u>
Change in fund balances	844,478	(469,493)	531,594
Fund balances beginning of year	<u>5,616,365</u>	<u>641,056</u>	<u>1,905,630</u>
Fund balances end of year	<u>\$ 6,460,843</u>	<u>171,563</u>	<u>2,437,224</u>

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	1,917,461	-	-	15,980,046
-	-	-	-	2,164,907
-	-	-	-	54,053
6,223,155	107,116	-	18,034	8,735,873
37,435	-	-	-	129,135
-	-	-	23,261	1,513,013
1,440	6,561	161,672	879	572,381
9,856	-	-	117,249	489,717
6,271,886	2,031,138	161,672	159,423	29,639,125
-	-	-	1,091	6,714,929
-	-	-	-	2,477,379
-	-	-	-	1,598,828
-	-	-	227,434	1,799,101
7,986,463	-	-	-	8,410,145
-	-	-	4,514	1,013,481
-	-	-	-	3,130,156
69,689	2,210,450	-	-	2,334,108
987,127	-	9,481,250	-	10,660,849
9,043,279	2,210,450	9,481,250	233,039	38,138,976
(2,771,393)	(179,312)	(9,319,578)	(73,616)	(8,499,851)
-	-	-	-	3,744
-	-	29,480,000	-	29,720,000
-	-	5,044,874	-	5,044,874
3,181,213	-	-	-	3,181,213
-	-	-	-	(3,181,213)
3,181,213	-	34,524,874	-	34,768,618
409,820	(179,312)	25,205,296	(73,616)	26,268,767
3,715,555	-	7,125,766	671,418	19,675,790
4,125,375	(179,312)	32,331,062	597,802	45,944,557

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, 2020

Change in fund balances - Total governmental funds (page 25) \$ 26,268,767

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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 11,386,392	
Capital assets contributed by the Iowa Department of Transportation	2,442,962	
Depreciation/amortization expense	<u>(2,764,840)</u>	11,064,514

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (14,677)

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

Property tax	92,887	
Other	<u>(512,792)</u>	(419,905)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded payments as follows:

Issued	(34,764,874)	
Repaid	<u>1,823,289</u>	(32,941,585)

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 905,302

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

Compensated absences	31,541	
Pension expense	(1,068,308)	
OPEB expense	(74,135)	
Interest on long-term debt	<u>(37,007)</u>	(1,147,909)

The Internal Service Fund is used by management to charge the costs of fuel station services to individual funds and other entities. The change in net position of the Internal Service Fund is reported with governmental activities. 11,336

Change in net position of governmental activities (page 19) \$ 3,725,843

See notes to financial statements.

Warren County
 Statement of Net Position
 Proprietary Fund

June 30, 2020

	Internal Service - Fuel Station
Assets	
Cash and cash equivalents	\$ 299,782
Due from other funds	14,475
Due from other governments	8,153
Inventories	11,639
Total assets	<u>334,049</u>
Liabilities	
Accounts payable	52,553
Due to other governments	27
Total liabilities	<u>52,580</u>
Net Position	
Unrestricted	<u>281,469</u>
Total net position	<u>\$ 281,469</u>

See notes to financial statements.

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

Year ended June 30, 2020

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 314,104
Reimbursements from other governments		182,280
Fuel and other tax refunds		<u>31,825</u>
Total operating revenues		528,209
Operating expenses:		
Fuel	\$ 467,040	
State fuel and other taxes	42,218	
Utilities	625	
Insurance	2,272	
Repairs	4,588	
Tank fees	<u>130</u>	<u>516,873</u>
Operating income		11,336
Net position beginning of year		<u>270,133</u>
Net position end of year		<u>\$ 281,469</u>

See notes to financial statements.

Warren County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2020

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 333,283
Cash received from other governments	210,330
Cash received from other sources	31,825
Cash paid to suppliers	(459,415)
Net cash provided by operating activities	116,023
Cash and cash equivalents beginning of year	183,759
Cash and cash equivalents end of year	\$ 299,782
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 11,336
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Due from other funds	19,179
Due from other governments	28,050
Inventories	26,405
Accounts payable	31,053
Net cash provided by operating activities	\$ 116,023

See notes to financial statements.

Warren County

Warren County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,117,570
Other County officials	124,260
Receivables:	
Property tax:	
Delinquent	427,924
Succeeding year	74,254,000
Accounts	6,053
Special assessments	<u>746,495</u>
Total assets	<u>79,676,302</u>
Liabilities	
Accounts payable	6,330
Salaries and benefits payable	30,833
Due to other governments	79,346,477
Trusts payable	224,327
Compensated absences	<u>68,335</u>
Total liabilities	<u>79,676,302</u>
Net position	<u>\$ -</u>
See notes to financial statements.	

Warren County

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Warren County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Warren County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

Blended Component Unit – The following component unit is an entity which is legally separate from the County, but is so intertwined with the County it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate fund.

The Friends of Warren County Conservation has been incorporated under Chapter 504A of the Code of Iowa to solicit and accept gifts from persons or organizations for development and enhancement of environmental education and conservation projects within the scope of the jurisdiction of the Warren County Conservation Board. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Warren County Assessor’s Conference Board, Warren County Emergency Management Commission and Warren County Joint 911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

The County also participates in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA), a jointly governed organization established pursuant to Chapter 28E of the Iowa Code.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County’s nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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

Special Assessments Receivable – Special assessments receivable represent the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represents 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, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	5,000
Intangibles	100,000
Equipment and vehicles	5,000

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Warren County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the

amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Fuel Station Fund is designated for operation of the fuel station.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the debt service function prior to amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The County had deposits in credit unions at June 30, 2020 which were covered by letters of credit held by the County.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$30,073,951 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated for credit risk purpose.

