

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

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 26, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$37,314,922 for the year ended June 30, 2022, a 3.9% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$30,606,525, a 5.4% increase over the prior year.

AUDIT FINDINGS:

Sand reported eighteen findings related to the receipt and expenditure of taxpayer funds. They are found on pages 88 through 102 of this report. The findings address issues such as lack of segregation of duties, bank reconciliations not prepared by certain County offices, material amounts of receivables, payables and capital asset additions and deletions were not properly recorded and disbursements exceeding budgeted amounts prior to an amendment. Sand provided the County with recommendations to address each of these findings.

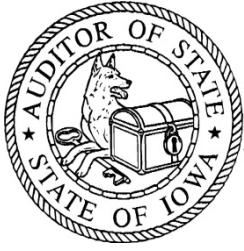
Thirteen of the eighteen findings discussed above for the County are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as 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 website 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, 2022

Warren County



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Rob Sand
Auditor of State

June 8, 2023

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, 2022. 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

<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 Wright	County Recorder	Jan 2023
Joe Carico	County Sheriff	Jan 2025
Douglas Eichholz	County Attorney	Jan 2023
Janet Bunce	County Assessor	Jan 2027



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Independent Auditor's Report

To the Officials of Warren County:

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Warren County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 17 to the financial statements, Warren County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Warren County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Warren County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Warren County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 58 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards generally accepted in the United States of America, 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, 2021 (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.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 6 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 8, 2023 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 8, 2023

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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Revenues of the County's governmental activities increased 3.9%, or approximately \$1,416,000, from fiscal year 2021 to fiscal year 2022. The County recorded approximately \$1,834,000 of federal grants for the American Rescue Plan Act (ARPA). Operating grants, contributions and restricted interest decreased approximately \$1,404,000, excluding ARPA and capital grants, contributions and restricted interest decreased approximately \$634,000.
- Program expenses were 5.4%, or approximately \$1,557,000, more in fiscal year 2022 than in fiscal year 2021. Public safety and legal services and administration increased approximately \$1,284,000 and \$492,000, respectively. Interest on long-term debt and physical health and social services decreased approximately \$186,000 and \$153,000, respectively.
- The County's net position increased 8.8%, or approximately \$6,709,000, over the June 30, 2021 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 (asset) 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,	
	2022	2021
Current and other assets	\$ 51,452	55,988
Capital assets	108,563	91,083
Total assets	<u>160,015</u>	<u>147,071</u>
Deferred outflows of resources	<u>1,620</u>	<u>2,207</u>
Long-term liabilities	45,835	50,674
Other liabilities	<u>7,459</u>	<u>3,298</u>
Total liabilities	<u>53,294</u>	<u>53,972</u>
Deferred inflows of resources	<u>25,630</u>	<u>19,304</u>
Net position:		
Net investment in capital assets	67,146	65,335
Restricted	13,954	10,575
Unrestricted	<u>1,611</u>	<u>92</u>
Total net position	<u>\$ 82,711</u>	<u>76,002</u>

Net position of Warren County’s combined net position increased 8.8% over a year ago, increasing from approximately \$76 million to approximately \$83 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 capital assets. This net position category increased approximately \$1,811,000, or 2.8%, over the prior year.

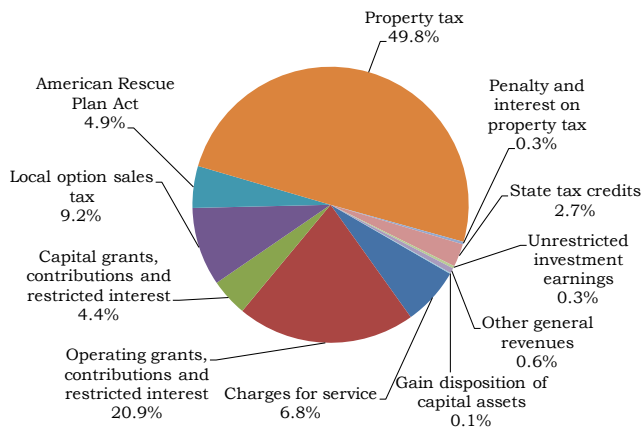
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$3,379,000, or 32.0%, over the prior year. This increase is primarily due to the increase in the amounts held at year end in the Special Revenue, Rural Services and Secondary Roads Funds.

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 balance of approximately \$92,000 at June 30, 2021 to approximately \$1,611,000 at the end of this year, an increase of 1651%. This increase is due to an increase in the net pension asset.

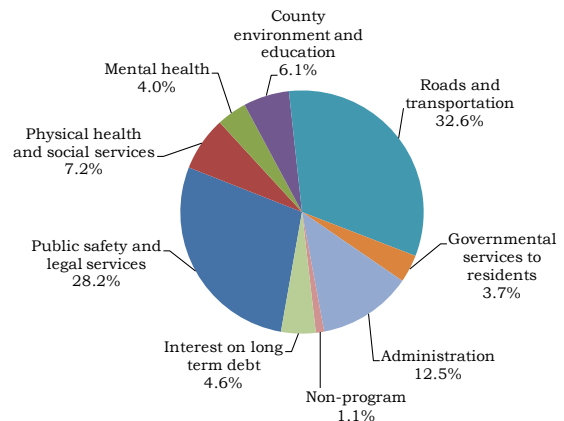
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 2,556	2,452
Operating grants, contributions and restricted interest	7,809	8,074
Capital grants, contributions and restricted interest	1,642	2,276
General revenues:		
Property tax	18,573	18,242
Penalty and interest on property tax	128	166
State tax credits	998	1,013
Local option sales tax	3,420	3,209
American Rescue Plan Act	1,834	-
Unrestricted investment earnings	111	138
Gain disposition of capital assets	36	156
Other general revenues	209	174
Total revenues	37,316	35,900
Program expenses:		
Public safety and legal services	8,621	7,337
Physical health and social services	2,204	2,357
Mental health	1,217	1,255
County environment and education	1,861	1,777
Roads and transportation	10,042	10,117
Governmental services to residents	1,129	1,110
Administration	3,813	3,321
Non-program	322	192
Interest on long-term debt	1,398	1,584
Total expenses	30,607	29,050
Change in net position	6,709	6,850
Net position beginning of year	76,002	69,152
Net position end of year	\$ 82,711	76,002

Revenues by Source



Expenses by Program



Warren County's governmental activities net position increased approximately \$6,709,000 during the year. Revenues for governmental activities increased approximately \$1,416,000 over the prior year. The significant increase was primarily the result of federal grants for the American Rescue Plan Act (ARPA).

The County decreased property tax rates for fiscal year 2022 an average of 4%. Based on increases in the total assessed valuation, property taxes increased \$331,000. Based on a decrease in levy rates, property tax revenue is budgeted to decrease \$970,000 next year.

The County's operating grants, contributions and restricted interest decreased approximately \$265,000, or 3.3% from fiscal year 2021 primarily due to Coronavirus Relief Funds received in the prior year, partially offset by the receipt of Opioid Abatement Funds. Capital grants, contributions and restricted interest decreased approximately \$634,000, or 27.9%, from fiscal year 2021, primarily due to less contributed capital from the Iowa Department of Transportation.

The cost of all governmental activities this year was approximately \$30.6 million compared to approximately \$29.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$18.6 million because some of the cost was paid by those who directly benefited from the programs (approximately \$2,556,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9,451,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2022 from approximately \$12,802,000 to approximately \$12,007,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$22,583,000, a decrease of approximately \$11,421,000 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 decreased approximately \$151,000 from the prior year to approximately \$8,628,000. General Fund revenues decreased approximately \$700,000, or 4.0%, from the prior year, due primarily to federal aid through the Coronavirus Relief Program. Expenditures increased approximately \$1,329,000, or 8.9%, over the prior year primarily due to expenses related to the Justice Center.

The Special Revenue, Mental Health Fund balance at year end decreased approximately \$282,000 from the prior year end. For the year, expenditures totaled approximately \$1,273,000, an increase of 2.1% over the prior year. The County was required by Senate File 619 to transfer the remaining fund balance to the Central Iowa Community Services Region prior to June 30, 2022.

The Special Revenue, Rural Services Fund balance increased approximately \$757,000 over fiscal year 2021. Rural Services Fund revenues increased approximately \$108,000, or 1.9%. Expenditures increased approximately \$130,000 over the prior year, primarily due to additional payroll and benefits being paid from the fund.

The Special Revenue, American Rescue Plan Act revenues increased approximately \$1,838,000 and expenditures increased approximately \$1,834,000 over the prior year. Revenues are recognized from the fund's unearned revenue as expenditures are incurred. The County deposits interest received into the fund. The County used the American Rescue Plan Act to fund expenditures for the new Law Enforcement Center, permanent landscaping for the Conservation Department and to purchase motor vehicles.

The Special Revenue, Secondary Roads Fund balance increased approximately \$1,145,000, or 20.7% over the prior year to approximately \$6,670,000. Expenditures decreased approximately \$142,000, or 1.8%, from the prior year. Revenues decreased approximately \$351,000, or 6.2%, primarily due to lower road use tax receipts.

