

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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 14, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$35,901,033 for the year ended June 30, 2021, a 12.6% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$29,050,922, a 3.2% 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 the increase in interest expense on long term debt.

AUDIT FINDINGS:

Sand reported fourteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 82 through 94 of this report. The findings address issues such as lack of segregation of duties, bank reconciliations not consistently prepared by certain County offices, material amounts of payables and capital asset additions and deletions were not properly recorded, the Debt Service Fund is in a deficit position and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address each of these findings.

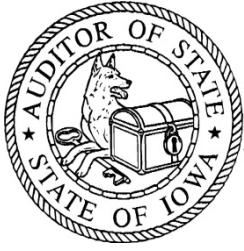
Twelve of the fourteen findings discussed above for the County are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "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 [Audit Reports - Auditor of State](#).

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WARREN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Warren County



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Rob Sand
Auditor of State

June 6, 2022

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, 2021. 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

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Warren County

Officials

(Before January 2021)

<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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Aaron DeKock	Board of Supervisors	Jan 2023
Crystal McIntyre	Board of Supervisors	Jan 2023
Darren Heater	Board of Supervisors	Jan 2025
Traci Vander Linden	County Auditor	Jan 2025
Julie Daugherty	County Treasurer	Jan 2023
Polly Glascock	County Recorder	Jan 2023
Joe Carico	County Sheriff	Jan 2025
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, 2021, 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, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, Warren County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

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 14 and 54 through 63 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.

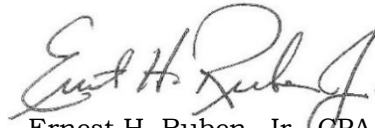
Supplementary Information

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, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2022 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 6, 2022

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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$2,471,603 to retroactively report fiduciary funds in accordance with the GASBS.
- Revenues of the County's governmental activities increased 12.6%, or approximately \$4,025,000, over fiscal year 2020 to fiscal year 2021. Property tax increased approximately \$2,170,000, local option sales tax increased approximately \$1,044,000, operating grants, contributions and restricted interest increased approximately \$1,454,000 and capital grants, contributions and restricted interest decreased approximately \$941,000.
- Program expenses were 3.2%, or approximately \$899,000, more in fiscal year 2021 than in fiscal year 2020. Interest on long-term debt increased approximately \$1,192,000, while mental health and social services expenses decreased approximately \$354,000.
- The County's net position increased 9.9%, or approximately \$6,850,000, over the June 30, 2020 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 (Custodial 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 Custodial Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 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 custodial capacity for others which cannot be used to support the County’s own programs. These fiduciary funds include Custodial 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 Net Position and a Statement of Changes in Fiduciary Net Position.

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. 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,	
	2021	2020
Current and other assets	\$ 55,988	66,266
Capital assets	91,083	73,267
Total assets	147,071	139,533
Deferred outflows of resources	2,207	1,931
Long-term liabilities	50,674	50,411
Other liabilities	3,298	1,827
Total liabilities	53,972	52,238
Deferred inflows of resources	19,304	20,074
Net position:		
Net investment in capital assets	65,335	62,785
Restricted	10,575	7,479
Unrestricted	92	(1,112)
Total net position	\$ 76,002	69,152

Net position of Warren County’s governmental activities increased 9.8% (approximately \$76.0 million compared to approximately \$69.2 million).

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. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$2,402,000 or 3.8%, over the prior year.

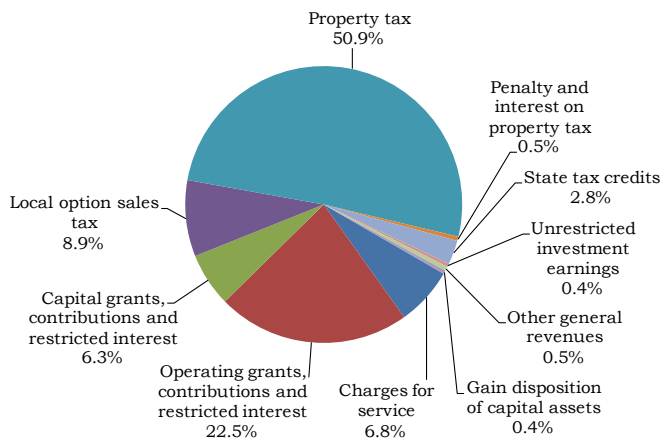
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$3,096,000, or 41.4%, over the prior year. This increase is primarily due to the increase in the amounts held at year end for supplemental levy, rural services and secondary roads.

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 \$1,112,000 at June 30, 2020 to approximately \$92,000 at the end of this year, an increase of 108%. This increase is primarily due to the increase in the amounts held in the General Fund.

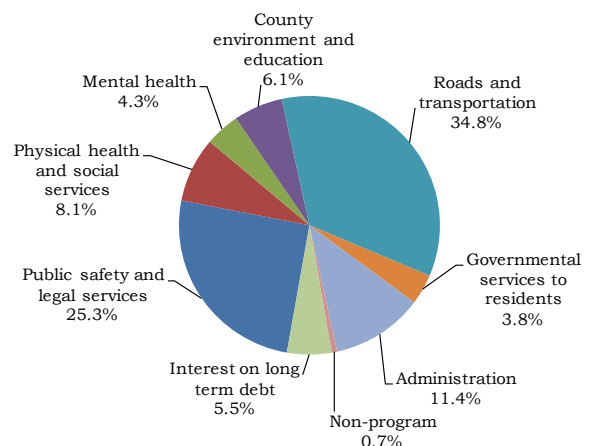
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 2,452	2,367
Operating grants, contributions and restricted interest	8,074	6,620
Capital grants, contributions and restricted interest	2,276	3,217
General revenues:		
Property tax	18,242	16,073
Penalty and interest on property tax	166	66
State tax credits	1,013	899
Local option sales tax	3,209	2,165
Unrestricted investment earnings	138	366
Gain disposition of capital assets	156	-
Other general revenues	174	103
Total revenues	35,900	31,876
Program expenses:		
Public safety and legal services	7,337	6,986
Physical health and social services	2,357	2,523
Mental health	1,255	1,609
County environment and education	1,777	1,781
Roads and transportation	10,117	10,349
Governmental services to residents	1,110	1,015
Administration	3,321	3,306
Non-program	192	190
Interest on long-term debt	1,584	392
Total expenses	29,050	28,151
Change in net position	6,850	3,725
Net position beginning of year	69,152	65,427
Net position end of year	\$ 76,002	69,152

Revenues by Source



Expenses by Program



Warren County's governmental activities net position increased approximately \$6,850,000 during the year. Revenues for governmental activities increased approximately \$4,024,000 over the prior year, including property tax revenue which increased over the prior year approximately \$2,169,000, or 13.5%.

The County increased property tax rates for fiscal year 2021 an average of 5%. This increase raised the County's property tax revenue approximately \$2,169,000 in fiscal year 2021. Based on increases in the total assessed valuation, property tax revenue is budgeted to an increase an additional \$384,000 next year.

The County's operating grants, contributions and restricted interest increased approximately \$1,454,000, or 22.0% over the fiscal year 2020 primarily due to Coronavirus Relief Funds received.

The cost of all governmental activities this year was approximately \$29.1 million compared to approximately \$28.2 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$16.2 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,452,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$10,350,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in fiscal year 2021 from approximately \$12,204,000 to approximately \$12,802,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$34,004,000, a decrease of approximately \$11,941,000 below 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 \$2,318,000 over the prior year to approximately \$8,779,000. General Fund revenues increased approximately \$1,835,000, or 11.7%, over the prior year, due primarily to federal aid through the Coronavirus Relief Program and an increase in property tax. Expenditures increased approximately \$81,000 or, less than 1% from the prior year.

The Special Revenue, Mental Health Fund balance at year end increased approximately \$110,000 over the prior year end. For the year, expenditures totaled approximately \$1,247,000, a decrease of 22.0% from the prior year, primarily due to a decrease in the amount distributed to the region fiscal agent during the year.