At June 30, 2020 the Friends of Warren County Conservation (Friends) a blended component unit, had \$137,628 invested in mutual funds. The Friends use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 179,312
Internal Service:		
Fuel Station	General	3,747
	Special Revenue:	
	Secondary Roads	10,728
Total		<u>\$ 193,787</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, 2020 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 296,278
	Special Revenue:	
	Rural Services	2,884,935
Total		<u>\$ 3,181,213</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, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,585,512	21,000	-	2,606,512
Construction in progress	3,152,486	9,781,545	29,965	12,904,066
Construction in progress - Infrastructure	6,363,606	2,865,511	6,402,254	2,826,863
Intangibles	371,169	-	-	371,169
Total capital assets not being depreciated/amortized	12,472,773	12,668,056	6,432,219	18,708,610
Capital assets being depreciated/amortized:				
Buildings	6,666,686	-	-	6,666,686
Improvements other than buildings	881,997	113,139	83,174	911,962
Equipment and vehicles	10,288,826	1,169,298	68,839	11,389,285
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	64,526,664	6,402,254	-	70,928,918
Infrastructure, other	1,573,186	-	-	1,573,186
Total capital assets being depreciate/amortized	84,029,692	7,684,691	152,013	91,562,370
Less accumulated depreciation/amortization for:				
Buildings	3,593,372	195,752	-	3,789,124
Improvements other than buildings	222,884	34,078	-	256,962
Equipment and vehicles	6,897,121	817,907	46,162	7,668,866
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	22,624,171	1,666,298	-	24,290,469
Infrastructure, other	865,449	50,805	-	916,254
Total accumulated depreciation/amortization	34,295,330	2,764,840	46,162	37,014,008
Total capital assets being depreciated/amortized, net	49,700,998	4,919,851	105,851	54,548,362
Governmental activities capital assets, net	\$ 62,207,135	17,587,907	6,538,070	73,256,972

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 136,225
Physical health and social services	17,950
County environment and education	137,368
Roads and transportation	2,295,358
Governmental services to residents	3,237
Administration	174,702
Total depreciation/amortization expense - governmental activities, excluding the Internal Service Fund	\$ 2,764,840
Depreciation expense charged to the Internal Service Fund	\$ -

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 107,191
Special Revenue:		
Secondary Roads	Services	9,198
Total for governmental funds		<u>\$ 116,389</u>
Agency:		
County Assessor	Collections	\$ 1,988,068
Schools		43,217,230
Community Colleges		1,462,604
Corporations		28,439,405
Townships		815,833
Auto License and Use Tax		1,597,146
All other		<u>1,826,191</u>
Total for agency funds		<u>\$ 79,346,477</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Notes	General Capital Loan Notes	Installment Purchase Agreement	Rural Development Loan Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 24,442	9,500,000	196,771	140,000	1,009,041	6,057,472	1,307,731	18,235,457
Increases	-	34,764,874	-	-	679,546	-	(221,819)	35,222,601
Decreases	24,442	1,707,244	63,603	28,000	711,087	511,982	-	3,046,358
Balance end of year	\$ -	42,557,630 *	133,168	112,000	977,500	5,545,490	1,085,912	50,411,700
Due within one year	\$ -	1,123,000	65,570	28,000	579,717	-	-	1,796,287

* The unamortized premium on the notes was \$4,792,630 as of June 30, 2020.

General Obligation Capital Loan

On December 5, 2018, the County issued \$9,500,000 of general obligation capital loan notes, Series 2018A, with an interest rate ranging from 3.00% to 4.00% per annum. The notes were issued for construction of the Law Enforcement Center and Courthouse (Justice Center).

On December 30, 2019 the County issued \$9,080,000 of general obligation capital loan notes, Series 2019, with an interest rate ranging from 2.20% to 4.00% per annum. The notes were issued for the acquisition of peace officer and other emergency services communication equipment and systems.

On February 20, 2020, the County issued \$240,000 of general obligation capital loan notes, Series 2020, with an interest rate of 3.90% per annum. The notes were issued for the acquisition, enlargement, improvement, and equipping of county buildings, including information technology hardware and software.

On April 30, 2020, the County issued \$20,400,000 of general obligation capital loan notes, Series 2020A, with an interest rate of 5.0% per annum. The notes were issued to pay for the cost of designing, constructing, furnishing, and equipping the new Justice Center at the present site, to include: County Sheriff's offices, 911 communications, booking and inmate detention, law enforcement and emergency services training facility, Emergency Management Office, County Attorney's offices, Iowa District Court Services, and essential county purposes.

A summary of the general obligation capital loan notes is as follows:

Year Ending June 30,	Justice Center Issued December 5, 2018				Communications Equipment Issued December 30, 2019			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2021	4.00%	\$ 375,000	335,194	710,194	4.00%	\$ 200,000	487,960	687,960
2022	4.00	390,000	320,194	710,194	4.00	350,000	335,768	685,768
2023	4.00	405,000	304,594	709,594	4.00	365,000	321,768	686,768
2024	4.00	420,000	288,394	708,394	4.00	380,000	307,168	687,168
2025	4.00	435,000	271,594	706,594	4.00	395,000	291,968	686,968
2026-2030	3.00-4.00	2,425,000	1,108,245	3,533,245	4.00	2,220,000	276,168	2,496,168
2031-2035	3.12-4.00	2,870,000	676,319	3,546,319	2.20-4.00	2,680,000	259,768	2,939,768
2036-2039	3.50	1,985,000	140,525	2,125,525	4.00	2,490,000	242,768	2,732,768
Total		9,305,000	3,445,059	12,750,059		9,080,000	2,523,336	11,603,336
Unamortized premium		-				837,580		
Total payable		\$ 9,305,000				\$ 9,917,580		