The Debt Services Fund revenues increased approximately \$245,000, or 8.1%, over fiscal year 2021, due principally to an increase in property and other county tax revenue. The Debt service levy rate decreased 2% from \$1.08308 per \$1,000 of taxable valuation to \$1.06419 per \$1,000 of taxable valuation. For the year, expenditures totaled approximately \$3,121,000, an increase of 7.0% over the prior year. These changes resulted in an increase in the Debt Service Fund ending balance of approximately \$144,000 or 189.5%.

The Capital Projects Fund balance at year end decreased approximately \$13,062,000 from the prior year to approximately \$2,538,000. For the year, expenditures totaled approximately \$17,916,000, an increase of 6.7% over the prior year, primarily due to the expenses associated with the construction of the law enforcement center (Justice Center), emergency services communication equipment projects and Secondary Roads shop. The projects are ongoing.

BUDGETARY HIGHLIGHTS

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

The County's receipts were \$2,191,523 more than budgeted. The most significant variances resulted from the County receiving \$1,571,277 more in property and other County taxes, and \$514,168 more in intergovernmental revenues.

Total disbursements were \$10,935,323 less than the final amended budget. Actual disbursements for the public safety and legal services, county environment and education, and capital projects were \$1,019,823, \$2,220,127 and \$5,170,967, respectively, less than budgeted. The difference in capital projects is due to construction of the Justice Center and the secondary road shop not proceeding as planned. The two projects are still active.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Warren County had approximately \$108.6 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 \$17,183,000 or 18.8%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
Land	\$ 2,755	2,755
Construction in progress	48,436	30,268
Intangibles	371	371
Buildings and improvements	3,606	3,303
Equipment and vehicles	4,306	4,333
Right-to-use leased buildings and equipment	284	297
Infrastructure	48,804	50,053
Total	\$ 108,562	91,380
This year's major additions included (in thousands):		
Construction in progress - Justice Center	\$	12,373
Construction in progress - 911 Communication		3,399
Construction in progress - Roads		1,646
Construction in progress - Secondary Roads Shop		1,659
Equipment and vehicles		584
Conservation building		350
Total	\$	20,011

The County had depreciation expense of \$3,273,189 in fiscal year 2022 and total accumulated depreciation of \$42,143,459 at June 30, 2022.

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

Long-Term Debt

At June 30, 2022, Warren County had approximately \$43,955,000 of general obligation capital loan notes and other long-term debt outstanding compared to \$41,644,000 at June 30, 2021, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated)
General obligation notes	\$ 43,612	41,182
Installment purchase contract	-	81
Rural development loan agreement	56	84
Lease agreements	287	297
Total	\$ 43,955	41,644

Debt increased as a result of issuing general obligation capital loan notes for the secondary road shop.

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 \$236 million. Additional information about the County's long-term debt is presented in Note 8 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 2023 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 2.3% versus 4.1 % a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.6%.

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 9.5% for fiscal year 2022 compared with the national rate of 9.1% increase.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation in the operating budget are approximately \$36.0 million, a decrease of approximately \$17,000 under the final fiscal year 2022 budget. Budgeted disbursements are expected to decrease approximately \$23,676,000 from the final fiscal year 2022 budget, primarily in the capital projects function related to the construction of the Justice Center and Secondary Roads shop. The County has added no major new programs or initiatives to the fiscal year 2023 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Warren County

Basic Financial Statements

Warren County
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 28,507,858
Receivables:	
Property tax:	
Delinquent	30,517
Succeeding year	17,493,000
Interest and penalty on property tax	116,688
Accounts	50,508
Opioid settlement	1,026,432
Accrued interest	19,659
Due from other governments	1,261,589
Lease receivable	425,251
Inventories	552,226
Prepaid expenses	210,298
Capital assets not being depreciated	51,561,917
Capital assets net of accumulated depreciation/amortization	57,001,482
Net pension asset	1,757,615
Total assets	160,015,040
Deferred Outflows of Resources	
Pension related deferred outflows	1,564,303
OPEB related deferred outflows	55,585
Total deferred outflows of resources	1,619,888
Liabilities	
Accounts payable	3,292,244
Accrued interest payable	138,697
Salaries and benefits payable	687,800
Due to other governments	175,442
Unearned revenue	3,164,748
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	102,485
General obligation capital loan	1,713,000
Rural development loan agreement	28,000
Compensated absences	519,116
Total OPEB liability	13,719
Portion due or payable after one year:	
Lease agreements	184,981
General obligation capital loan	41,899,142
Rural development loan agreement	28,000
Compensated absences	397,697
Total OPEB liability	948,698
Total liabilities	53,293,769
Deferred Inflows of Resources	
Lease related	425,251
Unavailable property tax revenue	17,493,000
Pension related deferred inflows	6,963,326
OPEB related deferred inflows	748,624
Total deferred inflows of resources	25,630,201
Net Position	
Net investment in capital assets	67,145,803
Restricted for:	
Supplemental levy purposes	1,478,932
Rural services purposes	4,047,190
Secondary roads purposes	6,743,707
Debt service	71,796
Opioid abatement	1,026,432
Other purposes	585,802
Unrestricted	1,611,296
Total net position	\$ 82,710,958

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2022

	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	\$ 8,620,637	354,009	279,411	-	(7,987,217)
Physical health and social services	2,203,664	135,627	2,208,809	-	140,772
Mental health	1,216,612	6,192	-	-	(1,210,420)
County environment and education	1,861,111	103,887	41,683	-	(1,715,541)
Roads and transportation	10,041,736	42,850	5,278,706	1,625,498	(3,094,682)
Governmental services to residents	1,129,393	1,428,698	54	-	299,359
Administration	3,812,859	144,791	-	-	(3,668,068)
Non-program	322,542	340,297	-	-	17,755
Interest and fees on long-term debt	1,397,971	-	-	16,597	(1,381,374)
Total	<u>\$ 30,606,525</u>	<u>2,556,351</u>	<u>7,808,663</u>	<u>1,642,095</u>	<u>(18,599,416)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					15,483,243
Debt service					3,089,361
Penalty and interest on property tax					127,819
State tax credits					997,894
Local option sales tax					3,419,863
American Rescue Plan Act					1,833,586
Unrestricted investment earnings					110,520
Gain on disposal of assets					36,052
Miscellaneous					<u>209,475</u>
Total general revenues					<u>25,307,813</u>
Change in net position					6,708,397
Net position beginning of year					<u>76,002,561</u>
Net position end of year					<u>\$ 82,710,958</u>

See notes to financial statements.

Warren County
Balance Sheet
Governmental Funds

June 30, 2022

	General	Special Revenue		
		Rural Services	American Rescue Plan Act	Secondary Roads
Assets				
Cash, cash equivalents and pooled investments	\$ 9,252,858	3,925,266	3,605,992	6,214,119
Receivables:				
Property tax:				
Delinquent	21,121	5,370	-	-
Succeeding year	12,774,000	1,754,000	-	-
Interest and penalty on property tax	116,688	-	-	-
Accounts	46,320	2,600	-	1,463
Opioid settlement	-	-	-	-
Accrued interest	19,659	-	-	-
Due from other funds	588	-	-	-
Lease receivable	425,251	-	-	-
Due from other governments	227,319	242,597	-	745,947
Inventories	-	-	-	515,334
Prepaid	194,578	7,083	-	-
Total assets	\$ 23,078,382	5,936,916	3,605,992	7,476,863
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 369,070	12,395	436,765	307,364
Salaries and benefits payable	504,217	46,991	-	136,592
Due to other funds	11,985	2,203	-	34,958
Due to other governments	168,807	55	-	6,530
Unearned revenues	-	-	3,164,748	-
Total liabilities	<u>1,054,079</u>	<u>61,644</u>	<u>3,601,513</u>	<u>485,444</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	12,774,000	1,754,000	-	-
Other	196,615	5,370	-	321,638
Lease related	425,251	-	-	-
Total deferred inflows of resources	<u>13,395,866</u>	<u>1,759,370</u>	<u>-</u>	<u>321,638</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	515,334
Prepaid	194,578	7,083	-	-
Restricted for:				
Supplemental levy purposes	1,540,840	-	-	-
Rural services purposes	-	4,108,819	-	-
Secondary roads purposes	-	-	-	6,154,447
Conservation purposes	25,304	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Assigned for:				
Future jail expansion	588,243	-	-	-
Building reserve	620,167	-	-	-
Unassigned	5,659,305	-	4,479	-
Total fund balances	<u>8,628,437</u>	<u>4,115,902</u>	<u>4,479</u>	<u>6,669,781</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 23,078,382	5,936,916	3,605,992	7,476,863