The Special Revenue, Rural Services Fund balance increased approximately \$922,000 over fiscal year 2020. Rural Services Fund revenues increased approximately \$1,479,000, or 35.2%, primarily due to an increase in local option sales taxes of approximately \$1,044,000. Expenditures increased approximately \$879,000 over the prior year, primarily due to Secondary Roads employee benefits being paid from the fund.

Special Revenue, Secondary Roads Fund expenditures decreased approximately \$1,207,000, or 13.3%, from the prior year, due principally to a decrease in roadway maintenance as the County dealt with the impact of COVID-19. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of approximately \$1,400,000, or 33.9%.

The Debt Services Fund revenues increased approximately \$989,000 or 48.7%, over fiscal year 2020, due principally to an increase in property and other county tax revenue. The debt service levy rate increased 23% from \$0.87867 per \$1,000 of taxable valuation to \$1.08308 per \$1,000 of taxable valuation. For the year, expenditures totaled approximately \$2,916,000, an increase of 31.9% over the prior year. These changes resulted in a decrease in the Debt Service Fund deficit ending balance of approximately \$103,000, or 57.6%.

The Capital Projects Fund balance at year end decreased approximately \$16,732,000 from the prior year to approximately \$15,600,000. For the year, expenditures totaled approximately \$16,796,000, an increase of 77.2% over the prior year, primarily due to the expenses associated with the construction of the new law enforcement center (Justice Center) and emergency services communication equipment started in fiscal year 2020. The projects are ongoing.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget one time. The amendment was made in April. The amendment was made to provide for additional disbursements in County departments.

The County's receipts were \$2,105,146 more than budgeted, a variance of 6.7%. The most significant variances resulted from the County receiving \$1,379,423 more in property and other County taxes, \$459,914 more in intergovernmental revenues and \$240,520 more in charges for services.

Total disbursements were \$12,977,482 less than the final amended budget. Actual disbursements for the physical health and social services, roads and transportation, and capital projects were \$559,001, \$1,277,264 and \$10,460,968 respectively, less than budgeted. The difference in capital projects is due to construction of the Justice Center and 911 communication project not proceeding as planned. The two projects are still active.

Even with the budget amendment, the County exceeded the budgeted amounts in the debt service function for the year ended June 30, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Warren County had approximately \$91.1 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 \$17,826,000 or 24.3%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 2,755	2,607
Construction in progress	30,268	15,731
Intangibles	371	371
Buildings and improvements	3,303	3,533
Equipment and vehicles	4,333	3,720
Infrastructure	50,053	47,295
Total	<u>\$ 91,083</u>	<u>73,257</u>
This year's major additions included (in thousands):		
Construction in progress - Justice Center	\$	16,221
Construction in progress - roads		2,215
Equipment and vehicles		<u>1,551</u>
Total	<u>\$</u>	<u>19,987</u>

The County had depreciation expense of \$2,965,490 in fiscal year 2021 and total accumulated depreciation of \$39,018,702 at June 30, 2021.

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

Long-Term Debt

At June 30, 2021, Warren County had approximately \$41,347,000 of general obligation capital loan notes and other long-term debt outstanding compared to approximately \$42,803,000 at June 30, 2020, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2021	2020
General obligation capital loan	\$ 41,182	42,558
Installment purchase contract	81	133
Rural development loan agreement	84	112
Total	<u>\$ 41,347</u>	<u>42,803</u>

The County carries a general obligation bond rating of AA assigned by national rating agencies. 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 \$223 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 2022 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 4.1% versus 6.9 % a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 5.9%.

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 5.8% for fiscal year 2021 compared with the national rate of 5.4% increase.

These indicators were taken into account when adopting the budget for fiscal year 2022. Amounts available for appropriation in the operating budget are approximately \$30.9 million, a decrease of approximately \$400,000 under the final fiscal year 2021 budget, primarily due to a decrease of approximately \$914,000 in intergovernmental and an increase of approximately \$550,000 in property and other county tax. Budgeted disbursements are expected to decrease approximately \$6,679,000 from the final fiscal year 2021 budget, 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 2022 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase approximately \$702,000, or 6.25%, by the close of fiscal year 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Warren County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 35,184,626
Receivables:	
Property tax:	
Delinquent	29,928
Succeeding year	18,386,000
Interest and penalty on property tax	106,614
Accounts	68,660
Accrued interest	27,242
Due from other governments	1,794,540
Inventories	390,831
Capital assets not being depreciated	33,394,403
Capital assets net of accumulated depreciation/amortization	57,688,617
Total assets	147,071,461
Deferred Outflows of Resources	
Pension related deferred outflows	2,140,825
OPEB related deferred outflows	66,436
Total deferred outflows of resources	2,207,261
Liabilities	
Accounts payable	2,400,461
Accrued interest payable	132,954
Salaries and benefits payable	556,811
Due to other governments	207,733
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan	1,453,000
Installment purchase agreement	67,657
Rural development loan agreement	28,000
Compensated absences	564,552
Total OPEB liability	27,172
Portion due or payable after one year:	
General obligation capital loan	39,729,386
Installment purchase agreement	13,059
Rural development loan agreement	56,000
Compensated absences	451,303
Net pension liability	7,119,444
Total OPEB liability	1,164,719
Total liabilities	53,972,251
Deferred Inflows of Resources	
Unavailable property tax revenue	18,386,000
Pension related deferred inflows	399,157
OPEB related deferred inflows	518,753
Total deferred inflows of resources	19,303,910
Net Position	
Net investment in capital assets	65,335,418
Restricted for:	
Supplemental levy purposes	1,202,683
Mental health purposes	261,974
Rural services purposes	3,306,719
Secondary roads purposes	5,236,832
Other purposes	566,449
Unrestricted	92,486
Total net position	\$ 76,002,561

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2021

	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	\$ 7,336,535	407,314	379,307	-	(6,549,914)
Physical health and social services	2,357,376	102,670	1,093,438	-	(1,161,268)
Mental health	1,255,472	6,821	-	-	(1,248,651)
County environment and education	1,777,272	109,250	1,013,325	148,400	(506,297)
Roads and transportation	10,117,496	50,610	5,543,734	2,066,860	(2,456,292)
Governmental services to residents	1,109,723	1,438,123	35,721	-	364,121
Administration	3,321,033	143,607	8,188	-	(3,169,238)
Non-program	191,794	193,430	-	-	1,636
Interest and fees on long-term debt	1,584,221	-	-	60,746	(1,523,475)
Total	<u>\$ 29,050,922</u>	<u>2,451,825</u>	<u>8,073,713</u>	<u>2,276,006</u>	<u>(16,249,378)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					15,382,508
Debt service					2,860,073
Penalty and interest on property tax					166,538
State tax credits					1,013,178
Local option sales tax					3,208,850
Unrestricted investment earnings					137,929
Gain on disposal of assets					156,230
Miscellaneous					<u>174,183</u>
Total general revenues					<u>23,099,489</u>
Change in net position					6,850,111
Net position beginning of year					<u>69,152,450</u>
Net position end of year					<u>\$ 76,002,561</u>

See notes to financial statements.

Warren County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 9,093,089	293,136	2,994,488
Receivables:			
Property tax:			
Delinquent	18,601	1,995	5,483
Succeeding year	12,286,000	928,000	2,169,000
Interest and penalty on property tax	106,614	-	-
Accounts	60,317	-	600
Accrued interest	27,242	-	-
Due from other funds	75,961	-	-
Due from other governments	226,327	-	421,021
Inventories	-	-	-
Total assets	\$ 21,894,151	1,223,131	5,590,592
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 119,278	194	23,025
Salaries and benefits payable	385,152	10,653	33,886
Due to other funds	7,743	-	-
Due to other governments	191,535	366	55
Total liabilities	703,708	11,213	56,966
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	12,286,000	928,000	2,169,000
Other	125,215	1,995	5,483
Total deferred inflows of resources	12,411,215	929,995	2,174,483
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Restricted for:			
Supplemental levy purposes	1,284,784	-	-
Mental health purposes	-	281,923	-
Rural services purposes	-	-	3,359,143
Secondary roads purposes	-	-	-
Conservation purposes	31,788	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Future jail expansion	588,243	-	-
Building reserve	620,167	-	-
Unassigned	6,254,246	-	-
Total fund balances	8,779,228	281,923	3,359,143
Total liabilities, deferred inflows of resources and fund balances	\$ 21,894,151	1,223,131	5,590,592

See notes to financial statements.