Year Ending June 30,	Information Technology Equipment and Acquisition, Improvement and Equipping of County Buildings Issued February 20, 2020				Justice Center Issued April 30, 2020			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2021	3.90%	\$ 48,000	11,986	59,986	5.00%	\$ 500,000	957,000	1,457,000
2022	3.90	48,000	7,488	55,488	5.00	665,000	932,000	1,597,000
2023	3.90	48,000	5,616	53,616	5.00	695,000	898,750	1,593,750
2024	3.90	48,000	3,744	51,744	5.00	730,000	864,000	1,594,000
2025		48,000	1,872	49,872	5.00	765,000	827,500	1,592,500
2026-2030		-	-	-	5.00	4,450,000	3,523,000	7,973,000
2031-2035		-	-	-	5.00	5,685,000	2,292,750	7,977,750
2036-2039		-	-	-	5.00	5,650,000	723,750	6,373,750
Total		240,000	30,706	270,706		19,140,000	11,018,750	30,158,750
Unamortized premium		-				3,955,050		
Total payable		\$ 240,000				\$ 23,095,050		

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 1,123,000	1,780,154	2,903,154
2022	1,453,000	1,587,962	3,040,962
2023	1,513,000	1,525,112	3,038,112
2024	1,578,000	1,459,562	3,037,562
2025	1,643,000	1,391,062	3,034,062
2026-2030	9,095,000	4,907,413	14,002,413
2031-2035	11,235,000	3,228,837	14,463,837
2036-2039	10,125,000	1,107,043	11,232,043
Total	37,765,000	16,987,145	54,752,145
Unamortized premium	4,792,630		
Total payable	\$ 42,557,630		

During the year ended June 30, 2020. The County retired \$24,442 of general obligation notes and \$1,455,000 of general obligation capital loan notes.

Installment Purchase Agreement

In October 2017, the County entered into an installment purchase agreement to purchase two International trucks with interest at 3.05% per annum. The following is a schedule of the future minimum lease payments, including interest, and the present value of net minimum lease payments under the agreements in effect at June 30, 2020.

<u>Year ending June 30,</u>	<u>International Trucks</u>
2021	\$ 69,689
2022	<u>69,689</u>
Total minimum payments	139,378
Less amount representing interest	<u>(6,210)</u>
Present value of net minimum payments	<u>\$ 133,168</u>

Payments under the capital lease purchase agreement totaled \$69,689 for the year ended June 30, 2020.

Rural Development Loan Agreement

During the year ended June 30, 2014, the County entered into a loan agreement with Interstate 35 Telephone Company for an interest free \$280,000 USDA Rural Economic Development loan for a road construction project to aid in economic development. The loan requires 10 payments of \$28,000 on December 15 of each year. The following is a schedule of future loan payments:

<u>Year ending June 30,</u>	<u>Interest Rate</u>	<u>Amount</u>
2021	0%	\$ 28,000
2022	0	28,000
2023	0	28,000
2024	0	<u>28,000</u>
Total		<u>\$ 112,000</u>

During the year ended June 30, 2020, the County retired \$28,000 of the loan agreement.

(8) Operating Lease Agreements

The County has entered into agreements to lease office space for the County court system, local human services and the Sheriff’s Office. The County court system’s lease payments are \$9,114 per month and expire May 31, 2027. The local human services’ lease payments are \$5,039 per month and expire on June 30, 2024. The Sheriff’s lease payments range from \$5,000 per month the first year, to \$5,200 per month the second year, to \$5,500 the third year and expire September 30, 2021. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Court System	Local Human Services	Sheriff	Total
2021	\$ 109,368	60,468	65,100	234,936
2022	109,368	60,468	16,500	186,336
2023	109,368	60,468	-	169,836
2024	109,368	60,468	-	169,836
2025	109,368	-	-	109,368
2026-2027	164,052	-	-	164,052
Total	\$ 710,892	241,872	81,600	1,034,364

During the year ended June 30, 2020, the County paid \$109,368 under the court system lease, \$60,468 under the local human services lease and \$61,800 under the sheriff lease.

Rental expenditures have not been adjusted for sublease rentals totaling \$10,140 for the year ended June 30, 2020.

(9) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member’s highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 were \$905,302.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$5,545,490 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County’s proportion was 0.095766%, which was an increase of 0.000045% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,068,308. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,583	242,406
Changes of assumptions	770,095	221,327
Net difference between projected and actual earnings on IPERS' investments	-	849,013
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	178,074	123,106
County contributions subsequent to the measurement date	905,302	-
Total	<u>\$ 1,889,054</u>	<u>1,435,852</u>

\$905,302 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2020	\$ 67,280
2021	(244,573)
2022	(157,611)
2023	(117,213)
2024	17
Total	<u>\$ (452,100)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS’ investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 11,215,395	5,545,490	790,530

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

(10) Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>183</u>
Total	<u><u>186</u></u>

Total OPEB Liability – The County's total OPEB liability of \$1,085,912 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation plus merit/productivity increases.
Discount rate (effective June 30, 2020)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	8.0% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from are from the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for general retirees and SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019 for special services retirees. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,307,731
Changes for the year:	
Service cost	137,648
Interest	50,030
Differences between expected and actual experiences	(350,275)
Changes in assumptions	(18,816)
Benefit payments	(40,406)
Net changes	(221,819)
Total OPEB liability end of year	<u>\$ 1,085,912</u>

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 1,158,475	1,085,912	1,015,470

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.0%) or 1% higher (9.0%) than the current healthcare cost trend rates.