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
67,770	4,627,489	558,188	28,251,682
4,026	-	-	30,517
2,965,000	-	-	17,493,000
-	-	-	116,688
-	-	125	50,508
-	-	1,026,432	1,026,432
-	-	-	19,659
-	-	-	588
-	-	-	425,251
-	-	-	1,215,863
-	-	-	515,334
-	8,637	-	210,298
<u>3,036,796</u>	<u>4,636,126</u>	<u>1,584,745</u>	<u>49,355,820</u>
-	2,098,114	-	3,223,708
-	-	-	687,800
-	-	-	49,146
-	-	-	175,392
-	-	-	3,164,748
-	2,098,114	-	7,300,794
2,965,000	-	-	17,493,000
4,026	-	1,026,432	1,554,081
-	-	-	425,251
<u>2,969,026</u>	<u>-</u>	<u>1,026,432</u>	<u>19,472,332</u>
-	-	-	515,334
-	8,637	-	210,298
-	-	-	1,540,840
-	-	-	4,108,819
-	-	-	6,154,447
-	-	406,720	432,024
67,770	-	-	67,770
-	2,529,375	-	2,529,375
-	-	151,593	151,593
-	-	-	588,243
-	-	-	620,167
-	-	-	5,663,784
<u>67,770</u>	<u>2,538,012</u>	<u>558,313</u>	<u>22,582,694</u>
<u>3,036,796</u>	<u>4,636,126</u>	<u>1,584,745</u>	<u>49,355,820</u>

Warren County

Warren County

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

June 30, 2022

Total governmental fund balances (page 21) \$ 22,582,694

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 \$150,706,858 and the accumulated depreciation/amortization is \$42,143,459. 108,563,399

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 1,554,081	
Net pension asset	<u>1,757,615</u>	3,311,696

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. 318,766

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

Deferred outflows of resources	1,619,888	
Deferred inflows of resources	<u>(7,711,950)</u>	(6,092,062)

Long-term liabilities, including lease agreements payable, general obligation capital loan notes payable, rural development loan agreement payable, compensated absences payable, 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. (45,973,535)

Net position of governmental activities (page 18) \$ 82,710,958

See notes to financial statements.

Warren County

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

Year ended June 30, 2022

	General	Mental Health	Rural Services	Special American Rescue Plan Act
Revenues:				
Property and other county tax	\$ 12,362,468	933,610	2,186,576	-
Local option sales tax	-	-	3,419,863	-
Interest and penalty on property tax	117,745	-	-	-
Intergovernmental	2,236,490	51,324	94,058	1,833,586
Licenses and permits	38,435	-	65,000	-
Charges for service	1,558,275	-	22,750	-
Use of money and property	159,061	-	-	4,479
Miscellaneous	347,715	6,192	-	-
Total revenues	16,820,189	991,126	5,788,247	1,838,065
Expenditures:				
Operating:				
Public safety and legal services	8,024,104	-	193,948	330,534
Physical health and social services	2,318,368	-	-	95,096
Mental health	-	1,273,049	-	-
County environment and education	1,135,618	-	528,732	312,458
Roads and transportation	-	-	1,068,204	4,305
Governmental services to residents	1,142,403	-	2,656	71,794
Administration	3,496,791	-	-	404,948
Debt service	41,928	-	-	-
Capital projects	39,197	-	-	614,451
Total expenditures	16,198,409	1,273,049	1,793,540	1,833,586
Excess (deficiency) of revenues over (under) expenditures	621,780	(281,923)	3,994,707	4,479
Other financing sources (uses):				
Sale of capital assets	6,052	-	-	-
General obligation capital loan notes issued	-	-	-	-
Premium on notes issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(849,997)	-	(3,250,000)	-
Lease agreements	71,374	-	12,052	-
Total other financing sources (uses)	(772,571)	-	(3,237,948)	-
Change in fund balances	(150,791)	(281,923)	756,759	4,479
Fund balances beginning of year	8,779,228	281,923	3,359,143	-
Fund balances end of year	\$ 8,628,437	-	4,115,902	4,479

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	3,089,361	-	-	18,572,015
-	-	-	-	3,419,863
-	-	-	-	117,745
5,278,706	172,904	-	18,627	9,685,695
38,680	-	-	-	142,115
-	-	-	23,989	1,605,014
360	2,201	14,396	248	180,745
21,043	-	14,815	28,958	418,723
5,338,789	3,264,466	29,211	71,822	34,141,915
-	-	-	1,579	8,550,165
-	-	-	-	2,413,464
-	-	-	-	1,273,049
-	-	-	46,591	2,023,399
7,277,922	-	-	-	8,350,431
-	-	-	-	1,216,853
-	-	-	-	3,901,739
69,689	3,120,735	-	-	3,232,352
346,473	-	17,915,977	-	18,916,098
7,694,084	3,120,735	17,915,977	48,170	49,877,550
(2,355,295)	143,731	(17,886,766)	23,652	(15,735,635)
-	-	-	-	6,052
-	-	4,195,000	-	4,195,000
-	-	30,278	-	30,278
3,499,997	-	600,000	-	4,099,997
-	-	-	-	(4,099,997)
-	-	-	-	83,426
3,499,997	-	4,825,278	-	4,314,756
1,144,702	143,731	(13,061,488)	23,652	(11,420,879)
5,525,079	(75,961)	15,599,500	534,661	34,003,573
6,669,781	67,770	2,538,012	558,313	22,582,694

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, 2022

Change in fund balances - Total governmental funds (page 25) \$ (11,420,879)

**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	\$ 19,038,846	
Capital assets contributed by the Iowa Department of Transportation	1,303,860	
Right-to-use leased capital assets	83,426	
Depreciation/amortization expense	<u>(3,273,189)</u>	17,152,943

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. 30,000

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	589	
Other	<u>1,416,950</u>	1,417,539

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

Issued	(4,278,426)	
Repaid	<u>1,967,356</u>	(2,311,070)

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. 975,723

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	99,042	
Pension expense	760,645	
OPEB expense	(11,248)	
Interest on long-term debt	<u>(5,743)</u>	842,696

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. 21,445

Change in net position of governmental activities (page 19) **\$ 6,708,397**

See notes to financial statements.

Warren County
Statement of Net Position
Proprietary Fund

June 30, 2022

	<u>Internal Service - Fuel Station</u>
Assets	
Cash and cash equivalents	\$ 256,176
Due from other funds	48,558
Due from other governments	45,726
Inventories	<u>36,892</u>
Total assets	<u>387,352</u>
Liabilities	
Accounts payable	68,536
Due to other governments	<u>50</u>
Total liabilities	<u>68,586</u>
Net Position	
Unrestricted	<u>\$ 318,766</u>

See notes to financial statements.

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

Year ended June 30, 2022

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 507,260
Reimbursements from other governments		317,870
Fuel and other tax refunds		<u>33,572</u>
Total operating revenues		858,702
Operating expenses:		
Fuel	\$ 764,005	
State fuel and other taxes	65,648	
Utilities	325	
Insurance	2,620	
Repairs	4,529	
Tank fees	<u>130</u>	<u>837,257</u>
Operating income		21,445
Net position beginning of year		<u>297,321</u>
Net position end of year		<u>\$ 318,766</u>

See notes to financial statements.

Warren County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2022

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 487,696
Cash received from other governments	301,909
Cash received from other sources	33,572
Cash paid to suppliers	(813,750)
Net cash provided by operating activities	9,427
Cash and cash equivalents beginning of year	246,749
Cash and cash equivalents end of year	\$ 256,176
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 21,445
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Due from other funds	(19,564)
Due from other governments	(15,961)
Inventories	(8,913)
Accounts payable	32,395
Due to other governments	25
Net cash provided by operating activities	\$ 9,427

See notes to financial statements.

Warren County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 4,885,541
Other County officials	150,858

Receivables:

Property tax:

Delinquent	103,720
Succeeding year	87,931,000
Accounts	74,669
Due from other governments	92,445
Special assessments	488,337
Prepays	29,588

Total assets93,756,158**Liabilities**

Accounts payable	12,122
Salaries and benefits payable	36,289
Due to other governments	2,685,323
Trusts payable	222,225
Compensated absences	152,257

Total liabilities3,108,216**Deferred Inflows of Resources**

Unavailable property tax revenue	87,931,000
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Net position\$ 2,716,942

See notes to financial statements.

Warren County

Statement of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2022

Additions:	
Property and other county tax	\$ 82,240,150
911 surcharge	408,152
State tax credits	4,934,671
Office fees and collections	2,028,125
Auto licenses, use tax and postage	22,939,278
Assessments	115,149
Trusts	2,219,491
Miscellaneous	<u>260,822</u>
Total additions	<u>115,145,838</u>
Deductions:	
Agency remittances:	
To other funds	894,313
To other governments	110,573,905
Trusts paid out	<u>3,433,427</u>
Total deductions	<u>114,901,645</u>
Change in net position	244,193
Net position beginning of year	<u>2,472,749</u>
Net position end of year	<u>\$ 2,716,942</u>

See notes to financial statements.

Warren County

Notes to Financial Statements

June 30, 2022

(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 American Rescue Plan Act Fund is used to account for grant revenues to be used for purposes of the Act.