<u>Revenue</u>				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
4,604,703	-	17,418,059	\$ 534,402	34,937,877
-	3,849	-	-	29,928
-	3,003,000	-	-	18,386,000
-	-	-	-	106,614
7,443	-	-	300	68,660
-	-	-	-	27,242
-	-	-	-	75,961
1,117,427	-	-	-	1,764,775
362,852	-	-	-	362,852
<u>6,092,425</u>	<u>3,006,849</u>	<u>17,418,059</u>	<u>534,702</u>	<u>55,759,909</u>
403,223	-	1,818,559	41	2,364,320
127,120	-	-	-	556,811
21,251	75,961	-	-	104,955
15,752	-	-	-	207,708
<u>567,346</u>	<u>75,961</u>	<u>1,818,559</u>	<u>41</u>	<u>3,233,794</u>
-	3,003,000	-	-	18,386,000
-	3,849	-	-	136,542
-	<u>3,006,849</u>	-	-	<u>18,522,542</u>
362,852	-	-	-	362,852
-	-	-	-	1,284,784
-	-	-	-	281,923
-	-	-	-	3,359,143
5,162,227	-	-	-	5,162,227
-	-	-	428,653	460,441
-	-	15,599,500	-	15,599,500
-	-	-	106,008	106,008
-	-	-	-	588,243
-	-	-	-	620,167
-	(75,961)	-	-	6,178,285
<u>5,525,079</u>	<u>(75,961)</u>	<u>15,599,500</u>	<u>534,661</u>	<u>34,003,573</u>
<u>6,092,425</u>	<u>3,006,849</u>	<u>17,418,059</u>	<u>534,702</u>	<u>55,759,909</u>

Warren County

Warren County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 34,003,573

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 \$130,101,722 and the accumulated depreciation/amortization is \$39,018,702. 91,083,020

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. 136,542

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. 297,321

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

Deferred outflows of resources	2,207,261	
Deferred inflows of resources	<u>(917,910)</u>	1,289,351

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. (50,807,246)

Net position of governmental activities (page 16) \$ 76,002,561

See notes to financial statements.

Warren County

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

Year ended June 30, 2021

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 11,906,715	1,277,364	2,284,918
Local option sales tax	-	-	3,208,850
Interest and penalty on property tax	162,498	-	-
Intergovernmental	3,218,818	73,630	95,708
Licenses and permits	45,900	-	70,700
Charges for service	1,633,534	-	20,000
Use of money and property	181,154	-	-
Miscellaneous	371,278	6,821	-
Total revenues	<u>17,519,897</u>	<u>1,357,815</u>	<u>5,680,176</u>
Expenditures:			
Operating:			
Public safety and legal services	7,087,619	-	165,196
Physical health and social services	2,309,950	-	-
Mental health	-	1,247,455	-
County environment and education	1,169,933	-	456,718
Roads and transportation	-	-	1,039,241
Governmental services to residents	1,079,623	-	2,460
Administration	3,073,432	-	-
Debt service	61,050	-	-
Capital projects	87,099	-	-
Total expenditures	<u>14,868,706</u>	<u>1,247,455</u>	<u>1,663,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,651,191</u>	<u>110,360</u>	<u>4,016,561</u>
Other financing sources (uses):			
Sale of capital assets	-	-	-
General obligation capital loan notes issued	46,118	-	-
Transfers in	-	-	-
Transfers out	(378,924)	-	(3,094,642)
Total other financing sources (uses)	<u>(332,806)</u>	<u>-</u>	<u>(3,094,642)</u>
Change in fund balances	2,318,385	110,360	921,919
Fund balances beginning of year	<u>6,460,843</u>	<u>171,563</u>	<u>2,437,224</u>
Fund balances end of year	<u>\$ 8,779,228</u>	<u>281,923</u>	<u>3,359,143</u>

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	2,860,073	-	-	18,329,070
-	-	-	-	3,208,850
-	-	-	-	162,498
5,622,977	157,513	-	18,211	9,186,857
39,525	-	-	-	156,125
-	-	-	26,836	1,680,370
1,440	2,254	58,492	33,413	276,753
26,221	-	6,381	61,772	472,473
5,690,163	3,019,840	64,873	140,232	33,472,996
-	-	-	1,409	7,254,224
-	-	-	-	2,309,950
-	-	-	-	1,247,455
-	-	-	181,964	1,808,615
7,507,646	-	-	-	8,546,887
-	-	-	20,000	1,102,083
-	-	-	-	3,073,432
69,689	2,916,489	-	-	3,047,228
258,758	-	16,796,435	-	17,142,292
7,836,093	2,916,489	16,796,435	203,373	45,532,166
(2,145,930)	103,351	(16,731,562)	(63,141)	(12,059,170)
72,068	-	-	-	72,068
-	-	-	-	46,118
3,473,566	-	-	-	3,473,566
-	-	-	-	(3,473,566)
3,545,634	-	-	-	118,186
1,399,704	103,351	(16,731,562)	(63,141)	(11,940,984)
4,125,375	(179,312)	32,331,062	597,802	45,944,557
5,525,079	(75,961)	15,599,500	534,661	34,003,573

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, 2021

Change in fund balances - Total governmental funds (page 23) \$ (11,940,984)

**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	\$ 18,571,359	
Capital assets contributed by the Iowa Department of Transportation	2,082,517	
Capital assets contributed by private sources	53,500	
Depreciation/amortization expense	<u>(2,965,490)</u>	17,741,886

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 84,162

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	(86,489)	
Other	<u>4,040</u>	(82,449)

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 payments exceeded issuances as follows:

Issued	(46,118)	
Repaid	<u>1,501,814</u>	1,455,696

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. 932,211

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	(38,355)	
Pension expense	(1,217,699)	
OPEB expense	(61,402)	
Interest on long-term debt	<u>(38,807)</u>	(1,356,263)

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. 15,852

Change in net position of governmental activities (page 17) \$ 6,850,111

See notes to financial statements.

Warren County
Statement of Net Position
Proprietary Fund

June 30, 2021

	Internal Service - Fuel Station
Assets	
Cash and cash equivalents	\$ 246,749
Due from other funds	28,994
Due from other governments	29,765
Inventories	27,979
Total assets	333,487
Liabilities	
Accounts payable	36,141
Due to other governments	25
Total liabilities	36,166
Net Position	
Unrestricted	\$ 297,321

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 299,080
Reimbursements from other governments		185,255
Fuel and other tax refunds		<u>33,007</u>
Total operating revenues		517,342
Operating expenses:		
Fuel	\$ 454,103	
State fuel and other taxes	40,802	
Utilities	448	
Insurance	2,547	
Repairs	3,460	
Tank fees	<u>130</u>	<u>501,490</u>
Operating income		15,852
Net position beginning of year		<u>281,469</u>
Net position end of year		<u>\$ 297,321</u>
See notes to financial statements.		

Warren County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2021

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 284,561
Cash received from other governments	163,643
Cash received from other sources	33,007
Cash paid to suppliers	(534,244)
Net cash provided by operating activities	(53,033)
Cash and cash equivalents beginning of year	299,782
Cash and cash equivalents end of year	\$ 246,749
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 15,852
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Due from other funds	(14,519)
Due from other governments	(21,612)
Inventories	(16,340)
Accounts payable	(16,412)
Due to other governments	(2)
Net cash provided by operating activities	\$ (53,033)
See notes to financial statements.	