	1% Decrease (7.0%)	Healthcare Cost Trend Rate (8.0%)	1% Increase (9.0%)
Total OPEB liability	\$ 953,156	1,085,912	1,241,576

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$74,135. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	522,610
Changes in assumptions	42,441	16,725
Total	\$ 42,441	539,335

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

Year ending June 30,	Amount
2021	(73,137)
2022	(73,137)
2023	(73,137)
2024	(73,137)
2025	(73,140)
Thereafter	(131,206)
	\$ (496,894)

(11) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$254,201.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of the risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the Pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Joint Vehicle Fueling Facility

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

(13) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Norwalk	Urban renewal and economic development projects	\$ 276,928
City of Cumming	Urban renewal and economic development projects	19,540
City of Carlisle	Urban renewal and economic development projects	17,569

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

The Central Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story and Warren. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Region for the year ended June 30, 2020, as follows:

Revenues:		
Property and other county tax		\$ 1,057,478
Intergovernmental:		
State tax credits		61,358
Miscellaneous		<u>10,499</u>
Total revenues		<u>1,129,335</u>
Expenditures:		
Services to persons with:		
Mental illness		<u>247,183</u>
General administration:		
Direct administration	\$ 64,806	
Distribution to regional fiscal agent	<u>1,286,839</u>	<u>1,351,645</u>
Total expenditures		<u>1,598,828</u>
Deficiency of expenditures over revenues		(469,493)
Fund balance beginning of year		<u>641,056</u>
Fund balance end of year		<u>\$ 171,563</u>

(15) Subsequent Events

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Warren County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Warren County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Warren County's operations and finances.

(16) Construction Commitments

The County has entered into contracts totaling \$33,271,061 for architecture, design, civil engineering and land surveying for the Law Enforcement Center and Courthouse (Justice Center). As of June 30, 2020, costs of \$5,096,848 on the project have been incurred. The \$28,174,213 balance remaining on the project at June 30, 2020 will be paid as work on the project progresses.

The County has entered into a contract totaling \$9,696,190 for peace officer and emergency services communication equipment and systems. As of June 30, 2020, costs of \$5,839,232 on the project have been incurred. The \$3,856,958 balance remaining on the project at June 30, 2020 will be paid as work on the project progresses.

(17) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Warren County

Required Supplementary Information

Warren County

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

Required Supplementary Information

Year ended June 30, 2020

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 18,091,677	-	18,091,677
Interest and penalty on property tax	54,053	-	54,053
Intergovernmental	7,926,712	-	7,926,712
Licenses and permits	126,015	-	126,015
Charges for service	1,543,332	-	1,543,332
Use of money and property	632,578		632,578
Miscellaneous	518,444	117,249	401,195
Total receipts	28,892,811	117,249	28,775,562
Disbursements:			
Public safety and legal services	6,860,091	-	6,860,091
Physical health and social services	2,476,983	-	2,476,983
Mental health	1,597,920	-	1,597,920
County environment and education	1,808,699	211,455	1,597,244
Roads and transportation	8,468,772	-	8,468,772
Governmental services to residents	1,040,907	-	1,040,907
Administration	3,073,253	-	3,073,253
Debt service	2,334,044	-	2,334,044
Capital projects	10,474,902	-	10,474,902
Total disbursements	38,135,571	211,455	37,924,116
Excess (deficiency) of receipts over (under) disbursements	(9,242,760)	(94,206)	(9,148,554)
Other financing sources, net	34,767,594	-	34,767,594
Changes in balances	25,524,834	(94,206)	25,619,040
Balance beginning of year	19,681,553	608,894	19,072,659
Balance end of year	\$ 45,206,387	514,688	44,691,699

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
17,808,059	17,808,059	283,618
120,300	120,300	(66,247)
8,127,535	8,129,276	(202,564)
100,650	100,650	25,365
1,440,900	1,525,077	18,255
500,000	640,000	(7,422)
227,666	275,560	125,635
28,325,110	28,598,922	176,640
6,610,870	7,017,970	157,879
2,953,369	2,953,369	476,386
1,309,215	1,659,215	61,295
1,564,210	1,647,345	50,101
10,823,750	9,226,750	757,978
1,023,780	1,063,680	22,773
3,117,996	3,357,996	284,743
2,312,004	2,334,204	160
21,000,000	29,572,000	19,097,098
50,715,194	58,832,529	20,908,413
(22,390,084)	(30,233,607)	(71,109,211)
20,400,000	30,601,663	4,165,931
(1,990,084)	368,056	(66,943,280)
17,225,825	17,225,825	1,846,834
15,235,741	17,593,881	27,097,818

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 28,892,811	746,314	29,639,125
Expenditures	38,135,571	3,405	38,138,976
Net	(9,242,760)	742,909	(8,499,851)
Other financing sources, net	34,767,594	1,024	34,768,618
Beginning fund balances	19,681,553	(5,763)	19,675,790
Ending fund balances	<u>\$ 45,206,387</u>	<u>738,170</u>	<u>45,944,557</u>

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$8,117,335. 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 Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the debt service function prior to amendment.

Warren County

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

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

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.095766%	0.095721%	0.100352%	0.103706%
County's proportionate share of the net pension liability	\$ 5,545	6,057	6,685	6,257
County's covered payroll	\$ 9,100	8,752	8,389	8,307
County's proportionate share of the net pension liability as a percentage of its covered payroll	60.93%	69.21%	79.69%	75.32%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.100788%	0.106971%
4,979	4,242
8,043	8,459
61.90%	50.15%
85.19%	87.61%

Warren County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 905	866	790	763
Contributions in relation to the statutorily required contribution	<u>(905)</u>	<u>(866)</u>	<u>(790)</u>	<u>(763)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 9,570	9,100	8,752	8,389
Contributions as a percentage of covered payroll	9.46%	9.52%	9.03%	9.10%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
755	731	768	753	693	589
(755)	(731)	(768)	(753)	(693)	(589)
-	-	-	-	-	-
8,307	8,043	8,459	8,485	8,275	8,096
9.09%	9.09%	9.08%	8.87%	8.37%	7.28%