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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, 2022, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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
Right-to-use leased assets	5,000
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
Right-to-use leased assets	2 - 20
Intangibles	5 - 20
Equipment	3 - 20
Vehicles	5 - 15

Leases – County as Lessee: Warren County is the lessee for a noncancellable lease of equipment and buildings. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Warren County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Warren County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor: Warren County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Warren County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Warren County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

Unearned Revenue – 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. Unearned revenue in the government wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows 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, 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 and tax increment financing receivables that will not be recognized until the year for which they are 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

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, 2022, disbursements exceeded the amount budgeted in the governmental services to residents function prior to an amendment by the Board of Supervisors.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2022 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, 2022 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 \$4,690,857 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, 2022 the Friends of Warren County Conservation (Friends) a blended component unit, had \$91,466 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, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Secondary Roads	\$ 588
Internal Service: Fuel Station	General	11,985
	Special Revenue: Rural Services Basic	2,203
	Secondary Roads	<u>34,370</u>
Total		<u>\$ 49,146</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, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Capital Projects	General	<u>\$ 600,000</u>
Secondary Roads	General	249,997
	Special Revenue: Rural Services	<u>3,250,000</u>
		<u>3,499,997</u>
Total		<u>\$ 4,099,997</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, 2022 was as follows:

	Restated, Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,754,912	-	-	2,754,912
Construction in progress	29,791,481	17,570,529	349,660	47,012,350
Construction in progress - Infrastructure	476,841	1,646,333	699,688	1,423,486
Intangibles	371,169	-	-	371,169
Total capital assets not being depreciated/amortized	33,394,403	19,216,862	1,049,348	51,561,917
Capital assets being depreciated/amortized:				
Buildings	6,666,686	349,660	-	7,016,346
Improvements other than buildings	911,962	210,862	-	1,122,824
Equipment and vehicles	11,968,949	944,982	148,432	12,765,499
Equipment, internal service	92,333	-	-	92,333
Right-to-use leased buildings	226,330	-	-	226,330
Right-to-use equipment	71,106	83,426	-	154,532
Infrastructure, road network	75,494,203	699,688	-	76,193,891
Infrastructure, other	1,573,186	-	-	1,573,186
Total capital assets being depreciate/amortized	97,004,755	2,288,618	148,432	99,144,941
Less accumulated depreciation/amortization for:				
Buildings	3,984,875	204,725	-	4,189,600
Improvements other than buildings	291,038	52,277	-	343,315
Equipment and vehicles	7,635,804	971,697	148,432	8,459,069
Equipment, internal service	92,333	-	-	92,333
Right-to-use assets	-	96,393	-	96,393
Infrastructure, road network	26,047,593	1,897,292	-	27,944,885
Infrastructure, other	967,059	50,805	-	1,017,864
Total accumulated depreciation/amortization	39,018,702	3,273,189	148,432	42,143,459
Total capital assets being depreciated/amortized, net	57,986,053	(984,571)	-	57,001,482
Governmental activities capital assets, net	\$ 91,380,456	18,232,291	1,049,348	108,563,399

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 208,895
Physical health and social services	72,857
County environment and education	162,873
Roads and transportation	2,621,601
Governmental services to residents	6,329
Administration	200,634
Total depreciation/amortization expense - governmental activities, excluding the Internal Service Fund	<u>\$ 3,273,189</u>

(6) Lease Receivable

Effective March 1, 2015, the county entered into a 25-year lease with a wireless service provider to erect, operate and maintain communications equipment. The County is to receive a yearly payment at an initial rent of \$24,000 which shall annually increase by two percent with an implicit rate of 3.50%. In FY22, the County received \$27,208 under the agreement.

Year	Interest	Principal	Interest	Total
Ending June 30,	Rates			
2023	3.50%	\$ 13,075	14,678	27,753
2024	3.50	14,104	14,204	28,308
2025	3.50	15,181	13,693	28,874
2026	3.50	16,307	13,144	29,451
2027	3.50	17,486	12,554	30,040
2028-2032	3.50	107,070	52,385	159,455
2033-2037	3.50	145,596	30,456	176,052
2038-2040	3.50	96,432	4,750	101,182
Total		\$ 425,251	155,864	581,115

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2022 is as follows:

Fund	Description	Amount
General	Services	\$ 168,807
Special Revenue:		
Secondary Roads	Services	6,530
Rural Services	Services	55
Total for governmental funds		\$ 175,392
Custodial:		
Schools	Collections	\$ 286,905
Community Colleges		11,505
Corporations		123,552
Townships		6,936
Auto License and Use Tax		2,097,175
All other		159,250
Total for custodial funds		\$ 2,685,323

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	General Obligation Capital Loan Notes	Installment Purchase Agreement	Rural Development Loan Agreement	Lease Agreements	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 41,182,386	80,716	84,000	297,436	1,015,855	7,119,444	1,191,891	50,971,728
Increases	4,195,000	-	-	83,426	714,143	-	161,005	5,153,574
Decreases	1,765,244	80,716	28,000	93,396	813,185	8,877,059	390,479	12,048,079
Balance end of year	\$ 43,612,142 *	-	56,000	287,466	916,813	(1,757,615)	962,417	44,077,223
Due within one year	\$ 1,713,000	-	28,000	102,485	519,116	-	13,719	2,376,320

* The unamortized premium on the notes was \$4,288,142 as of June 30, 2022.

General Obligation Capital Loan Notes

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.

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, erecting and equipping of a public building including a secondary roads shop and the acquisition of real estate.

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

Year Ending June 30,	Justice Center Issued Dec 5, 2018				Communications Equipment Issued Dec 30, 2019			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
	2023	4.00%	\$ 405,000	304,594	709,594	4.00%	\$ 365,000	321,767
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	3.25	470,000	235,994	705,994	4.00	425,000	259,767	684,767
2028-2032	3.00-4.00	2,585,000	952,776	3,537,776	4.00	2,405,000	1,029,038	3,434,038
2033-2037	3.38-4.00	3,085,000	458,150	3,543,150	2.20-4.00	2,855,000	579,255	3,434,255
2038-2039	3.50	685,000	23,975	708,975	4.00	1,295,000	78,200	1,373,200
Total		8,540,000	2,789,671	11,329,671		8,530,000	3,143,330	11,673,330
Unamortized premium		-	-	-		749,414	-	-
Total payable		\$ 8,540,000	-	-		\$ 9,279,414	-	-

Year Ending June 30,	Information Technology Equipment and Acquisition, Improvement and Equipping of County Buildings Issued Feb 20, 2020				Justice Center Issued Apr 30, 2020			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
	2023	3.90%	\$ 48,000	5,616	53,616	5.00%	\$ 695,000	898,750
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	-	-	-	-	5.00	845,000	749,000	1,594,000
2028-2032	-	-	-	-	5.00	4,910,000	3,066,750	7,976,750
2033-2037	-	-	-	-	5.00	6,260,000	1,710,250	7,970,250
2038-2039	-	-	-	-	5.00	2,965,000	224,250	3,189,250
Total		144,000	11,232	155,232		17,975,000	9,129,750	27,104,750
Unamortized premium		-	-	-		3,538,728	-	-
Total payable		\$ 144,000	-	-		\$ 21,513,728	-	-

Year Ending June 30,	Communications Equipment				Secondary Roads Shop			
	Issued Aug 18, 2021				Issued May 3, 2022			
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2023	2.00%	\$ 30,000	12,125	42,125	3.00%	\$ 170,000	113,328	283,328
2024	2.00	30,000	11,525	41,525	3.00	195,000	100,050	295,050
2025	2.00	35,000	10,925	45,925	3.00	200,000	94,200	294,200
2026	2.00	35,000	10,225	45,225	3.00	205,000	88,200	293,200
2027	2.00	35,000	9,525	44,525	3.00	215,000	82,050	297,050
2028-2032	2.00	180,000	37,388	217,388	3.00	1,170,000	310,050	1,480,050
2033-2037	2.00	200,000	20,200	220,200	3.00	1,350,000	123,900	1,473,900
2038-2039	2.00	85,000	2,600	87,600	3.00	-	-	-
Total		630,000	114,513	744,513		3,505,000	911,778	4,416,778
Unamortized premium		-	-	-		-	-	-
Total payable		\$ 630,000				\$ 3,505,000		

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 1,713,000	1,656,180	3,369,180
2024	1,803,000	1,574,881	3,377,881
2025	1,878,000	1,498,058	3,376,058
2026	1,910,000	1,418,037	3,328,037
2027	1,990,000	1,336,336	3,326,336
2028-2032	11,250,000	5,396,002	16,646,002
2033-2037	13,750,000	2,891,755	16,641,755
2038-2039	5,030,000	329,025	5,359,025
Total	39,324,000	16,100,274	55,424,274
Unamortized premium	4,288,142		
Total payable	\$ 43,612,142		

During the year ended June 30, 2022. The County retired \$1,765,244 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. During the year ended June 30, 2022, the County paid the remaining \$83,616 of principal and interest on the agreement.