Warren County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 5,058,503
Other County officials	158,308
Receivables:	
Property tax:	
Delinquent	97,285
Succeeding year	82,342,000
Accounts	3,222
Due from other governments	330
Special assessments	<u>588,730</u>
Total assets	<u>88,248,378</u>

Liabilities

Accounts payable	9,122
Salaries and benefits payable	32,582
Due to other governments	3,086,251
Trusts payable	226,820
Compensated absences	<u>78,854</u>
Total liabilities	<u>3,433,629</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>82,342,000</u>
Net position	<u>\$ 2,472,749</u>

See notes to financial statements.

Warren County

Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 74,215,552
911 surcharge	329,992
State tax credits	4,330,114
Office fees and collections	1,735,485
Auto licenses, use tax and postage	21,948,150
Assessments	57,281
Trusts	1,454,550
Miscellaneous	<u>265,525</u>
Total additions	<u>104,336,649</u>
Deductions:	
Agency remittances:	
To other funds	876,817
To other governments	101,975,529
Trusts paid out	<u>1,483,157</u>
Total deductions	<u>104,335,503</u>
Change in net position	1,146
Net position beginning of year, as restated	<u>2,471,603</u>
Net position end of year	<u>\$ 2,472,749</u>

See notes to financial statements.

Warren County

Notes to Financial Statements

June 30, 2021

(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 Custodial 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 – Custodial 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 lease agreements 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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, 2021, 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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

Land and construction in progress are not depreciated. The other tangible, plant, equipment, and infrastructure 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

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, 2021. 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 and unrecognized items not yet charged to pension expense.

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, 2021, disbursements exceeded the amount budgeted in the debt service function at year end.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2021 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, 2021 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 \$16,806,121 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, 2021 the Friends of Warren County Conservation (Friends) a blended component unit, had \$109,358 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, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 75,961
Internal Service:		
Fuel Station	General	7,743
	Special Revenue:	
	Secondary Roads	<u>21,251</u>
Total		<u>\$ 104,955</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, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 378,924
	Special Revenue:	
	Rural Services	<u>3,094,642</u>
Total		<u>\$ 3,473,566</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, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,606,512	148,400	-	2,754,912
Construction in progress	12,904,066	16,887,415	-	29,791,481
Construction in progress - Infrastructure	2,826,863	2,215,263	4,565,285	476,841
Intangibles	371,169	-	-	371,169
Total capital assets not being depreciated/amortized	18,708,610	19,251,078	4,565,285	33,394,403
Capital assets being depreciated/amortized:				
Buildings	6,666,686	-	-	6,666,686
Improvements other than buildings	911,962	-	-	911,962
Equipment and vehicles	11,389,285	1,550,798	971,134	11,968,949
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	70,928,918	4,565,285	-	75,494,203
Infrastructure, other	1,573,186	-	-	1,573,186
Total capital assets being depreciate/amortized	91,562,370	6,116,083	971,134	96,707,319
Less accumulated depreciation/amortization for:				
Buildings	3,789,124	195,751	-	3,984,875
Improvements other than buildings	256,962	34,076	-	291,038
Equipment and vehicles	7,668,866	927,734	960,796	7,635,804
Equipment, internal service	92,333	-	-	92,333
Infrastructure, road network	24,290,469	1,757,124	-	26,047,593
Infrastructure, other	916,254	50,805	-	967,059
Total accumulated depreciation/amortization	37,014,008	2,965,490	960,796	39,018,702
Total capital assets being depreciated/amortized, net	54,548,362	3,150,593	10,338	57,688,617
Governmental activities capital assets, net	\$ 73,256,972	22,401,671	4,575,623	91,083,020

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 159,051
Physical health and social services	5,430
County environment and education	144,289
Roads and transportation	2,485,635
Governmental services to residents	3,237
Administration	167,848
Total depreciation/amortization expense - governmental activities, excluding the Internal Service Fund	<u>\$ 2,965,490</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2021 is as follows:

Fund	Description	Amount
General	Services	\$ 191,535
Special Revenue:		
Secondary Roads	Services	15,752
Mental Health	Services	366
Rural Services	Services	55
Total for governmental funds		<u>\$ 207,708</u>
Custodial:		
Schools	Collections	\$ 376,827
Community Colleges		13,487
Corporations		212,972
Townships		6,156
Auto License and Use Tax		2,356,022
All other		<u>120,787</u>
Total for custodial funds		<u>\$ 3,086,251</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	General Obligation Capital Loan Notes	Installment Purchase Agreement	Rural Development Loan Agreement	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 42,557,630	133,168	112,000	977,500	5,545,490	1,085,912	50,411,700
Increases	-	46,118	-	720,468	1,573,954	192,099	2,532,639
Decreases	<u>1,375,244</u>	<u>98,570</u>	<u>28,000</u>	<u>682,113</u>	-	<u>86,120</u>	<u>2,270,047</u>
Balance end of year	<u>\$ 41,182,386 *</u>	<u>80,716</u>	<u>84,000</u>	<u>1,015,855</u>	<u>7,119,444</u>	<u>1,191,891</u>	<u>50,674,292</u>
Due within one year	<u>\$ 1,453,000</u>	<u>67,657</u>	<u>28,000</u>	<u>564,552</u>	-	<u>27,172</u>	<u>2,140,381</u>

* The unamortized premium on the notes was \$4,540,386 as of June 30, 2021.

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
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	321,767	686,767
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	291,967	686,967
2026	4.00	455,000	254,194	709,194	4.00	410,000	276,168	686,168
2027-2031	3.00-3.25	2,505,000	1,029,770	3,534,770	4.00	2,310,000	1,121,437	3,431,437
2032-2036	3.38-4.00	2,975,000	570,075	3,545,075	2.20-4.00	2,765,000	670,423	3,435,423
2037-2039	3.50	1,345,000	71,050	1,416,050	4.00	1,905,000	154,400	2,059,400
Total		8,930,000	3,109,865	12,039,865		8,880,000	3,479,098	12,359,098
Unamortized premium		-	-	-		793,497	-	-
Total payable		\$ 8,930,000	-	-		\$ 9,673,497	-	-

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
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	3.90	48,000	1,872	49,872	5.00	765,000	827,500	1,592,500
2026	-	-	-	-	5.00	805,000	789,250	1,594,250
2027-2031	-	-	-	-	5.00	4,675,000	3,300,500	7,975,500
2032-2035	-	-	-	-	5.00	5,965,000	2,008,500	7,973,500
2036-2039	-	-	-	-	5.00	4,340,000	441,250	4,781,250
Total		192,000	18,720	210,720		18,640,000	10,061,750	28,701,750
Unamortized premium		-	-	-		3,746,889	-	-
Total payable		\$ 192,000	-	-		\$ 22,386,889	-	-

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 1,453,000	1,635,962	3,088,962
2023	1,513,000	1,573,111	3,086,111
2024	1,578,000	1,507,562	3,085,562
2025	1,643,000	1,439,061	3,082,061
2026	1,670,000	1,319,612	2,989,612
2026-2030	9,490,000	5,451,707	14,941,707
2031-2035	11,705,000	3,248,998	14,953,998
2036-2039	7,590,000	666,700	8,256,700
Total	36,642,000	16,842,713	53,484,713
Unamortized premium	4,540,386	-	-
Total payable	\$ 41,182,386	-	-

During the year ended June 30, 2021. The County retired \$1,375,244 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. In November 2020, the County entered into an installment purchase agreement to purchase a heavy duty truck with interest at 3.95% 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, 2021.

