



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

February 1, 2010

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

The County had local tax revenue of \$54,886,852 for the year ended June 30, 2009, which included \$1,831,369 in tax credits from the state. The County forwarded \$43,007,642 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$11,879,210 of the local tax revenue to finance County operations, a 5.4 percent increase over the prior year. Other revenues included charges for service of \$2,456,354, operating grants, contributions and restricted interest of \$7,813,461, capital grants, contributions and restricted interest of \$4,135,060, unrestricted investment earnings of \$116,905 and other general revenues of \$290,473.

Expenses for County operations totaled \$21,453,983, a 2.8 percent increase over the prior year. Expenses included \$6,604,765 for roads and transportation, \$4,141,984 for public safety and legal services and \$2,836,731 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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WARREN COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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Warren County

Officials

(Before January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Dryer (Appointed)	Board of Supervisors	Nov 2009
Marvin Grace	Board of Supervisors	Jan 2011
G. Kevin Middleswart	Board of Supervisors	Jan 2011
Traci Vander Linden	County Auditor	Jan 2009
Julie Daugherty	County Treasurer	Jan 2011
Polly Glascock	County Recorder	Jan 2011
James Lee	County Sheriff	Jan 2009
Brian Tingle	County Attorney	Jan 2011
David Ellis	County Assessor	Jan 2010

(After January 2009)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marvin Grace	Board of Supervisors	Jan 2011
G. Kevin Middleswart	Board of Supervisors	Jan 2011
Doug Shull	Board of Supervisors	Jan 2013
Traci Vander Linden	County Auditor	Jan 2013
Julie Daugherty	County Treasurer	Jan 2011
Polly Glascock	County Recorder	Jan 2011
James Lee	County Sheriff	Jan 2013
Brian Tingle	County Attorney	Jan 2011
David Ellis	County Assessor	Resigned May 2009

Warren County



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Independent Auditor's Report

To the Officials of Warren County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Warren County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Warren County's management. Our responsibility is to express opinions on these financial statements based on our audit.

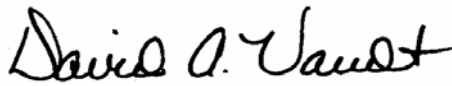
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Warren County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

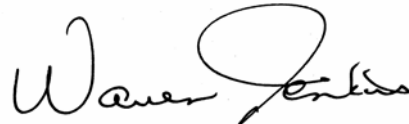
In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2009 on our consideration of Warren County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 14 and 46 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on the financial statements for the six years ended June 30, 2008 and qualified opinions on the financial statements for the three years ended June 30, 2002 due to the effects of the omission of the general fixed assets account group. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 24, 2009

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 22.8%, or approximately \$4,954,000, from fiscal 2008 to fiscal 2009. Property tax increased approximately \$623,000, operating grants, contributions and restricted interest increased approximately \$1,686,000, capital grants, contributions and restricted interest increased approximately \$3,027,000 and charges for service decreased approximately \$163,000.
- Program expenses were 2.8%, or approximately \$577,000, more in fiscal 2009 than in fiscal 2008. County environment and education expense increased approximately \$305,000. Administration expense increased approximately \$256,000. Public safety and legal services expense increased approximately \$236,000 and roads and transportation expense decreased approximately \$226,000.
- The County's net assets increased 14.7%, or approximately \$5,237,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

2) Proprietary funds account for the County's Internal Service, Fuel Station Fund, which 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 financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Warren County's combined net assets increased from approximately \$35.5 million at June 30, 2008 to approximately \$40.7 million June 30, 2009. The analysis that follows focuses on the changes in net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 19,449	18,024
Capital assets	34,874	31,699
Total assets	54,323	49,723
Long-term liabilities	1,229	1,430
Other liabilities	12,350	12,786
Total liabilities	13,579	14,216
Net assets:		
Invested in capital assets, net of related debt	34,450	30,836
Restricted	2,415	1,445
Unrestricted	3,879	3,226
Total net assets	\$ 40,744	35,507

Net assets of Warren County's governmental activities increased \$5,237,000 (\$35.5 million compared to \$40.7 million). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. The increase of approximately \$3.6 million in this net asset component was primarily due to an increase in road infrastructure during the fiscal year.

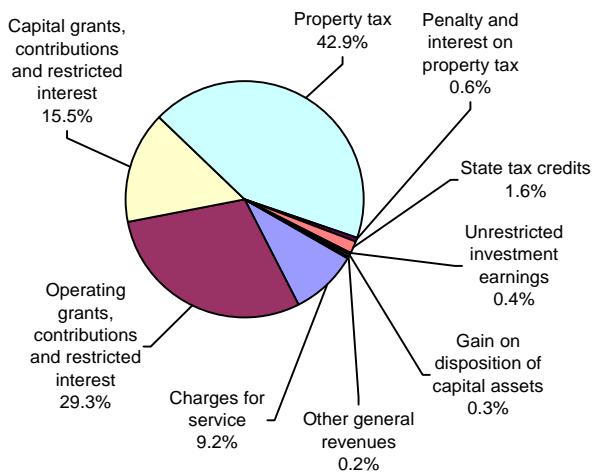
Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased approximately \$970,000, or 67%, primarily due to an increase in amounts held for mental health purposes. The County was eligible for increased state funding during the fiscal year, much of which was still held at year end.

Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$3.2 million at June 30, 2008 to approximately \$3.8 million at the end of this year, an increase of 20%. This increase of approximately \$653,000 in unrestricted net assets was a result of increased property tax revenue due to assessed valuation increases while decreasing property tax rates.