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:

Year ending June 30,	Interest Rate	Amount
2023	0%	\$ 28,000
2024	0	28,000
Total		\$ 56,000

During the year ended June 30, 2022, the County retired \$28,000 of the loan agreement.

Lease Agreements

Between January 1, 2018 and May 23, 2022, the County entered into various noncancelable lease agreements for printers and copiers. The agreement requires monthly payments with estimated implicit interest rates from 2.00% to 5.00%. During the year ended June 30, 2022, the County paid principal of \$31,924 and interest of \$3,199 on these agreements.

On March 12, 2009, the County entered into a lease agreement for the Northern Warren Fire and Emergency Response Agency office building rental with an initial lease liability of \$57,500. The agreement requires monthly payments of \$625 plus interest over twenty years with an interest rate of 6% and final payment due on February 1, 2029. During the year ended June 30, 2022, the County paid principal of \$7,500 and interest of \$3,244 on the agreement.

On April 16, 2019, the County entered into a lease agreement for DHS office space with an initial lease liability of \$168,830. The agreement requires monthly payments of \$5,039 over three years with estimated implicit interest rate of 5% and final payment due on June 1, 2024. During the year ended June 30, 2022, the County paid principal of \$53,972 and interest of \$6,496 on the agreement.

Year Ending June 30,	Printer Agreements			Fire and Emergency Response Building		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 38,988	3,605	42,593	\$ 7,500	2,794	10,294
2024	33,450	2,222	35,672	7,500	2,344	9,844
2025	22,649	1,213	23,862	7,500	1,894	9,394
2026	17,782	572	18,354	7,500	1,444	8,944
2027	9,738	114	9,852	7,500	993	8,493
2028-2029	-	-	-	12,500	656	13,156
Totals	\$ 122,607	7,726	130,333	\$ 50,000	10,125	60,125

Year Ending June 30,	Local Human Services Building			Total		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 55,997	4,471	60,468	\$ 102,485	10,870	113,355
2024	58,862	1,606	60,468	99,812	6,172	105,984
2025	-	-	-	30,149	3,107	33,256
2026	-	-	-	25,282	2,016	27,298
2027	-	-	-	17,238	1,107	18,345
2028-2029	-	-	-	12,500	656	13,156
Totals	\$ 114,859	6,077	120,936	\$ 287,466	23,928	311,394

(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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2022 were \$975,723.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County reported an asset of \$1,757,615 for its proportionate share of the collective net pension liability (asset). The overall plan net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County’s proportion of the overall net pension asset 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 0.509119%, which was an increase of 0.407771% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of \$(760,645). At June 30, 2022, 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	\$ 235,548	119,539
Changes of assumptions	112,724	82,782
Net difference between projected and actual earnings on IPERS' investments	-	6,739,563
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	240,308	21,442
County contributions subsequent to the measurement date	975,723	-
Total	<u>\$ 1,564,303</u>	<u>6,963,326</u>

\$975,723 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 (asset) in the year ending June 30, 2023. 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
2023	\$ (1,606,835)
2024	(1,568,765)
2025	(1,450,220)
2026	(1,776,070)
2027	27,144
Total	<u>\$ (6,374,746)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 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, 2021, valuation was 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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability (asset) 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 (asset).

Sensitivity of the County's Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) 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 (asset)	\$ 4,460,715	(1,757,615)	(6,967,330)

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, 2022.

(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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>156</u>
Total	<u>158</u>

Total OPEB Liability – The County’s total OPEB liability of \$962,417 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum, including inflation plus merit/productivity increases
Discount rate (effective June 30, 2022)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	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 4.09% 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>\$ 1,191,891</u>
Changes for the year:	
Service cost	132,367
Interest	28,638
Differences between expected and actual experiences	-
Changes in assumptions	(250,893)
Benefit payments	<u>(33,371)</u>
Net changes	<u>(229,474)</u>
Total OPEB liability end of year	<u>\$ 962,417</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2021 to 4.09% in fiscal year 2022.

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 (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 1,033,898	962,417	894,881

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	\$ 846,189	962,417	1,099,946

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$61,402. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	641,668
Changes in assumptions	55,585	106,956
Total	<u>\$ 55,585</u>	<u>748,624</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
2023	\$ (116,386)
2024	(116,386)
2025	(116,389)
2026	(88,347)
2027	(88,346)
Thereafter	<u>(167,185)</u>
	<u>\$ (693,039)</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, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Norwalk	Urban renewal and economic development projects	\$ 276,555
City of Indianola	Urban renewal and economic development projects	267,100
City of Hartford	Urban renewal and economic development projects	2,115

(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, Greene, 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, 2022, as follows:

Revenues:		
Property and other county tax		\$ 933,610
Intergovernmental:		
State tax credits		51,324
Miscellaneous		6,192
Total revenues		<u>991,126</u>
Expenditures:		
Services to persons with:		
Mental illness		<u>175,551</u>
General administration:		
Direct administration	\$ 120,415	
Distribution to regional fiscal agent	<u>977,083</u>	<u>1,097,498</u>
Total expenditures		<u>1,273,049</u>
Excess of revenues over expenditures		(281,923)
Fund balance beginning of year		<u>281,923</u>
Fund balance end of year		<u>\$ -</u>

(15) Construction Commitments

The County has entered contracts totaling \$35,912,766 for construction of the Law Enforcement Center and Courthouse (Justice Center). As of June 30, 2022, costs of \$34,647,918 on the project have been incurred. The \$1,264,848 balance remaining on the project at June 30, 2022, will be paid as work on the project progresses.

The County has entered a contract totaling \$9,877,975 for peace officer and emergency services communication equipment and systems. As of June 30, 2022, costs of \$9,768,558 on the project have been incurred. The \$109,417 balance remaining on the project at June 30, 2022, will be paid as work on the project progresses.

The County has entered a contract totaling \$6,181,000, during fiscal year 2022, to build the Secondary Roads shop. As of June 30, 2022, costs of \$1,592,617 on the project have been incurred. The \$4,588,383 balance remaining on the project at June 30, 2022, will be paid as work on the project progresses.

(16) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payments from the Defendant companies over the next seventeen years. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, treatment, and recovery services.

(17) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Balances June 30, 2021, as previously reported	\$ 91,083,020	-
Change to implement GASBS No. 87	297,436	297,436
Balances July 1, 2021, as restated	<u>\$ 91,380,456</u>	<u>297,436</u>

(18) Prospective Accounting Change

Governmental Accounting Standards Board Statement has issued No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 22,170,301	-	22,170,301
Interest and penalty on property tax	117,745	-	117,745
Intergovernmental	13,558,408	-	13,558,408
Licenses and permits	142,740	-	142,740
Charges for service	1,611,690	-	1,611,690
Use of money and property	171,318	-	171,318
Miscellaneous	461,187	22,816	438,371
Total receipts	<u>38,233,389</u>	<u>22,816</u>	<u>38,210,573</u>
Disbursements:			
Public safety and legal services	8,411,238	-	8,411,238
Physical health and social services	2,384,737	-	2,384,737
Mental health	1,284,262	-	1,284,262
County environment and education	1,984,330	44,749	1,939,581
Roads and transportation	8,615,778	-	8,615,778
Governmental services to residents	1,207,866	-	1,207,866
Administration	3,795,812	-	3,795,812
Debt service	3,232,595	-	3,232,595
Capital projects	18,262,074	-	18,262,074
Total disbursements	<u>49,178,692</u>	<u>44,749</u>	<u>49,133,943</u>
Excess (deficiency) of receipts over (under) disbursements	(10,945,303)	(21,933)	(10,923,370)
Other financing sources, net	<u>4,259,108</u>	-	<u>4,259,108</u>
Changes in balances	(6,686,195)	(21,933)	(6,664,262)
Balance beginning of year	<u>34,937,877</u>	<u>428,653</u>	<u>34,509,224</u>
Balance end of year	<u>\$ 28,251,682</u>	<u>406,720</u>	<u>27,844,962</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
20,599,024	20,599,024	1,571,277
105,540	105,540	12,205
7,931,285	13,044,240	514,168
120,575	120,575	22,165
1,595,695	1,595,695	15,995
285,720	285,720	(114,402)
256,486	268,256	170,115
30,894,325	36,019,050	2,191,523
8,227,270	9,431,061	1,019,823
2,820,277	3,030,824	646,087
767,100	1,467,100	182,838
1,689,490	4,159,708	2,220,127
9,472,725	9,487,725	871,947
1,018,651	1,378,851	170,985
3,622,300	4,442,631	646,819
3,244,325	3,238,325	5,730
19,113,621	23,433,041	5,170,967
49,975,759	60,069,266	10,935,323
(19,081,434)	(24,050,216)	13,126,846
800,000	800,000	3,459,108
(18,281,434)	(23,250,216)	16,585,954
35,775,396	35,775,396	(1,266,172)
17,493,962	12,525,180	15,319,782

Warren County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2022

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 38,233,389	(4,091,474)	34,141,915
Expenditures	49,178,692	698,858	49,877,550
Net	(10,945,303)	(4,790,332)	(15,735,635)
Other financing sources, net	4,259,108	55,648	4,314,756
Beginning fund balances	34,937,877	(934,304)	34,003,573
Ending fund balances	<u>\$ 28,251,682</u>	<u>(5,668,988)</u>	<u>22,582,694</u>

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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, two budget amendments increased budgeted disbursements by \$10,093,507. 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, 2022, disbursements exceeded the amount budgeted in the governmental services to residents function prior to an amendment by the Board of Supervisors.