<u>Year ending June 30,</u>	<u>Heavy Duty Truck</u>	<u>International Trucks</u>	<u>Total</u>
2022	\$ 1,091	69,689	70,780
2023	13,575	-	13,575
Total minimum payments	\$ 14,666	69,689	84,355
Less amount representing interest	(1,548)	(2,091)	(3,639)
Present value of net minimum payments	<u>\$ 13,118</u>	<u>67,598</u>	<u>80,716</u>

Payments under the capital lease purchase agreements totaled \$102,739 for the year ended June 30, 2021.

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>
2022	0%	\$ 28,000
2023	0	28,000
2024	0	<u>28,000</u>
Total		<u>\$ 84,000</u>

During the year ended June 30, 2021, 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
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	109,368	-	-	109,368
2027	54,684	-	-	54,684
Total	\$ 601,524	181,404	16,500	799,428

During the year ended June 30, 2021, the County paid \$109,368 under the court system lease, \$65,507 under the local human services lease and \$60,468 under the sheriff lease.

Rental expenditures have not been adjusted for sublease rentals totaling \$6,005 for the year ended June 30, 2021.

(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 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 were \$932,211.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$7,119,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the County's proportion was 0.101348%, which was an increase of 0.005582% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$1,217,699. At June 30, 2021, 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	\$ 20,534	187,453
Changes of assumptions	448,438	157,021
Net difference between projected and actual earnings on IPERS' investments	527,198	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	212,444	54,683
County contributions subsequent to the measurement date	932,211	-
Total	\$ 2,140,825	399,157

\$932,211 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, 2022. 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
2022	\$ 83,988
2023	172,163
2024	213,510
2025	333,321
2026	6,475
Total	\$ 809,457

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020, 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 2021 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 geometric 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%	4.43
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
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	\$ 13,088,860	7,119,444	2,114,802

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, 2021.

(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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>180</u>
Total	<u><u>183</u></u>

Total OPEB Liability – The County’s total OPEB liability of \$1,191,891 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25% per annum, including inflation plus merit/productivity increases
Discount rate (effective June 30, 2021)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	7.5% initial rate decreasing by .5% annually to an ultimate rate of 4.5%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. 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	<u>\$ 1,085,912</u>
Changes for the year:	
Service cost	125,288
Interest	31,965
Differences between expected and actual experiences	-
Changes in assumptions	34,846
Benefit payments	<u>(19,144)</u>
Net changes	<u>105,979</u>
Total OPEB liability end of year	<u>\$ 1,191,891</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	<u>1% Decrease (1.19%)</u>	<u>Discount Rate (2.19%)</u>	<u>1% Increase (3.19%)</u>
Total OPEB liability	\$ 1,267,338	1,191,891	1,118,340

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	<u>1% Decrease (6.50%)</u>	<u>Healthcare Cost Trend Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Total OPEB liability	\$ 1,040,186	1,191,891	1,370,825

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$61,402. At June 30, 2021, 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	\$ -	504,119
Changes in assumptions	66,436	14,634
Total	<u>\$ 66,436</u>	<u>518,753</u>

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
2022	(76,707)
2023	(76,707)
2024	(76,707)
2025	(76,710)
2026	(48,668)
Thereafter	<u>(96,818)</u>
	<u>\$ (452,317)</u>

(11) Risk Management

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims 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, 2021 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	\$ 17,175
City of Cumming	Urban renewal and economic development projects	23,875
City of Carlisle	Urban renewal and economic development projects	16,637

(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, 2021, as follows:

Revenues:		
Property and other county tax		\$ 1,277,364
Intergovernmental:		
State tax credits		73,630
Miscellaneous		<u>6,821</u>
Total revenues		<u>1,357,815</u>
Expenditures:		
Services to persons with:		
Mental illness		<u>172,176</u>
General administration:		
Direct administration	\$ 147,298	
Distribution to regional fiscal agent	<u>927,981</u>	<u>1,075,279</u>
Total expenditures		<u>1,247,455</u>
Excess of revenues over expenditures		110,360
Fund balance beginning of year		<u>171,563</u>
Fund balance end of year		<u>\$ 281,923</u>

(15) Construction Commitments

The County has entered into contracts totaling \$34,694,377 for architecture, design, civil engineering and land surveying for the Law Enforcement Center and Courthouse (Justice Center). As of June 30, 2021, costs of \$21,998,927 on the project have been incurred. The \$12,695,450 balance remaining on the project at June 30, 2021 will be paid as work on the project progresses.

The County has entered into a contract totaling \$9,877,975 for peace officer and emergency services communication equipment and systems. As of June 30, 2021, costs of \$6,313,217 on the project have been incurred. The \$3,564,758 balance remaining on the project at June 30, 2021 will be paid as work on the project progresses.

(16) Subsequent Event

On August 3, 2021, the Board of Supervisors authorized \$690,000 of general obligation capital loan notes, Series 2021A, to pay costs of the acquisition of peace officer and other emergency services communication equipment and systems.

On April 22, 2022, the Board of Supervisors authorized \$3,505,000 of general obligation capital loan notes, Series 2022, to pay costs of design, construction and equipping of a public building including a secondary roads shop and the acquisition of real estate.

(17) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to business 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.

(18) Accounting Change/Restatement

General Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. The restatement to retroactively report the change in net position is as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>2,471,603</u>
Net position July 1, 2020, as restated	<u>\$ 2,471,603</u>

(19) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting certain potentially significant lease assets and liabilities that are not currently reported.

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, 2021

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 21,428,167	-	21,428,167
Interest and penalty on property tax	162,498	-	162,498
Intergovernmental	9,305,144	-	9,305,144
Licenses and permits	156,115	-	156,115
Charges for service	1,685,790	-	1,685,790
Use of money and property	339,863	33,155	306,708
Miscellaneous	433,602	61,280	372,322
Total receipts	33,511,179	94,435	33,416,744
Disbursements:			
Public safety and legal services	7,227,200	-	7,227,200
Physical health and social services	2,316,335	-	2,316,335
Mental health	1,247,200	-	1,247,200
County environment and education	1,764,064	180,470	1,583,594
Roads and transportation	8,140,536	-	8,140,536
Governmental services to residents	1,099,874	-	1,099,874
Administration	3,022,740	-	3,022,740
Debt service	3,034,303	-	3,034,303
Capital projects	16,005,332	-	16,005,332
Total disbursements	43,857,584	180,470	43,677,114
Excess (deficiency) of receipts over (under) disbursements	(10,346,405)	(86,035)	(10,260,370)
Other financing sources, net	77,895	-	77,895
Changes in balances	(10,268,510)	(86,035)	(10,182,475)
Balance beginning of year	45,206,387	514,688	44,691,699
Balance end of year	\$ 34,937,877	428,653	34,509,224

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
20,048,744	20,048,744	1,379,423
114,930	186,530	(24,032)
7,851,440	8,845,230	459,914
106,625	106,625	49,490
1,445,270	1,445,270	240,520
643,845	343,845	(37,137)
257,994	335,354	36,968
<u>30,468,848</u>	<u>31,311,598</u>	<u>2,105,146</u>
7,197,760	7,303,560	76,360
2,875,336	2,875,336	559,001
1,346,315	1,346,315	99,115
1,654,920	1,634,870	51,276
9,417,800	9,417,800	1,277,264
1,027,745	1,128,345	28,471
3,350,810	3,454,910	432,170
3,006,110	3,027,160	(7,143)
<u>26,315,000</u>	<u>26,466,300</u>	<u>10,460,968</u>
<u>56,191,796</u>	<u>56,654,596</u>	<u>12,977,482</u>
(25,722,948)	(25,342,998)	15,082,628
800,000	800,000	(722,105)
(24,922,948)	(24,542,998)	14,360,523
<u>35,775,396</u>	<u>35,775,396</u>	<u>8,916,303</u>
<u>10,852,448</u>	<u>11,232,398</u>	<u>23,276,826</u>

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2021

	<u>Governmental Funds</u>		
	Cash	Accrual	Modified
	<u>Basis</u>	<u>Adjustments</u>	<u>Basis</u>
Revenues	\$ 33,511,179	(38,183)	33,472,996
Expenditures	<u>43,857,584</u>	<u>1,674,582</u>	<u>45,532,166</u>
Net	(10,346,405)	(1,712,765)	(12,059,170)
Other financing sources, net	77,895	40,291	118,186
Beginning fund balances	<u>45,206,387</u>	<u>738,170</u>	<u>45,944,557</u>
Ending fund balances	<u>\$ 34,937,877</u>	<u>(934,304)</u>	<u>34,003,573</u>

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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, one budget amendment increased budgeted disbursements by \$462,800. 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, 2021, disbursements exceeded the amount budgeted in the debt service function.