Warren County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Warren County
Schedule of Changes in the County's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 137,648	131,615	109,516
Interest cost	50,030	50,672	49,853
Difference between expected and actual experiences	(350,275)	(70,772)	(249,936)
Changes in assumptions	(18,816)	33,981	25,621
Benefit payments	(40,406)	(30,733)	(49,799)
Net change in total OPEB liability	(221,819)	114,763	(114,745)
Total OPEB liability beginning of year	1,307,731	1,192,968	1,307,713
Total OPEB liability end of year	\$ 1,085,912	1,307,731	1,192,968
Covered-employee payroll	\$ 9,757,225	9,053,077	8,768,113
Total OPEB liability as a percentage of covered-employee payroll	11.1%	14.4%	13.6%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

Warren County

Supplementary Information

Warren County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2020

	County Recorder's Records Management	Resource Enhancement and Protection	Special Attorney Forfeiture
Assets			
Cash, cash equivalents and pooled investments	\$ 16,652	38,577	3,218
Receivables:			
Accounts	-	-	-
	\$ 16,652	38,577	3,218
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	-	-
Fund balances:			
Restricted for:			
Conservation purposes	-	-	-
Other purposes	16,652	38,577	3,218
Total fund balances	16,652	38,577	3,218
Total liabilities and fund balances	\$ 16,652	38,577	3,218

See accompanying independent auditor's report.

<u>Revenue</u>			
<u>Sheriff</u>	<u>Friends of</u>	<u>Liberty</u>	
<u>Forfeiture</u>	<u>Conservation</u>	<u>Center</u>	<u>Total</u>
		<u>Sewer</u>	
10,353	514,688	14,102	597,590
-	-	240	240
<u>10,353</u>	<u>514,688</u>	<u>14,342</u>	<u>597,830</u>
-	-	28	28
-	514,688	-	514,688
<u>10,353</u>	<u>-</u>	<u>14,314</u>	<u>83,114</u>
<u>10,353</u>	<u>514,688</u>	<u>14,314</u>	<u>597,802</u>
<u>10,353</u>	<u>514,688</u>	<u>14,342</u>	<u>597,830</u>

Warren County

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

Year ended June 30, 2020

	County Recorder's Records Management	Resource Enhancement and Protection	Special Attorney Forfeiture
Revenues:			
Intergovernmental	\$ -	18,034	-
Charges for service	12,266	-	-
Use of money and property	173	706	-
Miscellaneous	-	-	-
Total revenues	<u>12,439</u>	<u>18,740</u>	<u>-</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,091
County environment and education	-	-	-
Governmental services to residents	4,514	-	-
Total expenditures	<u>4,514</u>	<u>-</u>	<u>1,091</u>
Excess (deficiency) of revenues over (under) expenditures	7,925	18,740	(1,091)
Fund balances beginning of year	<u>8,727</u>	<u>19,837</u>	<u>4,309</u>
Fund balances end of year	<u>\$ 16,652</u>	<u>38,577</u>	<u>3,218</u>

See accompanying independent auditor's report.

<u>Revenue</u>				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer		Total
-	-	-		18,034
-	-	10,995		23,261
-	-	-		879
-	117,249	-		117,249
-	117,249	10,995		159,423
-	-	-		1,091
-	211,455	15,979		227,434
-	-	-		4,514
-	211,455	15,979		233,039
-	(94,206)	(4,984)		(73,616)
10,353	608,894	19,298		671,418
10,353	514,688	14,314		597,802

Warren County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	4,308	933,014	588,265
Other County officials	124,260	-	-	-
Receivables:				
Property tax:				
Delinquent	-	1,990	7,370	270,965
Succeeding year	-	289,000	1,116,000	42,358,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Total assets	\$ 124,260	295,298	2,056,384	43,217,230
Liabilities				
Liabilities:				
Accounts payable	\$ -	-	505	-
Salaries and benefits payable	-	-	22,834	-
Due to other governments	76,993	295,298	1,988,068	43,217,230
Trusts payable	47,267	-	-	-
Compensated absences	-	-	44,977	-
Total liabilities	\$ 124,260	295,298	2,056,384	43,217,230

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
20,935	297,503	12,741	1,597,146	663,658	4,117,570
-	-	-	-	-	124,260
9,669	118,902	18,092	-	936	427,924
1,432,000	28,023,000	785,000	-	251,000	74,254,000
-	-	-	-	6,053	6,053
-	-	-	-	746,495	746,495
<u>1,462,604</u>	<u>28,439,405</u>	<u>815,833</u>	<u>1,597,146</u>	<u>1,668,142</u>	<u>79,676,302</u>
-	-	-	-	5,825	6,330
-	-	-	-	7,999	30,833
1,462,604	28,439,405	815,833	1,597,146	1,453,900	79,346,477
-	-	-	-	177,060	224,327
-	-	-	-	23,358	68,335
<u>1,462,604</u>	<u>28,439,405</u>	<u>815,833</u>	<u>1,597,146</u>	<u>1,668,142</u>	<u>79,676,302</u>

Warren County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2020

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 101,624	284,461	1,569,329	40,364,727
Additions:				
Property and other county tax	-	290,627	1,120,751	42,479,318
911 surcharge	-	-	-	-
State tax credits	-	16,364	60,607	2,337,705
Drivers license fees	-	-	-	-
Office fees and collections	1,284,757	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,261,403	-	-	-
Miscellaneous	-	-	83,780	-
Total additions	2,546,160	306,991	1,265,138	44,817,023
Deductions:				
Agency remittances:				
To other funds	1,180,581	-	-	-
To other governments	79,460	296,154	778,083	41,964,520
Trusts paid out	1,263,483	-	-	-
Total deductions	2,523,524	296,154	778,083	41,964,520
Balances end of year	\$ 124,260	295,298	2,056,384	43,217,230