Warren County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability/asset	0.509119% **	0.101348%	0.095766%	0.095721%
County's proportionate share of the net pension liability (asset)	\$ (1,758)	7,119	5,545	6,057
County's covered payroll	\$ 9,904	9,570	9,100	8,752
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-17.75%	74.39%	60.93%	69.21%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.100352%	0.103706%	0.100788%	0.1006971%
6,685	6,257	4,979	4,242
8,389	8,307	8,043	8,459
79.69%	75.32%	61.90%	50.15%
82.21%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 976	932	905	866
Contributions in relation to the statutorily required contribution	<u>(976)</u>	<u>(932)</u>	<u>(905)</u>	<u>(866)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 10,445	9,904	9,570	9,100
Contributions as a percentage of covered payroll	9.34%	9.41%	9.46%	9.52%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
790	763	755	731	768	753
(790)	(763)	(755)	(731)	(768)	(753)
-	-	-	-	-	-
8,752	8,389	8,307	8,043	8,459	8,485
9.03%	9.10%	9.09%	9.09%	9.08%	8.87%

Warren County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2022

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 Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 132,367	125,288	137,648	131,615	109,516
Interest cost	28,638	31,965	50,030	50,672	49,853
Difference between expected and actual experiences	(250,893)	(66,976)	(350,275)	(70,772)	(249,936)
Changes in assumptions	(106,215)	34,846	(18,816)	33,981	25,621
Benefit payments	(33,371)	(19,144)	(40,406)	(30,733)	(49,799)
Net change in total OPEB liability	(229,474)	105,979	(221,819)	114,763	(114,745)
Total OPEB liability beginning of year	1,191,891	1,085,912	1,307,731	1,192,968	1,307,713
Total OPEB liability end of year	\$ 962,417	1,191,891	1,085,912	1,307,731	1,192,968
Covered-employee payroll	\$ 9,246,232	9,814,635	9,757,225	9,053,077	8,768,113
Total OPEB liability as a percentage of covered-employee payroll	10.4%	12.1%	11.1%	14.4%	13.6%

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	4.09%
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, 2022

			Special
	County Recorder's Records Management	Resource Enhancement and Protection	Attorney Forfeiture
Assets			
Cash, cash equivalents and pooled investments	\$ 26,541	75,797	6,372
Receivables:			
Accounts	-	-	-
Opioid settlement	-	-	-
Total assets	\$ 26,541	75,797	6,372
Liabilities, Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Other	\$ -	-	-
Fund balances:			
Restricted for:			
Conservation purposes	-	-	-
Other purposes	26,541	75,797	6,372
Total fund balances	26,541	75,797	6,372
Total liabilities and fund balances	\$ 26,541	75,797	6,372

See accompanying independent auditor's report.

Revenue

Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Opioid Abatement	Total
10,845	406,720	31,913	-	558,188
-	-	125	-	125
-	-	-	1,026,432	1,026,432
10,845	406,720	32,038	1,026,432	1,584,745
-	-	-	1,026,432	1,026,432
-	406,720	-	-	406,720
10,845	-	32,038	-	151,593
10,845	406,720	32,038	-	558,313
10,845	406,720	32,038	1,026,432	1,584,745

Warren County

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

Year ended June 30, 2022

	County Recorder's Records Management	Resource Enhancement and Protection	Special Attorney Forfeiture
Revenues:			
Intergovernmental	\$ -	18,627	-
Charges for service	13,829	-	-
Use of money and property	54	194	-
Miscellaneous	-	-	6,142
Total revenues	13,883	18,821	6,142
Expenditures:			
Operating:			
Public safety and legal services	-	-	1,579
County environment and education	-	-	-
Total expenditures	-	-	1,579
Excess (deficiency) of revenues over (under) expenditures	13,883	18,821	4,563
Fund balances beginning of year	12,658	56,976	1,809
Fund balances end of year	\$ 26,541	75,797	6,372

See accompanying independent auditor's report.

Revenue

Sheriff Forfeiture	Friends of Conservation	Liberty Center Sewer	Total
-	-	-	18,627
-	-	10,160	23,989
-	-	-	248
-	22,816	-	28,958
-	22,816	10,160	71,822
-	-	-	1,579
-	44,749	1,842	46,591
-	44,749	1,842	48,170
-	(21,933)	8,318	23,652
10,845	428,653	23,720	534,661
10,845	406,720	32,038	558,313

Warren County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	2,067	1,810,990	286,905
Other County officials	150,858	-	-	-
Receivables:				
Property tax:				
Delinquent	-	472	1,810	67,935
Succeeding year	-	329,000	1,105,000	46,900,000
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Special assessments	-	-	-	-
Prepaid	-	-	29,588	-
Total assets	\$ 150,858	331,539	2,947,388	47,254,840
Liabilities				
Accounts payable	\$ -	-	1,332	-
Salaries and benefits payable	-	-	26,122	-
Due to other governments	105,693	2,067	-	286,905
Trusts payable	45,165	-	-	-
Compensated absences	-	-	96,873	-
Total liabilities	150,858	2,067	124,327	286,905
Deferred Inflows of Resources				
Unavailable revenues	-	329,000	1,105,000	46,900,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	472	1,718,061	67,935

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
11,205	123,552	6,936	2,097,175	546,711	4,885,541
-	-	-	-	-	150,858
2,557	17,174	13,750	-	22	103,720
1,708,000	36,738,000	877,000	-	274,000	87,931,000
-	-	-	-	74,669	74,669
-	-	-	-	92,445	92,445
-	-	-	-	488,337	488,337
-	-	-	-	-	29,588
1,721,762	36,878,726	897,686	2,097,175	1,476,184	93,756,158
-	-	-	-	10,790	12,122
-	-	-	-	10,167	36,289
11,505	123,552	6,936	2,097,175	51,490	2,685,323
-	-	-	-	177,060	222,225
-	-	-	-	55,384	152,257
11,505	123,552	6,936	2,097,175	304,891	3,108,216
1,708,000	36,738,000	877,000	-	274,000	87,931,000
2,257	17,174	13,750	-	897,293	2,716,942

Warren County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2022

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	297,064	1,139,507	45,062,300
911 surcharge	-	-	-	-
State tax credits	-	16,329	62,640	2,519,727
Office fees and collections	1,966,230	-	61,895	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,771,454	-	-	-
Miscellaneous	-	-	19,201	-
Total additions	<u>3,737,684</u>	<u>313,393</u>	<u>1,283,243</u>	<u>47,582,027</u>
Deductions:				
Agency remittances:				
To other funds	110,996	-	-	-
To other governments	608,745	313,377	853,387	47,577,922
Trusts paid out	3,017,943	-	-	-
Total deductions	<u>3,737,684</u>	<u>313,377</u>	<u>853,387</u>	<u>47,577,922</u>
Changes in net position	-	16	429,856	4,105
Net position beginning of year	-	456	1,288,205	63,830
Net position end of year	<u>\$ -</u>	<u>472</u>	<u>1,718,061</u>	<u>67,935</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
1,610,325	33,041,248	829,892	-	259,814	82,240,150
-	-	-	-	408,152	408,152
88,509	2,200,340	36,264	-	10,862	4,934,671
-	-	-	-	-	2,028,125
-	-	-	22,939,278	-	22,939,278
-	-	-	-	115,149	115,149
-	-	-	-	448,037	2,219,491
-	-	-	-	241,621	260,822
1,698,834	35,241,588	866,156	22,939,278	1,483,635	115,145,838
-	-	-	783,317	-	894,313
1,698,834	35,239,736	866,041	22,155,961	1,259,902	110,573,905
-	-	-	-	415,484	3,433,427
1,698,834	35,239,736	866,041	22,939,278	1,675,386	114,901,645
-	1,852	115	-	(191,751)	244,193
2,257	15,322	13,635	-	1,089,044	2,472,749
2,257	17,174	13,750	-	897,293	2,716,942