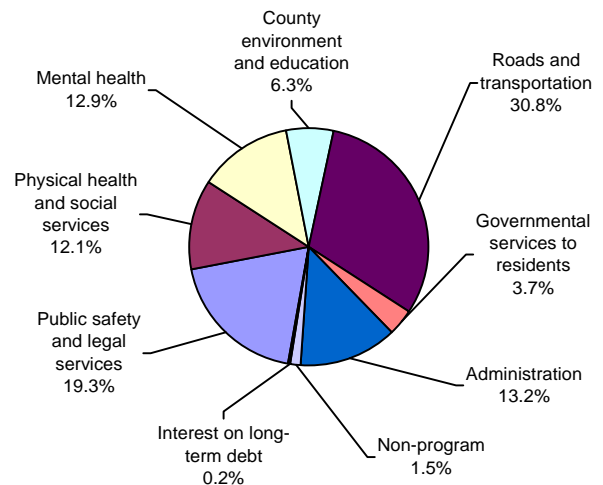
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 2,456	2,619
Operating grants, contributions and restricted interest	7,813	6,127
Capital grants, contributions and restricted interest	4,135	1,108
General revenues:		
Property tax	11,456	10,833
Penalty and interest on property tax	162	154
State tax credits	424	440
Unrestricted investment earnings	117	355
Gain on disposition of capital assets	71	57
Other general revenues	57	44
Total revenues	26,691	21,737
Program expenses:		
Public safety and legal services	4,142	3,906
Physical health and social services	2,603	2,421
Mental health	2,768	2,951
County environment and education	1,352	1,047
Roads and transportation	6,605	6,831
Governmental services to residents	786	644
Administration	2,837	2,581
Non-program	323	437
Interest on long-term debt	38	59
Total expenses	21,454	20,877
Increase in net assets	5,237	860
Net assets beginning of year	35,507	34,647
Net assets end of year	\$ 40,744	35,507

Revenues by Source



Expenses by Program



Warren County's net assets of governmental activities increased approximately \$5,237,000 during the year. Revenues for governmental activities increased approximately \$4,954,000 over the prior year, with property tax revenue up from the prior year approximately \$623,000, or 5.8%. Operating grants, contributions and restricted interest increased approximately \$1,686,000, or 27.5%. Capital grants, contributions and restricted interest increased approximately \$3,027,000, or 273%.

The County decreased property tax rates for 2009 an average of 5.5%. Due to an increase in assessed valuations of approximately \$137 million, or 10.8%, the decrease in property tax rates raised the County's property tax revenue approximately \$623,000 in 2009. Based on increases in the total assessed valuation and decreases in property tax levies, property tax revenue is budgeted to slightly decrease \$18,000 next year.

The cost of all governmental activities this year was approximately \$21.4 million compared to approximately \$20.9 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was only \$7.0 million because some of the cost was paid by those directly benefited from the programs (\$2.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$11.9 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, increased in 2009 from approximately \$9.9 million to \$14.4 million, principally due to capital grants and contributions for roads and transportation and operating grants and contributions for mental health. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$11.4 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Warren County completed the year, its governmental funds reported a combined fund balance of approximately \$6.5 million, an increase of approximately \$1,803,000 above last year's total of approximately \$4.74 million. The increase in fund balance is primarily attributable to state funding of mental health services. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$424,000 over the prior year, due principally to increases in property tax and grants for conservation from the Federal Emergency Management Agency and a decrease in interest due to declining interest rates from the prior year. Additionally, expenditures increased approximately \$604,000 over the prior year. This increase was primarily due to administration relating to the purchase of new financial software, consultations with outside legal counsel and personnel changes. Also, expenditures increased in county environment and education for FEMA repairs and governmental services to residents relating to the costs of the general election. The ending fund balance increased approximately \$415,000 from the prior year to approximately \$3,734,000.
- Mental Health Fund revenues increased approximately \$1,631,000 due to an increase in funding from the State of Iowa. The County was eligible for additional funding from the State during FY2009 due to the County's fund balance to expenditures ratio. During FY2008, the County was not eligible for the same funding. For the year, expenditures totaled approximately \$2,756,000, a decrease of approximately \$195,000, or 6.6%, from the prior year. The Mental Health Fund balance at year end increased approximately \$1,183,000 over the prior year.
- Rural Services Fund revenues increased approximately \$186,000 over the prior year, due principally to an increase in property tax assessments. The property tax levy did not change from FY2008 to FY2009. Additionally, expenditures decreased approximately

\$75,000 from the prior year. This decrease was primarily in the roads and transportation function due to the direct purchase of maintenance rock out of the Rural Services Fund in FY2008 and none in FY2009. These changes resulted in an increase in the Rural Services Fund balance of approximately \$177,000, or 44.2%.

- Secondary Roads Fund revenues increased approximately \$938,000, primarily due to an increase in grants from the Federal Emergency Management Agency for a federal disaster declaration due to flooding and bridge replacement grants. Secondary Roads Fund expenditures increased approximately \$861,000 over the prior year, due principally to construction costs associated with bridge replacement grants and FEMA repairs. These changes resulted in an increase in the Secondary Roads Fund ending balance of approximately \$77,000, or 12.4%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Warren County amended its budget one time. The amendment was made on April 28, 2009. This amendment resulted in an increase in budgeted disbursements related to road and conservation trail repairs due to the federally recognized flood disaster. The additional repairs were funded with Federal Emergency Management Agency grants. The amendment also included startup costs for County operated case management and an increase in revenues for mental health due to the County qualifying for more state funding. Capital project disbursements were increased due to a delay in the Liberty Center sewer project and a new habitat grant and corresponding disbursement. Also, this amendment was made to provide for additional disbursements in certain County departments.

The County's receipts were \$270,716 less than budgeted, a variance of 1%. The most significant variance resulted from the County receiving less in intergovernmental receipts than anticipated, primarily due to reimbursement grants not being completed within the fiscal year as budgeted (Southwest Connector engineering project and child welfare decat grants).

Total disbursements were \$2,937,135 less than the amended budget. Actual disbursements for the roads and transportation, mental health, physical health and social services and capital projects functions were \$867,336, \$780,729, \$479,302 and \$333,376, respectively, less than budgeted. The difference in the roads and transportation function expenses was due to the Southwest Connector engineering project not being completed within the fiscal year, less being spent on rock than budgeted and a reduction in fuel cost due to lower prices than the previous year. Mental health function expense was lower, primarily due to services not utilized for the entire amount available for individual clients and changing demands for services. Additionally, physical health and social services function expenses were lower, due primarily to grants not being utilized for the allowed amount. The capital projects function expenses were primarily lower due to the timing of the Lacona Meal Site project, the Liberty Center sewer project, the habitat stamp project paid from REAP funds and undefined projects not being completed within the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Warren County had approximately \$34.9 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 \$3.18 million, or 10%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 992	986
Buildings and improvements	5,671	5,250
Equipment and vehicles	1,905	2,014
Infrastructure	26,306	23,449
Total	\$ 34,874	31,699
This year's major additions included (in thousands):		
Roads		\$ 3,479
Engineering equipment		283
Sheriff's vehicles and equipment		88
Sewer system		682
Total		\$ 4,532

The County had depreciation expense of \$1,630,630 in FY2009 and total accumulated depreciation of \$19,700,048 at June 30, 2009.