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,385,409	25,680,931	755,540	1,444,933	1,705,291	73,292,245
1,437,222	27,825,758	792,600	-	255,256	74,201,532
-	-	-	-	347,033	347,033
79,523	1,762,246	34,179	-	10,929	4,301,553
-	-	-	124,040	-	124,040
-	-	-	-	-	1,284,757
-	-	-	19,208,003	-	19,208,003
-	-	-	-	133,285	133,285
-	-	-	-	549,016	1,810,419
-	-	-	-	276,318	360,098
1,516,745	29,588,004	826,779	19,332,043	1,571,837	101,770,720
-	-	-	710,075	-	1,890,656
1,439,550	26,829,530	766,486	18,469,755	1,155,514	91,779,052
-	-	-	-	453,472	1,716,955
1,439,550	26,829,530	766,486	19,179,830	1,608,986	95,386,663
1,462,604	28,439,405	815,833	1,597,146	1,668,142	79,676,302

Warren County

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

For the Last Ten Years

	2020	2019	2018	2017
Revenues:				
Property and other county tax	\$ 15,980,046	14,512,622	13,716,587	13,234,723
Local option sales tax	2,164,907	762,937	-	-
Interest and penalty on property tax	54,053	108,317	114,285	126,729
Intergovernmental	8,735,873	7,862,119	7,615,062	7,556,639
Licenses and permits	129,135	119,615	116,540	99,983
Charges for service	1,513,013	1,470,899	1,376,945	1,348,773
Use of money and property	572,381	635,449	315,712	197,283
Miscellaneous	489,717	534,735	965,868	826,595
Total	\$ 29,639,125	26,006,693	24,220,999	23,390,725
Expenditures:				
Operating:				
Public safety and legal services	\$ 6,714,929	6,609,813	5,929,122	5,253,486
Physical health and social services	2,477,379	2,587,953	2,842,401	2,934,056
Mental health	1,598,828	1,415,448	803,456	1,034,261
County environment and education	1,799,101	1,605,128	1,758,619	1,637,970
Roads and transportation	8,410,145	7,293,107	6,577,352	6,799,465
Governmental services to residents	1,013,481	1,063,550	964,063	995,409
Administration	3,130,156	2,922,329	2,856,591	2,996,712
Non-program	-	-	-	-
Debt service	2,334,108	164,467	95,043	102,213
Capital projects	10,660,849	5,132,567	1,902,581	1,656,556
Total	\$ 38,138,976	28,794,362	23,729,228	23,410,128

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
13,057,120	12,526,162	12,568,621	12,347,304	11,582,933	11,434,820
-	-	-	-	-	-
113,771	105,612	128,175	125,890	134,118	131,188
8,251,314	7,822,979	9,073,956	9,050,387	8,295,071	8,259,026
76,680	71,705	73,395	59,335	49,065	50,799
1,357,697	1,167,838	1,115,148	1,294,223	1,154,244	1,106,315
132,365	110,328	71,693	72,103	75,528	83,556
552,700	648,796	565,025	613,260	1,137,620	685,458
<u>23,541,647</u>	<u>22,453,420</u>	<u>23,596,013</u>	<u>23,562,502</u>	<u>22,428,579</u>	<u>21,751,162</u>
4,955,299	4,562,327	4,879,166	4,678,285	4,573,861	4,294,861
3,070,206	2,880,433	3,524,239	2,957,533	2,836,202	3,042,371
1,001,248	2,568,192	1,221,108	1,772,073	4,802,080	3,906,062
1,375,122	1,236,705	1,589,388	1,297,723	1,467,779	1,116,563
6,911,348	6,029,085	6,133,405	6,008,547	5,182,055	5,473,688
1,008,855	903,560	921,227	1,087,588	826,576	772,331
2,806,497	2,788,473	2,848,934	2,608,887	2,594,163	2,478,993
-	-	-	17,742	17,828	281
93,604	33,355	46,301	46,336	25,905	25,905
1,938,279	808,335	1,955,605	1,242,074	1,209,194	682,129
<u>23,160,458</u>	<u>21,810,465</u>	<u>23,119,373</u>	<u>21,716,788</u>	<u>23,535,643</u>	<u>21,793,184</u>



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Warren County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warren County's internal control. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be a material weakness and significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (B) through (D) to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

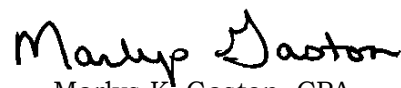
Warren County's Responses to the Findings

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

Purpose of this Report

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

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


Marlys K. Gaston, CPA
Deputy Auditor of State

March 9, 2021

Warren County

Schedule of Findings

Year ended June 30, 2020

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

	<hr/> Applicable Offices <hr/>
(1) Incoming mail is opened by an employee who is authorized to make entries to the accounting records.	Recorder, Treasurer, Emergency Management, Engineer, 911, Conservation, and Friends of Warren County Conservation
(2) Although an independent mail opener prepares an initial listing of receipts collected through the mail, this listing is not compared to accounting records by the mail opener to ensure the receipts were properly recorded.	Congregate Meals and Emergency Management
(3) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist.	Recorder, Sheriff, Zoning, Engineer, Conservation, Friends of Warren County Conservation, Emergency Management and 911

Warren County

Schedule of Findings

Year ended June 30, 2020

- | | | |
|-----|---|---|
| (4) | Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety. | Recorder, Sheriff – Civil and Jail Commissary accounts and Friends of Conservation |
| (5) | The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts. | Recorder, Sheriff – Civil and Jail Commissary accounts, and Friends of Warren County Conservation |
| (6) | One individual handles fuel inventory and is responsible for maintaining fuel inventory records. Fuel usage reports are not reviewed by an independent person for propriety. | Engineer |
| (7) | Daily cash reconciliations are not reviewed and approved by an independent person for propriety. | Treasurer |
| (8) | Responsibilities for maintaining detailed accounts receivable records are not segregated from posting receipts. | Engineer and Public Health Nurse |
| (9) | A monthly report of voided receipts is not maintained and reviewed by someone independent of the receipts process for receipts voided in the Eden System, the ARTS system and on Quick Books. | Treasurer and Friends of Warren County Conservation |

Cause – The County offices noted above and the Friends of Warren County Conservation have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions, processes and reports, including an independent review of void receipt reports.