Warren County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 18,572,015	18,329,070	15,980,046	14,512,622
Local option sales tax	3,419,863	3,208,850	2,164,907	762,937
Interest and penalty on property tax	117,745	162,498	54,053	108,317
Intergovernmental	9,685,695	9,186,857	8,735,873	7,862,119
Licenses and permits	142,115	156,125	129,135	119,615
Charges for service	1,605,014	1,680,370	1,513,013	1,470,899
Use of money and property	180,745	276,753	572,381	635,449
Miscellaneous	418,723	472,473	489,717	534,735
Total	\$ 34,141,915	33,472,996	29,639,125	26,006,693
Expenditures:				
Operating:				
Public safety and legal services	\$ 8,550,165	7,254,224	6,714,929	6,609,813
Physical health and social services	2,413,464	2,309,950	2,477,379	2,587,953
Mental health	1,273,049	1,247,455	1,598,828	1,415,448
County environment and education	2,023,399	1,808,615	1,799,101	1,605,128
Roads and transportation	8,350,431	8,546,887	8,410,145	7,293,107
Governmental services to residents	1,216,853	1,102,083	1,013,481	1,063,550
Administration	3,901,739	3,073,432	3,130,156	2,922,329
Non-program	-	-	-	-
Debt service	3,232,352	3,047,228	2,334,108	164,467
Capital projects	18,916,098	17,142,292	10,660,849	5,132,567
Total	\$ 49,877,550	45,532,166	38,138,976	28,794,362

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
13,716,587	13,234,723	13,057,120	12,526,162	12,568,621	12,347,304
-	-	-	-	-	-
114,285	126,729	113,771	105,612	128,175	125,890
7,615,062	7,556,639	8,251,314	7,822,979	9,073,956	9,050,387
116,540	99,983	76,680	71,705	73,395	59,335
1,376,945	1,348,773	1,357,697	1,167,838	1,115,148	1,294,223
315,712	197,283	132,365	110,328	71,693	72,103
965,868	826,595	552,700	648,796	565,025	613,260
24,220,999	23,390,725	23,541,647	22,453,420	23,596,013	23,562,502
5,929,122	5,253,486	4,955,299	4,562,327	4,879,166	4,678,285
2,842,401	2,934,056	3,070,206	2,880,433	3,524,239	2,957,533
803,456	1,034,261	1,001,248	2,568,192	1,221,108	1,772,073
1,758,619	1,637,970	1,375,122	1,236,705	1,589,388	1,297,723
6,577,352	6,799,465	6,911,348	6,029,085	6,133,405	6,008,547
964,063	995,409	1,008,855	903,560	921,227	1,087,588
2,856,591	2,996,712	2,806,497	2,788,473	2,848,934	2,608,887
-	-	-	-	-	17,742
95,043	102,213	93,604	33,355	46,301	46,336
1,902,581	1,656,556	1,938,279	808,335	1,955,605	1,242,074
23,729,228	23,410,128	23,160,458	21,810,465	23,119,373	21,716,788

Schedule 6

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture: Passed through Iowa Department of Human Services: Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY22	\$ 29,574
U.S. Department of the Interior: Payments in Lieu of Taxes	15.226	FY22	16,329
U.S. Department of Transportation: Passed through Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205 20.205	TAP-U-C091(131)--81-91 BROSCHBP-C091(134)--NC-91	103,158 218,480 <u>321,638</u>
Passed through Iowa Department of Public Safety: State and Community Highway Safety	20.600	PAP 22-402-M0PT, Task 69-00-00	2,321
U.S. Department of the Treasury Covid-19, Coronavirus State and Local Fiscal Recovery Fund	21.027	FY22	<u>1,833,586</u>
U.S. Department of Health and Human Services: Passed through Iowa Department on Aging: Aging Resources of Central Iowa: Aging Cluster: Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	FY22	<u>79,419</u>
Nutrition Services Incentive Program	93.053	FY22	<u>42,490</u>
Passed through Polk County: Public Health Emergency Preparedness	93.069	5881BT08	<u>33,349</u>
Passed through Iowa Department of Public Health: COVID-19, Immunization Cooperative Agreements	93.268	5881I486	10,920
COVID-19, Immunization Cooperative Agreements	93.268	5885BT491	<u>47,561</u> <u>58,481</u>
Epidemiology and Laboratory Capacity for Infections Diseases	93.323	5885BT491	<u>33,173</u>
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	5881MH22	<u>5,000</u>
Child Care and Development Block Grant	93.575	5881MH22	<u>2,433</u>
Opioid State Targeted Response	93.788	SERV5882SME	<u>1,300</u>

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Medicaid Cluster:			
Medical Assistance Program	93.778	5881MHI16	38,306 *
Block Grant to the States	93.994	5881MH22	26,655
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	FY22	1,029
Refugee and Entrant Assistance Targeted Assistance Grants	93.566		34
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY22	7,706
Foster Care, Title IV-E	93.658	FY22	7,874
Adoption Assistance	93.659	FY22	4,322
Social Services Block Grant	93.667	FY22	8,040
Children's Health Insurance Program	93.767	FY22	610
Medicaid Cluster:			
Medical Assistance Program	93.778	FY22	34,915 *
Total			\$ 2,588,584

* - Total Medicaid Cluster, \$73,221

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 government for the year ended June 30, 2022. 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**

Rob Sand
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 auditing standards generally accepted in the United States of America 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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 8, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are 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 were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses 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 that 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-004 through 2022-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance 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, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

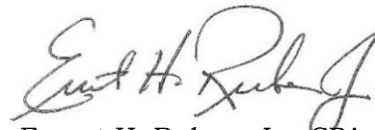
Warren County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Warren County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Warren County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 8, 2023

Warren County



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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

Opinion on each Major Federal Program

We have audited Warren County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Warren County's major federal program for the year ended June 30, 2022. Warren County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Warren County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Warren County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Warren County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Warren County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Warren County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Warren County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Warren County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Warren County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Warren County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

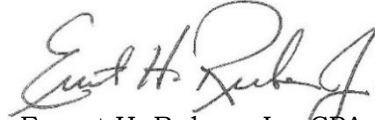
Report on Internal Control Over Compliance

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 that 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink, appearing to read "Ernest H. Ruben, Jr.", written in a cursive style.

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

June 8, 2023

Warren County
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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 21.027 – COVID-19, Coronavirus State and Local Recovery Funds.
- (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, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

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

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

	Applicable Offices
1) Incoming mail is opened by an employee who is authorized to make entries to the accounting records.	Recorder, Treasurer, Engineer, 911, Emergency Management, 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, Emergency Management, Conservation, Friends of Warren County Conservation, 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 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, 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, 2022

- 6) Daily cash reconciliations are not reviewed and approved by an independent person for propriety. Treasurer
- 7) 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.

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. 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 – Limited staff makes it necessary for everyone to be able to do many functions.
- (c) Engineer – Limited budgets and staffing in County Government.
- (d) Emergency Management – The Warren County Emergency Management Commission has only one employee to manage all functions of the office. A full report (including hard copies) of receipts and expenditures is given by the Coordinator at each Commission Meeting. In the absence of the Coordinator, the Commission Chair may render the bills and receipts of the Emergency Management Office.
- (e) Conservation – Efforts will be made to segregate duties, but with limited staff this may be difficult.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

- (f) Friends of Warren County Conservation – With only one employee it is difficult to segregate duties, we will do the best we can to create segregation and compensating controls where possible. The bank reconciliations will be reviewed by an independent member of the Friends’ board.
- (g) 911 – The Warren County Joint 911 Service Board employs me as their sole employee and in doing so I have the responsibility of all duties in the office. I receive and open all mail sent to this office. All incoming checks are marked “For Deposit Only” when received and are entered into the department receipt book along with a Warren County receipt being made. I scan copies of all receipts and checks into the file that is backed up by the Warren County IT prior to delivering deposits to the Warren County Treasurers Office. I also maintain an Excel spreadsheet that has a running total of all receipts into the office.
- (h) Sheriff – The Sheriff’s Office strives to give and maintain the best public service for our constituents as possible. Because of this, staff has been cross trained in many areas and performs many functions. The Sheriff’s Office will continue to work toward a solution that meets our needs and satisfies the recommendation of the State Auditor’s Office.
- (i) Congregate Meals – Our drivers are volunteers and not paid employees. Most of them have been delivering meals for many years with no issue and have developed strong relationships with our clients. In late July 2022, we began distributing envelopes to our meal recipients monthly with their menus. Most who contribute mail in their contributions. We still have a few that want to hand their envelope/check directly to a person and do. With increased staff, we have been able to segregate duties concerning monies received since our conference.

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.

2022-002 Financial Reporting

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 receivables, 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 receivables, payables and capital asset additions and deletions are properly accounted for and recorded in the County’s financial statements.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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 receivables, payables and capital asset additions and deletions are identified and properly recorded in the County’s financial statements.

Response – The County is in the process of implementing a program called eMaint which will have the ability to track capital assets and send automatic reporting each month that can be reviewed for additions/deletions. We will send current assets to department heads to review at the end of the fiscal year. The County is also implementing eMaint to keep record of receivables and payables.

Conclusion – Response accepted.

2022-003 Bank Reconciliations

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

Condition – Bank reconciliations were not prepared for the County Recorder’s office, the County Sheriff’s DARE account and the Friends of Warren County Conservation.

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.