The County's FY2008 capital budget included \$1,955,173 for capital projects, principally for bridge projects. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2009, Warren County had \$420,000 in general obligation bonds outstanding, compared to approximately \$862,000 at June 30, 2008, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
General obligation bonds	\$ 420	862
Capital lease purchase agreements	34	78
Total	\$ 454	940

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Warren County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$75 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Warren County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 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 5.3% versus 3.5% a year ago. This compares with the State's unemployment rate of 6.2% and the national rate of 9.5%.

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 decrease was 1.7% for fiscal year 2009 compared with the national rate of 1.4%. After the end of fiscal year 2009, the Consumer Price Index increased slightly due to energy costs, primarily gasoline. As of September 2009, the Midwest Region of the Department of Labor CPI was -1.8% compared with the national rate of -1.5%.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are approximately \$24.0 million, an increase of 1.0% over the final 2009 budget. New state fees from Time 21 funds for roads and state funding for case management services for mental health are expected to lead this increase. Warren County will use these increases in receipts to finance programs we currently offer and offset the effect we expect inflation to have on program costs. Budgeted disbursements are expected to rise approximately \$75,000. The budget includes decreases due to debt being paid off, conservation FEMA projects being completed in FY2009 and other pending capital projects being completed during FY2009. The County has added case management for mental health services to the fiscal year 2010 budget, which represents the largest increase.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$633,000, or 11.7%, by the close of 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Exhibit A

Warren County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,916,016
Receivables:	
Property tax:	
Delinquent	38,957
Succeeding year	11,021,000
Interest and penalty on property tax	199,279
Accounts	161,491
Accrued interest	14,315
Due from other governments	901,713
Inventories	174,771
Prepaid insurance	21,426
Capital assets - nondepreciable	2,469,942
Capital assets - depreciable, net	32,404,163
Total assets	<u>54,323,073</u>
Liabilities	
Accounts payable	377,531
Accrued interest payable	1,762
Salaries and benefits payable	382,674
Due to other governments	483,415
Deferred revenue:	
Succeeding year property tax	11,021,000
Other	83,659
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	420,000
Capital lease purchase agreements	14,882
Compensated absences	394,061
Portion due or payable after one year:	
Capital lease purchase agreements	18,932
Compensated absences	244,640
Net OPEB liability	136,176
Total liabilities	<u>13,578,732</u>
Net Assets	
Invested in capital assets, net of related debt	34,450,492
Restricted for:	
Supplemental levy purposes	379,847
Mental health purposes	1,077,581
Secondary roads purposes	504,414
Debt service	16,662
Capital projects	4,673
Other purposes	431,802
Unrestricted	3,878,870
Total net assets	<u>\$ 40,744,341</u>

See notes to financial statements.

Warren County
Statement of Activities
Year ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 4,141,984	402,810	305,727	-	(3,433,447)
Physical health and social services	2,603,243	579,241	957,231	-	(1,066,771)
Mental health	2,767,705	53,146	2,808,999	-	94,440
County environment and education	1,352,396	44,373	318,870	61,063	(928,090)
Roads and transportation	6,604,765	111,303	3,418,776	4,063,426	988,740
Governmental services to residents	785,585	790,497	810	-	5,722
Administration	2,836,731	136,787	-	-	(2,699,944)
Non-program	323,356	338,197	-	10,571	25,412
Interest on long-term debt	38,218	-	3,048	-	(35,170)
Total	\$ 21,453,983	2,456,354	7,813,461	4,135,060	(7,049,108)
General Revenues:					
Property and other county tax levied for:					
General purposes					11,014,837
Debt service					440,848
Penalty and interest on property tax					162,136
State tax credits					423,525
Unrestricted investment earnings					116,905
Gain on disposition of capital assets					71,533
Miscellaneous					56,804
Total general revenues					12,286,588
Change in net assets					5,237,480
Net assets beginning of year					35,506,861
Net assets end of year					\$ 40,744,341

See notes to financial statements.

Warren County
Balance Sheet
Governmental Funds

June 30, 2009

Assets	General	Mental Health
Cash and pooled investments	\$ 3,972,828	1,514,571
Receivables:		
Property tax:		
Delinquent	25,646	3,544
Succeeding year	7,256,000	998,000
Interest and penalty on property tax	199,279	-
Accounts	154,326	3
Accrued interest	14,315	-
Due from other funds	1,345	-
Due from other governments	410,423	120,241
Inventories	-	-
Prepaid insurance	21,426	-
Total assets	\$ 12,055,588	2,636,359
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 160,735	89,311
Salaries and benefits payable	270,586	7,689
Due to other funds	12,605	919
Due to other governments	30,073	449,927
Deferred revenue:		
Succeeding year property tax	7,256,000	998,000
Other	591,391	3,246
Total liabilities	8,321,390	1,549,092
Fund balances:		
Reserved for:		
Supplemental levy purposes	433,258	-
Debt service	-	-
Unreserved:		
Designated for future jail expansion	654,857	-
Unreserved, reported in:		
General fund	2,646,083	-
Special revenue funds	-	1,087,267
Capital projects fund	-	-
Total fund balances	3,734,198	1,087,267
Total liabilities and fund balances	\$ 12,055,588	2,636,359

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
620,040	351,891	456,686	6,916,016
8,298	-	1,469	38,957
2,360,000	-	407,000	11,021,000
-	-	-	199,279
30	2,647	-	157,006
-	-	-	14,315
-	64,593	6,261	72,199
-	333,958	10,511	875,133
-	147,151	-	147,151
-	-	-	21,426
2,988,368	900,240	881,927	19,462,482
411	96,271	16,500	363,228
18,632	84,976	791	382,674
25,265	16,130	-	54,919
-	526	2,889	483,415
2,360,000	-	407,000	11,021,000
7,602	3,207	11,864	617,310
2,411,910	201,110	439,044	12,922,546
-	-	-	433,258
-	-	16,919	16,919
-	-	-	654,857
-	-	-	2,646,083
576,458	699,130	431,802	2,794,657
-	-	(5,838)	(5,838)
576,458	699,130	442,883	6,539,936
2,988,368	900,240	881,927	19,462,482

Warren County

Warren County

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

June 30, 2009

Total governmental fund balances (page 19) \$ 6,539,936

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$54,484,691 and the accumulated depreciation is \$19,629,903. 34,854,788

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 533,651

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

Capital assets of \$89,462 less accumulated depreciation of \$70,145	\$ 19,317	
Other net assets	<u>27,102</u>	46,419

Long-term liabilities, including bonds payable, capital lease purchase agreements payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (1,230,453)

Net assets of governmental activities (page 16) \$ 40,744,341

See notes to financial statements.