Warren County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.101348%	0.095766%	0.095721%	3094642
County's proportionate share of the net pension liability	\$ 7,119	5,545	6,057	6,685
County's covered payroll	\$ 9,570	9,100	8,752	8,389
County's proportionate share of the net pension liability as a percentage of its covered payroll	74.39%	60.93%	69.21%	79.69%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* 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.

2017	2016	2015
0.103706%	0.100788%	0.1006971%
6,257	4,979	4,242
8,307	8,043	8,459
75.32%	61.90%	50.15%
81.82%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 932	905	866	790
Contributions in relation to the statutorily required contribution	<u>(932)</u>	<u>(905)</u>	<u>(866)</u>	<u>(790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 9,904	9,570	9,100	8,752
Contributions as a percentage of covered payroll	9.41%	9.46%	9.52%	9.03%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
763	755	731	768	753	693
(763)	(755)	(731)	(768)	(753)	(693)
-	-	-	-	-	-
8,389	8,307	8,043	8,459	8,485	8,275
9.10%	9.09%	9.09%	9.08%	8.87%	8.37%

Warren County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

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 Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 125,288	137,648	131,615	109,516
Interest cost	31,965	50,030	50,672	49,853
Difference between expected and actual experiences	(66,976)	(350,275)	(70,772)	(249,936)
Changes in assumptions	34,846	(18,816)	33,981	25,621
Benefit payments	(19,144)	(40,406)	(30,733)	(49,799)
Net change in total OPEB liability	105,979	(221,819)	114,763	(114,745)
Total OPEB liability beginning of year	1,085,912	1,307,731	1,192,968	1,307,713
Total OPEB liability end of year	\$ 1,191,891	1,085,912	1,307,731	1,192,968
Covered-employee payroll	\$ 9,814,635	9,757,225	9,053,077	8,768,113
Total OPEB liability as a percentage of covered-employee payroll	12.1%	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, 2021	2.19%
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, 2021

		County Recorder's Records Management	Resource Enhancement and Protection	Special Attorney Forfeiture
Assets				
Cash, cash equivalents and pooled investments	\$	12,658	56,976	1,809
Receivables:				
Accounts		-	-	-
	\$	12,658	56,976	1,809
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	-	-	-
Fund balances:				
Restricted for:				
Conservation purposes		-	-	-
Other purposes		12,658	56,976	1,809
Total fund balances		12,658	56,976	1,809
Total liabilities and fund balances	\$	12,658	56,976	1,809

See accompanying independent auditor's report.

Revenue				
Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer		Total
10,845	428,653	23,461		534,402
-	-	300		300
10,845	428,653	23,761		534,702
-	-	41		41
-	428,653	-		428,653
10,845	-	23,720		106,008
10,845	428,653	23,720		534,661
10,845	428,653	23,761		534,702

Warren County

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

Year ended June 30, 2021

	County Recorder's Records Management	Resource Enhancement and Protection	Special Attorney Forfeiture
Revenues:			
Intergovernmental	\$ -	18,211	-
Charges for service	15,936	-	-
Use of money and property	70	188	-
Miscellaneous	-	-	-
Total revenues	<u>16,006</u>	<u>18,399</u>	<u>-</u>
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,409
County environment and education	-	-	-
Governmental services to residents	20,000	-	-
Total expenditures	<u>20,000</u>	<u>-</u>	<u>1,409</u>
Excess (deficiency) of revenues over (under) expenditures	(3,994)	18,399	(1,409)
Fund balances beginning of year	<u>16,652</u>	<u>38,577</u>	<u>3,218</u>
Fund balances end of year	<u>\$ 12,658</u>	<u>56,976</u>	<u>1,809</u>

See accompanying independent auditor's report.

 Revenue

Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Total
-	-	-	18,211
-	-	10,900	26,836
-	33,155	-	33,413
492	61,280	-	61,772
492	94,435	10,900	140,232
-	-	-	1,409
-	180,470	1,494	181,964
-	-	-	20,000
-	180,470	1,494	203,373
492	(86,035)	9,406	(63,141)
10,353	514,688	14,314	597,802
10,845	428,653	23,720	534,661

Warren County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,726	1,363,378	376,827
Other County officials	158,308	-	-	-
Receivables:				
Property tax:				
Delinquent	-	456	1,759	63,830
Succeeding year	-	295,000	1,132,000	44,879,000
Accounts	-	-	16	-
Due from other governments	-	-	330	-
Special assessments	-	-	-	-
Total assets	\$ 158,308	298,182	2,497,483	45,319,657
Liabilities				
Accounts payable	\$ -	-	645	-
Salaries and benefits payable	-	-	23,301	-
Due to other governments	108,548	2,726	-	376,827
Trusts payable	49,760	-	-	-
Compensated absences	-	-	53,332	-
Total liabilities	158,308	2,726	77,278	376,827
Deferred Inflows of Resources				
Unavailable revenues	-	295,000	1,132,000	44,879,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	456	1,288,205	63,830

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
13,487	212,972	6,156	2,356,022	726,935	5,058,503
-	-	-	-	-	158,308
2,257	15,322	13,635	-	26	97,285
1,600,000	33,359,000	822,000	-	255,000	82,342,000
-	-	-	-	3,206	3,222
-	-	-	-	-	330
-	-	-	-	588,730	588,730
<u>1,615,744</u>	<u>33,587,294</u>	<u>841,791</u>	<u>2,356,022</u>	<u>1,573,897</u>	<u>88,248,378</u>
-	-	-	-	8,477	9,122
-	-	-	-	9,281	32,582
13,487	212,972	6,156	2,356,022	9,513	3,086,251
-	-	-	-	177,060	226,820
-	-	-	-	25,522	78,854
<u>13,487</u>	<u>212,972</u>	<u>6,156</u>	<u>2,356,022</u>	<u>229,853</u>	<u>3,433,629</u>
<u>1,600,000</u>	<u>33,359,000</u>	<u>822,000</u>	<u>-</u>	<u>255,000</u>	<u>82,342,000</u>
<u>2,257</u>	<u>15,322</u>	<u>13,635</u>	<u>-</u>	<u>1,089,044</u>	<u>2,472,749</u>

Warren County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	290,520	1,120,234	42,485,690
911 surcharge	-	-	-	-
State tax credits	-	16,834	64,896	2,430,124
Office fees and collections	1,672,190	-	61,895	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,194,712	-	-	-
Miscellaneous	-	-	15,741	-
Total additions	<u>2,866,902</u>	<u>307,354</u>	<u>1,262,766</u>	<u>44,915,814</u>
Deductions:				
Agency remittances:				
To other funds	158,999	-	-	-
To other governments	1,532,137	308,888	846,347	45,122,949
Trusts paid out	1,175,766	-	-	-
Total deductions	<u>2,866,902</u>	<u>308,888</u>	<u>846,347</u>	<u>45,122,949</u>
Changes in net position	-	(1,534)	416,419	(207,135)
Net position beginning of year, as restated	-	1,990	871,786	270,965
Net position end of year	<u>\$ -</u>	<u>456</u>	<u>1,288,205</u>	<u>63,830</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,437,574	27,832,956	793,543	-	255,035	74,215,552
-	-	-	-	329,992	329,992
83,292	1,683,770	33,925	-	17,273	4,330,114
-	-	-	-	1,400	1,735,485
-	-	-	21,948,150	-	21,948,150
-	-	-	-	57,281	57,281
-	-	-	-	259,838	1,454,550
-	-	-	-	249,784	265,525
<u>1,520,866</u>	<u>29,516,726</u>	<u>827,468</u>	<u>21,948,150</u>	<u>1,170,603</u>	<u>104,336,649</u>
-	-	-	717,818	-	876,817
1,528,278	29,620,306	831,925	21,230,332	954,367	101,975,529
-	-	-	-	307,391	1,483,157
<u>1,528,278</u>	<u>29,620,306</u>	<u>831,925</u>	<u>21,948,150</u>	<u>1,261,758</u>	<u>104,335,503</u>
(7,412)	(103,580)	(4,457)	-	(91,155)	1,146
9,669	118,902	18,092	-	1,180,199	2,471,603
<u>2,257</u>	<u>15,322</u>	<u>13,635</u>	<u>-</u>	<u>1,089,044</u>	<u>2,472,749</u>