Responses –

- (a) County Recorder – We will work to prepare monthly bank reconciliations.
- (b) County Sheriff – The Sheriff has instructed the Deputy assigned to D.A.R.E to complete quarterly reconciliations of this account. The Sheriff’s Office has assigned a Deputy to tick and tie the D.A.R.E account. The Commissary Account and Sheriff’s Office Civil Accounts process will be reviewed to determine if improvements can be made with current staffing abilities.
- (c) Friends of Warren County Conservation – Bank reconciliations will be prepared by the Friends’ Treasurer. The bank reconciliations will be reviewed by an independent member of the Friends’ Board.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Conclusions –

- (a) 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.

2022-004 County Sheriff's Office Trust Listing

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

Condition – A current trust listing is not maintained and reconciled with book balances on a monthly basis. A trust listing was generated at January 11, 2023 and totaled \$12,478, \$3,494 less than the calculated book balance of \$15,972. 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's Office 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 Office 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. The trust reconciliation should be reviewed by an independent person and signed or initialed and dated by the independent reviewer.

Response – The Sheriff's Office will prepare a monthly report of trusts on hand and compare these reports to our book balances. It is realized, however, that due to the nature of our business, certain funds cannot always be allocated right away and some need to be held in the trust until certain processes are complete. An example of such processes would be a garnishment that is court ordered to remain open for 120 days. After the garnishment is expired and the collected funds are complete, in compliance with the court order, the funds are then allocated and released to the appropriate party. This is to say, depending on the exact timing of the receipt of the garnishment by the Sheriff's Office, the funds deposited could go several months before they are allocated due to timeframes set out by law. Another example could be a weapons permit that requires an extended background check. These funds are collected and deposited upon acceptance of the permit application, however the background check and approval of said weapon permit application can take as long as 30 days. This can cross over into multiple statements and thus affect the amounts deposited vs. allocated.

Conclusion – Response acknowledged. The trust listing should also be independently reviewed.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-005 Timely Receipt Deposit

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. The receipts were deposited anywhere from 23 to 125 days from date of 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 immediately.

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.

2022-006 Restrictive Endorsements

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

Condition – Restrictive endorsements were not placed on checks immediately upon receipt in the County Engineer's office.

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

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

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

Response – 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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-007 Disbursements

Criteria – Internal controls over safeguarding assets is a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper supporting documentation, including properly marking supporting documentation as paid to prevent repayment of invoices.

Condition – We observed the same invoice paid twice by the County, resulting in an overpayment of \$5,800.

Cause – Policies and procedures were not established to ensure supporting documentation is effectively cancelled.

Effect – Disbursements could be paid multiple times if the supporting documentation is not marked as paid.

Recommendation – Procedures should be implemented to ensure supporting documentation is effectively marked as paid to prevent being paid again. The County should seek reimbursement for the overpayment.

Responses – The Auditor will more closely monitor in order to avoid future duplication. The vendor reduced charges to the County on future invoices for the duplicate payment.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the governmental services to residents function prior to the budget amendment.

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

Response – The County will start completing an earlier amendment as needed, start running monthly budget report by service area, not just department.

Conclusion – Response accepted.

2022-B 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 certain credit card issuer bills were not paid timely, we noted \$199 in late fees and interest was paid by the County. Also, we noted one transaction tested inappropriately included \$55 in sales tax.

Recommendation – The County should ensure disbursements are paid timely to avoid late fees and interest charges. Also, the County should ensure sales tax is not paid.

Response – Most of the late fees were due to the credit card company not posting Warren County checks for two weeks up to a month. A late fee back in July/April was due to position turnover after that it was the credit card company. The County is switching to another bank to correct this issue.

Conclusion – Response accepted.

2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – The following transaction between the County and County officials or employees was noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Andy Coffman, Secondary Roads motorgrader operator, brother owns Coffman Glass	Glass supplies	\$ 4,025
Chrissy Mathews, Dispatcher	Printing/design services	272
Darren Heater, Board of Supervisors, owns Iowa Process Services	Legal process service	11,075

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Iowa Process Services may represent a conflict of interest as defined in Chapter 331.342 since the transactions exceed \$6,000 for the fiscal year and the contract was not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of the transactions with Iowa Process Services.

Response – Iowa Process Services is no longer a conflict of interest and will not be an issue in future fiscal years.

Conclusion – Response accepted.

2022-E 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.

2022-F 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.

2022-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. Salaries were not published as required by Chapter 349.18 of the Code of Iowa.

Recommendation – Salaries should be published as required.

Response – The employee responsible was not aware of the requirement at the time. They are now aware, and it has been added to list of duties for future employees as well.

Conclusion – Response accepted.

2022-H 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.

2022-I 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).

2022-J 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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Response – The Sheriff's Office has planned for Regions Bank to provide copies of the front and back of each check.

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

2022-K 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 \$6,858, expenditures of \$3,518 and an ending bank balance of \$17,323. The financial activity of this account is not reflected in the County's financial statements and has not been included in the County's annual budget.

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

Response – Our D.A.R.E Program is fully funded and supported by Private Donations and Fund Raisers, not Public Funds. The Sheriff's Office has made progress toward moving this program into the County Budget. We will continue this process.

Conclusion – Response accepted.

2022-L 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 – The Sheriff does and always has submitted Quarterly Reports to the Treasurer. The Sheriff's Office will submit the same report as a separate, stand-alone report to the Board going forward. This should address this issue.

Conclusion – Response accepted.

2022-M 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 \$1,631 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.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Responses –

County Conservation – Warren County is no longer using Friends of Warren County Conservation to purchase items for programs or office use. This should eliminate the commingling of funds.

Friends of Warren County Conservation – In the future, the County Conservation Board will make its own purchases instead of reimbursing Friends for purchases made on behalf of the County Conservation. We will make changes to operations where reasonable to distinguish Friends of Conservation from WCCB.

Conclusion – Response accepted.

2022-N Other Donations – During the year ended June 30, 2022, 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 – This is the final payment. This will not be an issue in future fiscal years.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-O Public Safety Answering Point (PSAP) Expenditures – Chapter 34A.7(5) of the Code of Iowa requires PSAP transactions be used for the following:

- The repayment of any bonds issued for the benefit of or loan made to the Joint 911 Service Board,
- Actual recurring costs of operating the 911 service plan, or
- If money's remain after fully paying for recurring costs incurred in the preceding year, the remainder may be spent for nonrecurring costs of operating the 911 service plan, not to exceed costs as approved by the program manager.

We identified \$1,301 in promotional materials, \$500 in vehicle wash fees and \$1,056 in legal expenditures that are not allowed under Chapter 34A.7(5) of the Code of Iowa for use in the 911 surcharge source category. In addition, we identified personnel costs attributable to other emergency services.

Recommendation – Warren County 911 should review disbursements to ensure that they are in compliance with requirements established by section 34A.7(5) of the Code of Iowa. Employees should track time spent on 911 separately from other functions so personnel costs are charged to the proper fund. The County should work with the Iowa Department of Homeland Security to identify an allowable costs and make corrections as needed.

Response – The Warren County Joint 911 Service Board has discontinued the 28E Agreement with the Warren County Emergency Management Commission to share on-call duties, so the 911 Director will no longer be doing any EMA duties. The Warren County Joint 911 Service Board has discussed with the Warren County Attorney to provide legal consultation whenever possible. We will discontinue using 911 surcharge funds for vehicle washes and promotional products. The Warren County Joint 911 Service Board has formed a Finance Committee to draft formal financial policies to address future expenditures.

Conclusion – Response acknowledged. The Board should review unallowable disbursements and reimburse 911 from allowable sources.

2022-P Commissary Account – A separate bank account is maintained for the collections and expenditures of the commissary account. The commissary account is used to purchase items for resale. Any profit at the end of the year is to be remitted to the County. As provided by section 331.902 of the Code of Iowa, “Unless otherwise specifically provided by statute, the fees and charges collected by the auditor, treasurer, recorder, and sheriff, and their deputies or employees, belong to the county.” As a result of maintaining a separate bank account, collections and expenditures are not reflected in the County’s accounting system and have not been included in the County’s annual budget or financial report.

Items, such as supplies and equipment for the Jail, were purchased out of the commissary collections without being included in the county’s budget, appropriations and disbursement process required by section 331.506 of the Code of Iowa and were not filed and audited by the Board of Supervisors before payment in accordance with section 331.504(7) and (8) of the Code of Iowa.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Recommendation – The Board should establish a maximum balance to be kept in the Commissary account. All collections for the Commissary account profits should be remitted to the County Treasurer and all expenditures should be reflected in the County’s accounting system, annual budget, and financial report. Expenditures from the Commissary account should only be used to pay vendors for items ordered by jail inmates.

Response – The Sheriff’s Office has begun the process of moving our Commissary Account under the General Budget. Due to the timing of this audit, along with the submission of the FY24 budget request, the actual movement of the Commissary Account will not be reflected until the FY2025 Budget. We have already established proper budget line-item account numbers for the Commissary Line Items.

Conclusion – Response accepted.

Warren County

Staff

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