Warren County

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

Year ended June 30, 2009

	General	Mental Health
Revenues:		
Property and other county tax	\$ 7,519,211	1,038,932
Interest and penalty on property tax	142,432	
Intergovernmental	2,191,723	2,846,859
Licenses and permits	20,820	-
Charges for service	1,060,976	-
Use of money and property	131,103	-
Miscellaneous	373,155	53,146
Total revenues	<u>11,439,420</u>	<u>3,938,937</u>
Expenditures:		
Operating:		
Public safety and legal services	3,981,879	-
Physical health and social services	2,494,732	-
Mental health	-	2,756,204
County environment and education	910,520	-
Roads and transportation	-	-
Governmental services to residents	759,385	-
Administration	2,595,841	-
Non-program	6,131	-
Debt service	35,664	-
Capital projects	61,152	-
Total expenditures	<u>10,845,304</u>	<u>2,756,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>594,116</u>	<u>1,182,733</u>
Other financing sources (uses):		
Sale of capital assets	-	-
Operating transfers in	-	-
Operating transfers out	(178,900)	-
Total other financing sources (uses)	<u>(178,900)</u>	<u>-</u>
Net change in fund balances	415,216	1,182,733
Fund balances beginning of year	<u>3,318,982</u>	<u>(95,466)</u>
Fund balances end of year	<u>\$ 3,734,198</u>	<u>1,087,267</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
2,454,425	-	440,852	11,453,420
-	-	-	142,432
96,041	4,616,564	112,653	9,863,840
26,150	6,115	-	53,085
8,150	4,412	15,397	1,088,935
-	1,440	6,261	138,804
1,653	39,469	61,242	528,665
2,586,419	4,668,000	636,405	23,269,181
-	-	7,427	3,989,306
-	-	-	2,494,732
-	-	-	2,756,204
251,638	-	21,293	1,183,451
260,848	5,316,862	-	5,577,710
2,930	-	5,212	767,527
-	-	-	2,595,841
-	-	-	6,131
-	-	481,280	516,944
6,036	1,375,673	170,338	1,613,199
521,452	6,692,535	685,550	21,501,045
2,064,967	(2,024,535)	(49,145)	1,768,136
-	34,940	-	34,940
-	2,067,014	-	2,067,014
(1,888,114)	-	-	(2,067,014)
(1,888,114)	2,101,954	-	34,940
176,853	77,419	(49,145)	1,803,076
399,605	621,711	492,028	4,736,860
576,458	699,130	442,883	6,539,936

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, 2009

Net change in fund balances - Total governmental funds (page 23) \$ 1,803,076

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

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

Expenditures for capital assets	\$ 1,801,586	
Capital assets contributed by the Iowa Department of Transportation	2,967,928	
Depreciation expense	<u>(1,626,532)</u>	3,142,982

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. 36,593

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

Property tax	2,265	
Other	<u>42,359</u>	44,624

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

Repaid		486,055
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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	(148,832)	
Other postemployment benefits	(136,176)	
Interest on long-term debt	<u>2,986</u>	(282,022)

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 assets of the Internal Service Fund is reported with governmental activities. 6,172

Change in net assets of governmental activities (page 17) \$ 5,237,480

See notes to financial statements.

Warren County
Statement of Net Assets
Proprietary Fund
June 30, 2009

	Internal Service - Fuel Station
Assets	
Accounts receivable	\$ 4,485
Due from other funds	22,191
Due from other governments	26,580
Inventories	27,620
Capital assets, net of accumulated depreciation of \$70,145	19,317
Total assets	100,193
Liabilities	
Accounts payable	14,303
Due to other funds	39,471
Total liabilities	53,774
Net Assets	
Invested in capital assets	19,317
Unrestricted	27,102
Total net assets	\$ 46,419

See notes to financial statements.

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

Year ended June 30, 2009

		<u>Internal Service - Fuel Station</u>
Operating revenues:		
Reimbursements from operating funds		\$ 282,154
Reimbursements from other governments		312,450
Fuel and other tax refunds		<u>25,896</u>
Total operating revenues		620,500
Operating expenses:		
Fuel	\$ 580,654	
State fuel and other taxes	26,071	
Clerical	1,514	
Utilities	795	
Insurance	1,196	
Depreciation	<u>4,098</u>	<u>614,328</u>
Operating income		6,172
Net assets beginning of year		<u>40,247</u>
Net assets end of year		<u><u>\$ 46,419</u></u>

See notes to financial statements.

Warren County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2009

	Internal Service - Fuel Station
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 293,163
Cash received from other governments	312,748
Cash received from other operating receipts	25,896
Cash paid for personal services	(5,594)
Cash paid to suppliers	(581,959)
Net cash provided by operating activities	44,254
Cash flows from noncapital financing activities:	
Deficit cash implicitly financed	(44,254)
Net change in cash and cash equivalents	-
Cash and cash equivalents beginning of year	-
Cash and cash equivalents end of year	\$ -
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 6,172
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,098
Decrease in accounts receivable	2,737
Decrease in due from other funds	11,010
(Increase) in due from other governments	(2,410)
Decrease in inventories	8,547
Increase in accounts payable	14,166
(Decrease) in due to other funds	(39)
(Decrease) in due to other governments	(27)
Net cash provided by operating activities	\$ 44,254

See notes to financial statements.