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

Warren County

Schedule of Findings

Year ended June 30, 2020

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports, including an independent review of void receipt reports. Independent reviews of transactions, reconciliations and reports should be documented by the initials or signature of the reviewer and the date of the review.

Responses –

- (a) Recorder – The Recorder’s Office has four employees. We do rotate duties and take turns weekly with the morning deposits and evening balancing. We attempt to segregate duties as much as possible with our available staff.
- (b) Treasurer – Limited staff dictates the necessity for everyone to have capabilities in nearly every area of the office, as many times there is only one person in the office. Daily reconciliations are reviewed monthly by a different employee. We also make sure everyone uses unique passwords.
- (c) Engineer – With limited office staff, we will attempt to segregate duties as much as possible.
- (d) Conservation – When personnel levels allow, segregation of duties will occur.
- (e) Friends of Warren County Conservation – With limited volunteers, we will attempt to segregate duties as much as possible.
- (f) Emergency Management – The Warren County Emergency Management Commission has only one employee (EMA Coordinator) to manage all functions of the office. A full report (including hard copies) of receipts and expenditures is given by the Coordinator at each Commission Meeting. In the absence of the Coordinator, the Commission Chair may render the bills and receipts of the Emergency Management Office.
- (g) 911 – The Warren County Joint 911 Service Board employs me as their sole employee and in doing so I have the responsibility of all duties in the office. I receive and open all mail sent to this office. All incoming checks are marked “For Deposit Only” when received and are entered into the department receipt book along with a Warren County receipt being made. I scan copies of all receipts and checks into the file that is backed up by the Warren County IT prior to delivering deposits to the Warren County Treasurers Office. I also maintain an Excel spreadsheet that has a running total of all receipts into the office.
- (h) Zoning – The Warren County Zoning Department is a two-person department. Therefore, segregation of duties is not always possible. The two of us open mail, write receipts and make deposits. We both try our hardest to segregate as much as possible.

Warren County

Schedule of Findings

Year ended June 30, 2020

- (i) Sheriff – We have implemented steps where the Chief Deputy generates an initial mail receipt listing. One of our Civil Clerks will then log monies into the account/system. Our second Civil Clerk oversees the monthly reconciliation for the account. We are currently evaluating a new process for our D.A.R.E program that will encompass additional oversight aside from just the assigned Deputy.
- (j) Congregate Meals – When checks or money are put in the donation bucket at the meal sites, two people verify the amount and it is recorded on the client contribution. When checks are received in the mail, one person opens and records the check in a spreadsheet, another person will now start initialing to verify the amount and then another person will deposit the money. We will continue to review the control measures for accounting of revenue and expenses in our office.
- (k) Public Health Nurse – With limited staff, we will attempt to segregate duties as much as possible. We will consult with the Warren County Budget Director for additional information and guidance for helping to maintain/obtain internal maximum control.

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

(B) County Sheriff's Office Trust Listing

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

Condition – A current trust listing is not maintained and reconciled with book balances on a monthly basis. A trust listing was generated at July 1, 2020 and totaled \$16,245, \$4,870 more than the calculated book balance of \$11,375. We were unable to determine the reason for this variance. The trust listing should agree to the balance of funds on hand (i.e., book balance) to ensure all trustees are identified and the proper funds are available to pay the trusts.

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

Effect – Lack of policies and procedures could adversely affect the County Sheriff's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions. Lack of an accurate trust listing also increases the risk of trusts not being paid out, not being paid to the appropriate trustee or an incorrect amount being paid.

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

Warren County

Schedule of Findings

Year ended June 30, 2020

Response – We are in the process of initiating procedures to print out monthly trust lists that can/should be reconciled monthly. Both Civil Clerks are involved in the processing of the trusts, but we are seeking a way to separate the duties of who collects/adds funds versus who reconciles the account monthly. In addition, the monthly reconciliations will be reviewed by a third party for authentication.

Conclusion – Response accepted.

(C) Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – Bank reconciliations were not prepared for the County Recorder’s office, the County Sheriff’s DARE account and the Friends of Warren County Conservation. In addition, although bank reconciliations were prepared in the County Sheriff’s office for the civil account for 10 months, the bank reconciliations were not prepared promptly at month end.

Cause – Procedures have not been designed and implemented to ensure all accounts are reconciled and the amounts recorded in the books and bank balances are complete and accurate to ensure proper accounting for all funds.

Effect – A lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The offices should prepare bank reconciliations and have an independent person review the reconciliations for propriety. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response –

- (a) County Recorder – The Recorder’s Office will work to prepare monthly bank reconciliations
- (b) County Sheriff – We will implement the process of preparing monthly reconciliation reports for the Jail Commissary as well as the Sheriff’s D.A.R.E. accounts. These reports will be prepared by the Jail Administrator and the D.A.R.E. Officer.
- (c) Friends of Warren County Conservation – Bank reconciliations will be prepared by the Friends’ Treasurer. The bank reconciliations will be reviewed by an independent member of the Friends’ Board.

Warren County
Schedule of Findings
Year ended June 30, 2020

Conclusion –

Friends of Warren County Conservation – Responses accepted.

County Recorder and County Sheriff – Response acknowledged. The County Recorder, and County Sheriff should also ensure the bank reconciliations are reviewed by an independent person.