Warren County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 18,329,070	15,980,046	14,512,622	13,716,587
Local option sales tax	3,208,850	2,164,907	762,937	-
Interest and penalty on property tax	162,498	54,053	108,317	114,285
Intergovernmental	9,186,857	8,735,873	7,862,119	7,615,062
Licenses and permits	156,125	129,135	119,615	116,540
Charges for service	1,680,370	1,513,013	1,470,899	1,376,945
Use of money and property	276,753	572,381	635,449	315,712
Miscellaneous	472,473	489,717	534,735	965,868
Total	\$ 33,472,996	29,639,125	26,006,693	24,220,999
Expenditures:				
Operating:				
Public safety and legal services	\$ 7,254,224	6,714,929	6,609,813	5,929,122
Physical health and social services	2,309,950	2,477,379	2,587,953	2,842,401
Mental health	1,247,455	1,598,828	1,415,448	803,456
County environment and education	1,808,615	1,799,101	1,605,128	1,758,619
Roads and transportation	8,546,887	8,410,145	7,293,107	6,577,352
Governmental services to residents	1,102,083	1,013,481	1,063,550	964,063
Administration	3,073,432	3,130,156	2,922,329	2,856,591
Non-program	-	-	-	-
Debt service	3,047,228	2,334,108	164,467	95,043
Capital projects	17,142,292	10,660,849	5,132,567	1,902,581
Total	\$ 45,532,166	38,138,976	28,794,362	23,729,228

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
13,234,723	13,057,120	12,526,162	12,568,621	12,347,304	11,582,933
-	-	-	-	-	-
126,729	113,771	105,612	128,175	125,890	134,118
7,556,639	8,251,314	7,822,979	9,073,956	9,050,387	8,295,071
99,983	76,680	71,705	73,395	59,335	49,065
1,348,773	1,357,697	1,167,838	1,115,148	1,294,223	1,154,244
197,283	132,365	110,328	71,693	72,103	75,528
826,595	552,700	648,796	565,025	613,260	1,137,620
23,390,725	23,541,647	22,453,420	23,596,013	23,562,502	22,428,579
5,253,486	4,955,299	4,562,327	4,879,166	4,678,285	4,573,861
2,934,056	3,070,206	2,880,433	3,524,239	2,957,533	2,836,202
1,034,261	1,001,248	2,568,192	1,221,108	1,772,073	4,802,080
1,637,970	1,375,122	1,236,705	1,589,388	1,297,723	1,467,779
6,799,465	6,911,348	6,029,085	6,133,405	6,008,547	5,182,055
995,409	1,008,855	903,560	921,227	1,087,588	826,576
2,996,712	2,806,497	2,788,473	2,848,934	2,608,887	2,594,163
-	-	-	-	17,742	17,828
102,213	93,604	33,355	46,301	46,336	25,905
1,656,556	1,938,279	808,335	1,955,605	1,242,074	1,209,194
23,410,128	23,160,458	21,810,465	23,119,373	21,716,788	23,535,643

Schedule 6

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY21	\$ 15,939
OJP Bureau of Justice Assistance:			
COVID-19, Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1100	50,061
Bulletproof Vest Partnership Program	16.607		5,335
Total Direct			71,335
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY21	33,230
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	TAP-U-C091(131)--81-91	79,242
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 21-402-MOOP, Task 41-10-00	4,076
State and Community Highway Safety	20.600	PAP 21-402-MOOP, Task 48-10-00	4,672
			8,748
U.S. Department of Treasury:			
Iowa Department of Revenue:			
COVID-19, Coronavirus Relief Fund	21.019	FY21	949,388
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
COVID-19, HAVA Election Security Grants	90.404	325-11320-HAVACARES	29,200
U.S. Department of Health and Human Services:			
Iowa Department on Aging:			
Aging Resources of Central Iowa:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	FY21	77,973
Nutrition Services Incentive Program	93.053	FY21	43,318
Polk County:			
Public Health Emergency Preparedness	93.069	5881BT08	37,543
Iowa Department of Public Health:			
COVID-19, Immunization Cooperative Agreements	93.268	5881I486	19,648
COVID-19, Immunization Cooperative Agreements	93.268	5885BT491	76,987
			96,635
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5880MH22	663

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Medicaid Cluster:			
Medical Assistance Program	93.778	5881MHI16	37,680 *
Block Grant to the States	93.994	5881MH22	15,135
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	FY21	1,722
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY21	7,283
Foster Care Title IV-E	93.658	FY21	8,715
Adoption Assistance	93.659	FY21	4,287
Social Services Block Grant	93.667	FY21	7,945
Children's Health Insurance Program	93.767	FY21	702
Medicaid Cluster:			
Medical Assistance Program	93.778	FY21	28,906 *
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4483	5,133
Total indirect			1,473,448
Total			\$ 1,544,783

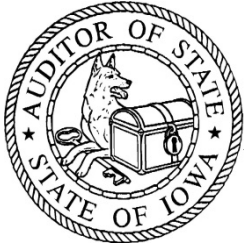
* - Total Medicaid Cluster, \$66,586

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Warren County under programs of the federal Revigovernment for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Warren County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Warren County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

See accompanying independent auditor's report.



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

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Auditor of State

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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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 6, 2022.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-21 through II-C-21 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-D-21 through II-F-21 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

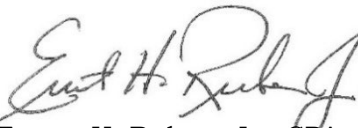
Warren County's Responses to the Findings

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

Purpose of this Report

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

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 6, 2022



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Warren County:

Report on Compliance for Each Major Federal Program

We have audited Warren County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2021. Warren County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Warren County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

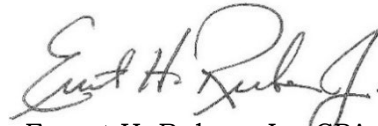
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 6, 2022

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.019 – COVID-19, Coronavirus Relief Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Warren County did not qualify as a low-risk auditee.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties
(2021-001)

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:

	Applicable Offices
1) Incoming mail is opened by an employee who is authorized to make entries to the accounting records.	Recorder, Treasurer, Engineer, 911, Conservation, and Friends of Warren County Conservation
2) Generally, one individual may have control over collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist.	Recorder, Sheriff, Engineer, Conservation, Friends of Warren County Conservation, Public Health Nurse, Congregate Meals, and 911
3) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Sheriff – Civil Account, and Friends of Conservation
4) The person who signs checks is not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder, Sheriff – Civil Account, and Friends of Warren County Conservation
5) One individual handles fuel inventory and is responsible for maintaining fuel inventory records. Fuel usage reports are not reviewed by an independent person for propriety.	Engineer

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

- | | |
|--|---|
| 6) Daily cash reconciliations are not reviewed and approved by an independent person for propriety. | Treasurer |
| 7) Responsibilities for maintaining detailed accounts receivable records are not segregated from posting receipts. | Public Health Nurse |
| 8) 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 |
| 9) Prenumbered receipts are not used to record donations. | Congregate Meals |

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.