Warren County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:	
County Treasurer	\$ 2,471,947
Other County officials	102,030
Receivables:	
Property tax:	
Delinquent	135,053
Succeeding year	41,573,000
Accounts	69,948
Special assessments	898,000
Due from other governments	46,291
Total assets	<u>45,296,269</u>

Liabilities

Accounts payable	31,218
Salaries and benefits payable	20,429
Due to other governments	45,061,113
Trusts payable	154,491
Compensated absences	29,018
Total liabilities	<u>45,296,269</u>

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

Warren County

Notes to Financial Statements

June 30, 2009

(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 that 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. Warren 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 E911 Service Board. Financial transactions of these organizations are included in the County’s financial statements only to the extent of the County’s fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa 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. Prior to July 1, 2004, the WRA operated as a joint venture, with the City of Des Moines as the operating agency. The County’s interest in the joint venture was approximately 1.42%, which has been transferred in its entirety to the Greenfield Plaza Hills of Coventry Sanitary Sewer District and the Lakewood Benefited Sanitary Sewer District (City of Norwalk) through a separate 28E agreement. The Greenfield Plaza Hills of Coventry Sanitary District and the City of Norwalk have been included as participating communities in the Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority dated July 1, 2004.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component 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 Assets presents the County’s nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The County has no net assets restricted through enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, 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 infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused compensatory time, 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, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

Net Assets – The net assets 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, 2009, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$119,603 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Mental Health	\$ 919
	Rural Services	76
	Secondary Roads	313
	Internal Service:	
	Fuel Station	37
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	25,159
	Internal Service:	
	Fuel Station	39,434
County Recorder's Records		
Management	General	756
Resource Enhancement		
and Protection	General	1,502
Lacona Meal Site Trust	General	955
Debt Service	General	3,048
Internal Service:		
Fuel Station	General	6,344
	Special Revenue:	
	Rural Services	30
	Secondary Roads	15,817
Total		<u>\$ 94,390</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, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 178,900
	Special Revenue:	
	Rural Services	1,888,114
Total		<u>\$ 2,067,014</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, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 985,987	5,763	-	991,750
Construction in progress	1,260,731	4,383,432	4,165,971	1,478,192
Total capital assets not being depreciated	<u>2,246,718</u>	<u>4,389,195</u>	<u>4,165,971</u>	<u>2,469,942</u>
Capital assets being depreciated:				
Buildings	7,855,414	-	-	7,855,414
Improvements other than buildings	21,465	681,585	-	703,050
Equipment and vehicles	6,062,131	427,082	285,270	6,203,943
Equipment, internal service	89,462	-	-	89,462
Infrastructure, road network	32,396,688	3,478,623	-	35,875,311
Infrastructure, other	1,377,031	-	-	1,377,031
Total capital assets being depreciated	<u>47,802,191</u>	<u>4,587,290</u>	<u>285,270</u>	<u>52,104,211</u>
Less accumulated depreciation for:				
Buildings	2,621,367	243,002	-	2,864,369
Improvements other than buildings	5,724	17,753	-	23,477
Equipment and vehicles	4,071,140	527,654	280,863	4,317,931
Equipment, internal service	66,047	4,098	-	70,145
Infrastructure, road network	11,264,695	792,222	-	12,056,917
Infrastructure, other	321,308	45,901	-	367,209
Total accumulated depreciation	<u>18,350,281</u>	<u>1,630,630</u>	<u>280,863</u>	<u>19,700,048</u>
Total capital assets being depreciated, net	<u>29,451,910</u>	<u>2,956,660</u>	<u>4,407</u>	<u>32,404,163</u>
Governmental activities capital assets, net	<u>\$ 31,698,628</u>	<u>7,345,855</u>	<u>4,170,378</u>	<u>34,874,105</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 110,158
Physical health and social services	9,876
County environment and education	120,604
Roads and transportation	1,161,338
Administration	<u>224,556</u>
Total depreciation expense - governmental activities, excluding the Internal Service Fund	<u>\$ 1,626,532</u>
Depreciation expense charged to the Internal Service Fund	<u>\$ 4,098</u>

(6) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 30,073</u>
Special Revenue:		
Mental Health	Services	449,927
Secondary Roads	Services	526
County Attorney Court Fee	Services	<u>2,889</u>
		<u>453,342</u>
Total for governmental funds		<u><u>\$ 483,415</u></u>
Agency:		
County Assessor	Collections	\$ 654,149
Schools		28,240,395
Community Colleges		811,890
Corporations		11,922,294
Townships		496,452
Auto License and Use Tax		892,913
All other		<u>2,043,020</u>
Total for agency funds		<u><u>\$ 45,061,113</u></u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>General</u>	<u>Capital</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Obligation</u>	<u>Lease</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Bonds</u>	<u>Purchase</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
		<u>Agreements</u>			
Balance beginning					
of year	\$ 861,666	78,203	489,869	-	1,429,738
Increases	-	-	620,227	136,176	756,403
Decreases	441,666	44,389	471,395	-	957,450
Balance end of year	<u>\$ 420,000</u>	<u>33,814</u>	<u>638,701</u>	<u>136,176</u>	<u>1,228,691</u>
Due within one year	<u>\$ 420,000</u>	<u>14,882</u>	<u>394,061</u>	<u>-</u>	<u>828,943</u>

General Obligation Bonds

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Issued December 1, 1997		
	Interest Rates	Principal	Interest
2010	4.60%	\$ 420,000	19,320

During the year ended June 30, 2009, the County retired \$441,666 of bond principal.

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements for 15 health monitors and a bobcat with historical costs of \$54,348 and \$7,000, respectively. The following is a schedule of the future minimum lease payments, including interest at rates ranging 4.75% to 8.9% per annum, and the present value of the net minimum lease payments under the agreements in effect at June 30, 2009:

Year ending June 30,	Health Monitors	Conservation Bobcat	Total
2010	\$ 13,500	3,784	17,284
2011	13,500	-	13,500
2012	6,793	-	6,793
Total minimum lease payments	33,793	3,784	37,577
Less amount representing interest	(3,592)	(171)	(3,763)
Present value of net minimum lease payments	\$ 30,201	3,613	33,814

The historical cost of assets acquired under capital lease purchase agreements and included in capital assets in the government-wide statements at June 30, 2009 is as follows:

	Conservation Equipment	Conservation Bobcat	Total
Cost	\$ 42,477	7,000	49,477
Accumulated depreciation	(15,563)	(2,800)	(18,363)
Net	\$ 26,914	4,200	31,114

Payments under capital lease purchase agreements, including the agreement for the tractor with mower which was paid off, totaled \$49,163 for the year ended June 30, 2009.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$485,872, 459,065 and \$434,738, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Warren County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 170 active and 6 retired members in the plan. Participants must be age 55 or older at retirement with the exception of special service participants who must be age 50 with 20 years of service.