(D) Restrictive Endorsements

Criteria – An effective internal control system provides for internal controls related to ensuring the safety of County assets.

Condition – Restrictive endorsements were not placed on checks immediately upon receipt in the County Sheriff and the County Engineer offices.

Cause – Procedures have not been designed and implemented to ensure the safety of County assets.

Effect – Lack of restrictive endorsement can result in an opportunity for misappropriation.

Recommendation – Restrictive endorsements should be placed on all checks immediately upon receipt.

Response –

(a) County Sheriff – We currently have and use a restrictive endorsement in the form of a “For Deposit Only” stamp that placed upon checks as they come in. This measure, along with other measures we have instituted since January 2021, should help alleviate the concern.

(b) County Engineer – We will purchase a restrictive stamp and place on all checks received.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted

Warren County

Schedule of Findings

Year ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amount budgeted in the debt service function prior to the budget amendment.

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

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

Conclusion – Response accepted.

- (2) Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. The following expenditure was noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

The County maintains a wellness fund and for the year ended June 30, 2020, the County expended \$662 to purchase blankets as an incentive to participate in the turkey trot, part of the County’s wellness program.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

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

Response – The County’s Wellness Program is aimed at increasing employee awareness of health and well-being. The County believes a healthy workforce serves a public purpose by reducing the cost of health insurance. A written policy is being established to indicate the public purpose of Wellness program participation incentives and events.

Conclusion – Response accepted.

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

Warren County

Schedule of Findings

Year ended June 30, 2020

- (4) Business Transactions – The following transaction between the County and County officials or employees was noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Andy Coffman, Secondary Roads motorgrader operator, brother owns Coffman Glass	Glass supplies	\$ 3,509

The transactions with Coffman Glass does not appear to represent a conflict of interest in accordance with Chapter 331.342(2)(d) of the Code of Iowa since Mr. Coffman's remuneration of employment is not directly affected as a result of the contracts and his duties of employment do not directly involve the procurement or preparation of any part of the services. In addition, in accordance with Chapter 331.342(2)(j) of the Code of Iowa, transactions for the fiscal year do not exceed \$6,000.

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) 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.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) 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).
- (10) Financial Condition – The Debt Service Fund had a deficit fund balance of \$179,312 at June 30, 2020. A portion of this deficit is attributable to the incorrect apportionment of taxes to various tax increment financing (TIF) districts which should have gone to the Debt Service Fund.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position, including seeking reimbursement from TIF districts receiving an incorrect apportionment of property taxes.

Response – The County will attempt retrieval of funds or issue an interfund loan to bring the Debt Service Fund to a positive balance.

Conclusion – Response accepted.

Warren County

Schedule of Findings

Year ended June 30, 2020

- (11) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff for its Civil, Commissary or DARE accounts.

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

Response – Request will be made to the bank for the images of the checks.

Conclusion – Response accepted.

- (12) County Sheriff's D.A.R.E. Account – The County Sheriff maintains a bank account for the D.A.R.E. program. The account had revenues of \$8,200, expenditures of \$3,460 and an ending bank balance of \$12,018. The financial activity of this account is not reflected in the County's financial statements and has not been included in the County's annual budget.

Recommendation – Collections for the D.A.R.E program should be remitted to the County Treasurer and credited to a Special Revenue Fund in order to properly reflect this activity in the County's budget and financial statements.

Response – We will work with the County Treasurer to provide additional oversight for the DARE account. We will provide monthly statements to the Treasurer so that the D.A.R.E account activities are properly recorded in the County's financial statements.

Conclusion – Response accepted.

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

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

Response – Reports will be made in accordance with the Iowa Code.

Conclusion – Response accepted.

Warren County

Schedule of Findings

Year ended June 30, 2020

- (14) Commingling between Warren County Conservation Board (WCCB) and Friends of Warren County Conservation (Friends) – The County Conservation Board has disbursements which are commingled with the Friends, making it difficult to distinguish between County and Friends operations. During the year, the Warren County Conservation Board reimbursed the Friends \$3,783 for purchases made by Friends, on behalf of the County. When Friends purchase items for the WCCB, Friends is required to pay sales tax. As a County department, the WCCB is a tax-exempt entity. If WCCB purchased these items through the regular County claims process, the County would not be incurring any sales tax.

Recommendation – The County Conservation Board should not commingle its government operations with the Friends of Warren County Conservation, a private non-profit organization.

Responses –

County Conservation – In the future, the County Conservation Board will make its own purchases instead of reimbursing Friends for purchases made on behalf of the County Conservation.

Friends of Warren County Conservation – In the future, the County Conservation Board will make its own purchases instead of reimbursing Friends for purchases made on behalf of the County Conservation.

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

- (15) Taxable Fringe Benefits – Certain County expenditures for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Service (IRS) guidelines. In addition, certain County employees have uniform allowances which were not included in their taxable wages.

Recommendation – The County should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Response – The County will develop procedures for including clothing expenditures in wages of employees.

Conclusion – Response accepted.

Warren County

Schedule of Findings

Year ended June 30, 2020

- (16) Property Tax Apportionment – The County is responsible for receiving and apportioning property tax to the taxing districts. For the period April 13, 2020 through April 30, 2020 the edit to not allow TIF to be allocated to the Debt Service Fund was turned off and was not discovered by County personnel until after certain taxes were misappropriated. As a result, approximately \$236,000 of property tax levied for debt service was apportioned to various tax increment financing (TIF) districts.

Recommendation – The County should establish procedures to ensure property tax is properly apportioned. In addition, the County should seek reimbursement from the TIF districts.

Response – The County will strive for greater oversight and review and attempt to seek reimbursement from TIF districts.

Conclusion – Response accepted.

Warren County

Staff

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