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. We will work to prepare monthly bank reconciliations.
- (b) Treasurer – We do not have enough staff to segregate duties. But we will make sure daily cash reconciliations are reviewed and approved by an independent person.
- (c) Engineer – Limited budgets and staffing in County Government.
- (d) Conservation – When personnel levels allow, segregation of duties will occur.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

- (e) Friends of Warren County Conservation – We are having the office manager for the Warren County Conservation Board open and record incoming mail. The treasurer will initial the bank statement reconciliations. A member of the officer team randomly will select monthly treasurer reports to verify and initial. We do not have any voided receipts.
- (f) 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.
- (g) Sheriff – With limited staff, we attempt to split duties as much as possible. With the addition of a jail Clerk, I believe we can have a clear distinction between these duties and who has access to manage/alter accounts.
- (h) Congregate Meals – Going forward we will have numbered receipt books for the drivers to issue a payment received to the client when collecting their sealed payment envelope. The amount of their payment will then be recorded in that book upon return to the office and a printed receipt with the amount will be returned to the client documenting the date and amount of their payment.

We will send a memo to our clients outlining this new practice and offer the option to receive a statement and return envelope to mail their voluntary contributions directly to our office instead of sending payments with drivers.

We will continue to monitor revenues to see if any anomalies occur.

In fiscal year 2023 we will be consolidating some of our sites and have additional personnel in our main location. This will allow for separation of collection, deposit/recording and posting of payments.

- (i) 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.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2021

II-B-21 Financial Reporting
(2021-02)

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County’s financial statements.

Condition – A material amount of payables and capital asset additions and deletions were not properly recorded in the County’s financial statements.

Cause – County procedures have not been established to ensure all payables and capital asset additions and deletions are properly accounted for and recorded in the County’s financial statements.

Effect – Lack of procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The County should establish procedures to ensure all payables and capital asset additions and deletions are identified and properly recorded in the County’s financial statements.

Response – The County will develop new procedures to ensure all capital assets and payables are properly accounted for. This process is now handled by a different employee.

Conclusion – Response accepted.

II-C-21 Bank Reconciliations
(2021-03)

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.

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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Responses –

- (a) County Recorder – Moving forward, we will prepare a monthly bank reconciliation. We will utilize other employees within the County to independently review the reconciliations.
- (b) County Sheriff – The new Jail Clerk will complete the Independent Monthly Reconciliation of DARE. The Jail Clerk has no access to any record management system for the DARE Account/Program.
- (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.

Conclusions –

- (a) County Recorder and Friends of Warren County Conservation – Responses accepted.
- (b) County Recorder and County Sheriff – Response acknowledged. The County Sheriff and County Recorder should also ensure the bank reconciliations are reviewed by an independent person.

II-D-21 County Sheriff’s Office Trust Listing
(2021-04)

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 14, 2021 and totaled \$5,725, \$5,830 less than the calculated book balance of \$11,555. 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.

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Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Response – This has been an ongoing problem for years. We will begin printing out and maintain trust listings at the end of the month. This trust listing will be used to reconcile our book balances monthly.

Conclusion – Response accepted.

II-E-21 Timely Receipt Deposit
(2021-05)

Criteria – An effective internal control system provides for internal controls related to ensuring the timely deposit of all incoming cash and checks.

Condition – Receipts are not always deposited to the bank timely. Nine 911 receipts were not remitted timely, deposit was more than 21 days after receipt.

Cause – Policies and procedures have not been designed and implemented to ensure all incoming cash and checks are deposited timely.

Effect – This condition could result in unrecorded or misstated revenues and receivables.

Recommendation – Procedures should be established to ensure all receipts are deposited timely.

Response – This past couple of years my job duties increased immensely with participating in the planning of the new Warren County Justice Center which includes my office and dispatch. I was also appointed the contact person for the Warren County Radio Communication project. Both of these projects are wrapping up and there has been some restructuring within the county to relieve me of some of the responsibilities I had in regard to the radio system. This will allow me more time to focus on my core duties and responsibilities to process receipts in a timely manner.

Conclusion – Response accepted.

II-F-21 Restrictive Endorsements
(2021-06)

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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Responses –

- (a) County Sheriff – A “For Deposit Only” stamp will be added to all incoming checks immediately upon receipt.
- (b) County Engineer – We will work with the Treasurer’s office to correct this and starting immediately, we will place a restrictive stamp on all checks received to our office.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCES:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – During the year ended June 30, 2021, disbursements exceeded the amount budgeted in the debt service function.

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 and appropriations to avoid over disbursing in these areas.

Conclusion – Response accepted.

IV-B-21 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. Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion since the public benefits to be derived have not been clearly documented. Because the credit card issuer bill was not paid timely, the County paid \$11 in late fees and interest

Recommendation – The Board of Supervisors and County Information Technology Department should ensure late fees and interest is not paid.

Response – The County will remind Department Heads (including IT) of our policies and procedures and advise that late fees are not to be incurred when following the 10-day approval process.

Conclusion – Response accepted.

IV-C-21 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-21 Business Transactions – The following transaction between the County and County officials or employees was noted:

Name, Title and Business Connection	Transaction Description	Amount
Andy Coffman, Secondary Roads motorgrader operator, brother owns Coffman Glass	Glass supplies	\$ 1,915
Chrissy Mathews, Dispatcher	Printing/design services	375
Darren Heater, Board of Supervisors, owns Iowa Process Services	Legal process service	4,665

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Coffman Glass, Chrissy Mathews, and Iowa Process Services do not appear to represent conflicts of interest since the total transactions for each were less than \$6,000 during the fiscal year.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

- IV-E-21 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.
- IV-F-21 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-21 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-J-21 Financial Condition – The Debt Service Fund had a deficit fund balance of \$75,961 at June 30, 2021. A portion of this deficit is attributable to the incorrect apportionment, in the year ending June 30, 2020, 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 – County has managed to retrieve funds caused by the TIF apportionment issue in order to bring the debt service fund positive.

Conclusion – Response accepted.

- IV-K-21 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 – Will have the new civil clerk verify bank options.

Conclusion – Response acknowledged. The County Sheriff should obtain and retain an image of both the front and back of each cancelled check as required.

- IV-L-21 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 \$7,018 expenditures of \$5,053 and an ending bank balance of \$13,983. 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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

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 – Will have a discussion with County Auditor and County Attorney to make sure funds are properly recorded through General Ledger.

Conclusion – Response accepted.

- IV-M-21 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 required 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 – We will prepare reports for the Board.

Conclusion – Response accepted.

- IV-N-21 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 \$2,598 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 – Steps are being taken for the County Conservation Board to make its own purchases therefor, reducing the need for reimbursements.

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

Warren County

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IV-O-21 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 is working on developing a process to include the clothing expenses in the wages of the employee.

Conclusion – Response accepted.

IV-P-21 Other Donations – During the year ended June 30, 2021, the County donated \$5,000 to the Indianola Community Youth Foundation to support the expansion of a meal site.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to private non-profit corporations. Article III, Section 31 of the Constitution of the State of Iowa states “...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation or claim be allowed by two-thirds of the members elected to each branch of the General Assembly.”

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that “a governmental body may not donate public funds to a private entity, even if the entity is established for charitable educational purposes and performs work which the government could perform directly.” The Opinions further state, “Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes.”

Political subdivisions and municipalities, including cities, counties, schools and townships are municipal – governmental entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support ‘public’ services which are the same or similar to the services provided by the government, the private organizations are not subject to the same degree of public accountability and oversight as governmental entities.

Recommendation – We are not aware of any statutory authority for the County to donate public funds to private non-profit corporations. The County should prohibit future donations to non-profit organizations.

Response – The County will complete payments in the contract and not renew.

Conclusion – Response acknowledged. The County should require an accounting for how the public funds were spent.

Warren County

Staff

This audit was performed by:

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