The health coverage, which is a partially self-funded medical plan, is administered by United Health Care, Inc. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 166,232
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	166,232
Contributions made	(30,056)
Increase in net OPEB obligation	136,176
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ 136,176

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$30,056 to the medical plan. Plan members eligible for benefits contributed \$37,069, or 55% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 166,232	18.1%	\$ 136,176

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,227,468, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,227,468. The covered payroll (annual payroll of active employees covered by the plan) was \$7,155,946 and the ratio of the UAAL to covered payroll was 17.1%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual health trend rate is 10%. The ultimate health trend rate is 4.5%. The health trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$1,293 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

Warren County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$161,856.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Joint Vehicle Fueling Facility

The County, under a 28E agreement with the City of Indianola and the Indianola School District, has agreed to design, construct and operate a "Joint Vehicle Fueling Facility". The County is the owner/operator with the County Engineer administering the facility. The cost of constructing the facility is shared under the following percentages: Warren County, 53%, 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.

(12) Pending Litigation

The County is a defendant in lawsuits for which the probability and amount of loss, if any, is undeterminable.

(13) Deficit Balance

The Capital Projects Fund had a deficit balance of \$5,838 at June 30, 2009. The deficit will be eliminated through collection of grant dollars receivable at June 30, 2009.

(14) Subsequent Event

In July 2009, the County approved the issuance of \$208,000 of general obligation capital loan notes for the wastewater collection and treatment facility for Liberty Center. The County intends to repay the note from existing funds in the General Fund.

Warren County

Required Supplementary Information

Warren County

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 11,451,284	-
Interest and penalty on property tax	144,045	-
Intergovernmental	10,185,094	-
Licenses and permits	58,865	-
Charges for service	1,084,117	-
Use of money and property	130,862	-
Miscellaneous	526,508	26,362
Total receipts	<u>23,580,775</u>	<u>26,362</u>
Disbursements:		
Public safety and legal services	3,993,954	-
Physical health and social services	2,575,257	-
Mental health	2,779,098	-
County environment and education	1,189,991	18,389
Roads and transportation	5,733,139	-
Governmental services to residents	782,387	-
Administration	2,520,876	-
Nonprogram	15,628	-
Debt service	516,945	-
Capital projects	1,621,797	-
Total disbursements	<u>21,729,072</u>	<u>18,389</u>
Excess (deficiency) of receipts over (under) disbursements	1,851,703	7,973
Other financing sources, net	<u>21,646</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,873,349	7,973
Balance beginning of year	<u>5,042,667</u>	<u>68,175</u>
Balance end of year	<u>\$ 6,916,016</u>	<u>76,148</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
11,451,284	11,455,301	11,454,621	(3,337)
144,045	130,300	130,300	13,745
10,185,094	9,521,459	10,593,692	(408,598)
58,865	66,300	66,300	(7,435)
1,084,117	1,107,885	978,856	105,261
130,862	373,490	209,817	(78,955)
500,146	379,169	391,543	108,603
<u>23,554,413</u>	<u>23,033,904</u>	<u>23,825,129</u>	<u>(270,716)</u>
3,993,954	4,132,846	4,156,260	162,306
2,575,257	3,057,512	3,054,559	479,302
2,779,098	3,402,021	3,559,827	780,729
1,171,602	1,014,569	1,362,038	190,436
5,733,139	6,258,790	6,600,475	867,336
782,387	810,995	810,537	28,150
2,520,876	2,545,511	2,612,119	91,243
15,628	-	19,876	4,248
516,945	516,952	516,954	9
1,621,797	1,737,940	1,955,173	333,376
<u>21,710,683</u>	<u>23,477,136</u>	<u>24,647,818</u>	<u>2,937,135</u>
1,843,730	(443,232)	(822,689)	2,666,419
21,646	21,650	21,752	(106)
1,865,376	(421,582)	(800,937)	2,666,313
4,974,492	4,271,563	4,906,146	68,346
<u>6,839,868</u>	<u>3,849,981</u>	<u>4,105,209</u>	<u>2,734,659</u>

Warren County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,580,775	(311,594)	23,269,181
Expenditures	21,729,072	(228,027)	21,501,045
Net	1,851,703	(83,567)	1,768,136
Other financing sources, net	21,646	13,294	34,940
Beginning fund balances	5,042,667	(305,807)	4,736,860
Ending fund balances	\$ 6,916,016	(376,080)	6,539,936

See accompanying independent auditor's report.

Warren County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,170,682. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

Warren County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	-	\$ 1,227	1,227	0.00%	\$ 7,156	17.1%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

Warren County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee	Attorney Forfeiture
Assets				
Cash and pooled investments	\$ 64,238	129,781	383	1,305
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	756	1,502	-	-
Due from other governments	-	-	-	-
Total assets	\$ 64,994	131,283	383	1,305
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	-	-	-
Salaries payable	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund equity:				
Fund balances:				
Reserved for debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	64,994	131,283	383	1,305
Capital projects fund	-	-	-	-
Total fund equity	64,994	131,283	383	1,305
Total liabilities and fund equity	\$ 64,994	131,283	383	1,305

See accompanying independent auditor's report.

Special Revenue							
Sheriff Forfeiture	Lacona Meal Site	County Attorney Court Fee	Friends of Conservation	Liberty Center	Debt Service	Capital Projects	Total
31,649	53,042	74,221	76,148	2,457	13,755	9,707	456,686
-	-	-	-	-	1,469	-	1,469
-	-	-	-	-	407,000	-	407,000
-	955	-	-	-	3,048	-	6,261
-	-	-	-	-	-	10,511	10,511
31,649	53,997	74,221	76,148	2,457	425,272	20,218	881,927
-	955	-	-	-	-	15,545	16,500
-	-	791	-	-	-	-	791
-	-	2,889	-	-	-	-	2,889
-	-	-	-	-	407,000	-	407,000
-	-	-	-	-	1,353	10,511	11,864
-	955	3,680	-	-	408,353	26,056	439,044
-	-	-	-	-	16,919	-	16,919
31,649	53,042	70,541	76,148	2,457	-	-	431,802
-	-	-	-	-	-	(5,838)	(5,838)
31,649	53,042	70,541	76,148	2,457	16,919	(5,838)	442,883
31,649	53,997	74,221	76,148	2,457	425,272	20,218	881,927

Warren County

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

Year ended June 30, 2009

	County Recorder's Records Management	Resource Enhance- ment and Protection	County Recorder's Electronic Transaction Fee	Attorney Forfeiture
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	-	26,703	-	-
Charges for service	10,036	-	-	-
Use of money and property	756	1,502	-	-
Miscellaneous	-	-	-	546
Total revenues	10,792	28,205	-	546
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	-	-
Governmental services to residents	5,212	-	-	-
Debt service	-	-	-	-
Capital projects	-	5,921	-	-
Total expenditures	5,212	5,921	-	-
Excess (deficiency) of revenues over (under) expenditures	5,580	22,284	-	546
Fund balances beginning of year	59,414	108,999	383	759
Fund balances end of year	\$ 64,994	131,283	383	1,305

See accompanying independent auditor's report.

Special Revenue								
Sheriff Forfeiture	Lacona Meal Site	County Attorney Court Fee	Friends of Conservation	Liberty Center	Debt Service	Capital Projects	Total	
-	-	-	-	-	440,852	-	440,852	
-	-	19,784	-	-	15,614	50,552	112,653	
-	-	-	-	5,361	-	-	15,397	
-	955	-	-	-	3,048	-	6,261	
34,334	-	-	26,362	-	-	-	61,242	
34,334	955	19,784	26,362	5,361	459,514	50,552	636,405	
3,817	-	3,610	-	-	-	-	7,427	
-	-	-	18,389	2,904	-	-	21,293	
-	-	-	-	-	-	-	5,212	
-	-	-	-	-	481,280	-	481,280	
-	76,924	-	-	-	-	87,493	170,338	
3,817	76,924	3,610	18,389	2,904	481,280	87,493	685,550	
30,517	(75,969)	16,174	7,973	2,457	(21,766)	(36,941)	(49,145)	
1,132	129,011	54,367	68,175	-	38,685	31,103	492,028	
31,649	53,042	70,541	76,148	2,457	16,919	(5,838)	442,883	

Warren County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,285	183,284	391,669
Other County officials	102,030	-	-	-
Receivables:				
Property tax:				
Delinquent	-	309	2,010	95,726
Succeeding year	-	87,000	499,000	27,753,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 102,030	88,594	684,294	28,240,395
Liabilities				
Accounts payable	\$ -	-	546	-
Salaries and benefits payable	-	-	11,429	-
Due to other governments	30,947	88,594	654,149	28,240,395
Trusts payable	71,083	-	-	-
Compensated absences	-	-	18,170	-
Total liabilities	\$ 102,030	88,594	684,294	28,240,395

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Other	Total
11,192	170,907	6,608	892,913	814,089	2,471,947
-	-	-	-	-	102,030
2,698	32,387	1,844	-	79	135,053
798,000	11,719,000	488,000	-	229,000	41,573,000
-	-	-	-	69,948	69,948
-	-	-	-	898,000	898,000
-	-	-	-	46,291	46,291
811,890	11,922,294	496,452	892,913	2,057,407	45,296,269
-	-	-	-	30,672	31,218
-	-	-	-	9,000	20,429
811,890	11,922,294	496,452	892,913	1,923,479	45,061,113
-	-	-	-	83,408	154,491
-	-	-	-	10,848	29,018
811,890	11,922,294	496,452	892,913	2,057,407	45,296,269

Warren County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 157,705	92,452	751,216	28,182,783
Additions:				
Property and other county tax	-	86,795	499,649	27,778,231
E911 surcharge	-	-	-	-
State tax credits	-	3,308	21,475	994,921
Drivers license fees	-	-	-	-
Office fees and collections	748,329	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	783,102	-	-	-
Miscellaneous	-	-	4,321	-
Total additions	1,531,431	90,103	525,445	28,773,152
Deductions:				
Agency remittances:				
To other funds	486,124	-	-	-
To other governments	302,182	93,961	592,367	28,715,540
Trusts paid out	798,800	-	-	-
Total deductions	1,587,106	93,961	592,367	28,715,540
Balances end of year	\$ 102,030	88,594	684,294	28,240,395

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Other	Total
803,690	11,325,186	481,814	826,497	2,302,348	44,923,691
798,026	11,715,712	489,517	-	231,868	41,599,798
-	-	-	-	245,595	245,595
28,822	330,013	18,322	-	10,983	1,407,844
-	-	-	119,728	-	119,728
-	-	-	-	-	748,329
-	-	-	9,849,899	-	9,849,899
-	-	-	-	31,229	31,229
-	-	-	-	830,005	1,613,107
-	-	-	-	792,576	796,897
826,848	12,045,725	507,839	9,969,627	2,142,256	56,412,426
-	-	-	442,532	-	928,656
818,648	11,448,617	493,201	9,460,679	1,516,358	53,441,553
-	-	-	-	870,839	1,669,639
818,648	11,448,617	493,201	9,903,211	2,387,197	56,039,848
811,890	11,922,294	496,452	892,913	2,057,407	45,296,269

Warren County

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

For the Last Ten Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 11,453,420	10,856,199	10,012,217	9,039,256
Interest and penalty on property tax	142,432	150,009	134,630	129,981
Intergovernmental	9,863,840	7,226,199	7,991,557	7,112,383
Licenses and permits	53,085	56,375	72,145	88,350
Charges for service	1,088,935	1,117,378	1,053,691	1,137,039
Use of money and property	138,804	364,291	448,356	285,375
Miscellaneous	528,665	469,577	409,063	502,144
Total	\$ 23,269,181	20,240,028	20,121,659	18,294,528
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,989,306	3,948,411	3,728,866	3,674,865
Physical health and social services	2,494,732	2,421,017	2,377,752	2,054,666
Mental health	2,756,204	2,951,364	2,743,476	2,713,918
County environment and education	1,183,451	959,022	935,270	804,023
Roads and transportation	5,577,710	5,905,350	5,270,656	4,925,412
Governmental services to residents	767,527	644,439	618,230	897,476
Administration	2,595,841	2,252,355	2,149,060	2,049,422
Non-program	6,131	12,804	3,289	-
Debt service	516,944	554,828	658,125	765,977
Capital projects	1,613,199	643,925	883,407	479,805
Total	\$ 21,501,045	20,293,515	19,368,131	18,365,564

See accompanying independent auditor's report.

Modified Accrual Basis					
2005	2004	2003	2002	2001	2000
8,744,970	7,622,726	7,349,911	6,928,811	6,691,491	6,751,879
118,383	116,564	108,385	113,333	105,104	96,392
6,127,442	6,520,945	6,613,117	6,994,414	6,316,292	6,722,733
103,448	89,430	82,103	88,101	73,116	76,277
1,030,308	1,059,635	1,016,699	992,117	895,048	864,602
154,853	113,016	166,901	283,568	515,158	514,812
633,937	521,659	535,449	359,014	554,778	269,277
16,913,341	16,043,975	15,872,565	15,759,358	15,150,987	15,295,972
3,988,525	3,198,521	3,096,633	3,130,057	2,619,902	2,505,636
1,792,350	1,745,733	1,638,876	1,717,513	1,621,645	1,465,731
2,634,837	2,275,267	2,338,950	2,503,407	2,408,904	2,253,426
841,841	703,017	637,735	701,880	737,095	656,531
4,759,210	4,522,201	4,434,541	4,469,042	3,970,136	4,061,271
575,169	514,115	504,071	508,399	534,893	454,228
1,866,473	1,759,019	1,699,790	1,576,445	1,536,685	1,494,406
80,000	-	-	-	-	-
496,495	437,248	519,787	521,130	521,785	568,880
1,057,685	1,418,113	965,699	1,576,974	1,337,019	2,069,471
18,092,585	16,573,234	15,836,082	16,704,847	15,288,064	15,529,580

Schedule 6

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$ 50,553</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Marion County Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>22,091</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>15,937</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-09 (VOCA)	<u>23,281</u>
Violence Against Women Formula Grants	16.588	VW-09 (VAWA)	<u>26,153</u>
Governor's Office of Drug Control Policy:			
Polk County Sheriff:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>8,171</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-92-5(46)--2C-91	57,676
Highway Planning and Construction	20.205	HDP-CO91(61)-71-91	5,592
Highway Planning and Construction	20.205	BROS-C091(62)-8J-91	388,899
Highway Planning and Construction	20.205	BROS-C091(54)-8J-91	202,371
Highway Planning and Construction	20.205	BROS-C091(65)-8J-91	133,170
Highway Planning and Construction	20.205	BROS-C091(66)-8J-91	198,391
Highway Planning and Construction	20.205	BROS-C091(73)-8J-91	66,985
Highway Planning and Construction	20.205	BROS-C091(76)-8J-91	83,733
			<u>1,136,817</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	08-410, Task 65	<u>3,454</u>

Warren County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. General Services Administration:			
Iowa Secretary of State:			
Election Reform Payments	39.011		<u>2,050</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Grinnell Regional Home Care:			
Public Health Emergency Preparedness	93.069	5889BT01	<u>29,770</u>
Immunization Grants	93.268	5888I477	<u>8,784</u>
National Bioterrorism Hospital Preparedness Program	93.889	5889EM90	<u>8,771</u>
Marion County Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994		<u>10,812</u>
Iowa Department of Elder Affairs:			
Aging Resource of Central Iowa:			
Aging Cluster Programs:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>22,000</u>
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		<u>66,950</u>
Nutrition Services Incentive Program	93.053		<u>18,461</u>
Nutrition Services Incentive Program (Commodities)	93.053		<u>12,859</u> <u>31,320</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>14,812</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>27</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>4,179</u>
Foster Care - Title IV-E	93.658		<u>8,910</u>
Adoption Assistance	93.659		<u>2,146</u>
State Children's Insurance Program	93.767		<u>123</u>
Medical Assistance Program	93.778		<u>19,478</u>

Schedule 6

Warren County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Social Services Block Grant	93.667		9,708
Social Services Block Grant	93.667		111,730
			121,438
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		36,118
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-IA 1737	48,046
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-IA 1763	446,689
			494,735
Story County:			
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001	14,063
Total indirect			2,132,390
Total			\$ 2,182,943

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

See accompanying independent auditor's report.



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STATE OF IOWA

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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 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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated November 24, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of Warren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Warren County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Warren County's financial statements that is more than inconsequential will not be prevented or detected by Warren County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Warren County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 to be material weaknesses.

Compliance and Other Matters

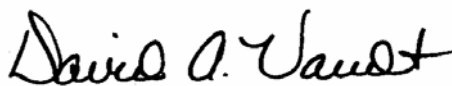
As part of obtaining reasonable assurance about whether Warren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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.

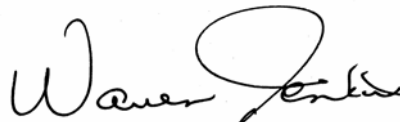
Warren County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Warren County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 24, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Warren County



OFFICE OF AUDITOR OF STATE
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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Warren County:

Compliance

We have audited the compliance of Warren County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Warren County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Warren County's management. Our responsibility is to express an opinion on Warren County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren County's compliance with those requirements.

In our opinion, Warren County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Warren County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Warren County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Warren County's internal control over compliance.

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


A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

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

Warren County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Warren County's response and, accordingly, we express no opinion on it.

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


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 24, 2009

Warren County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over a major program was disclosed by the audit, which was not considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Warren County did not qualify as a low-risk auditee.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

	<u>Applicable Offices</u>
(1) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder, Engineer, Congregate Meals, Environmental Health, Conservation
(2) Generally, one individual may have control over listing mail receipts, collecting, depositing, posting and daily reconciling of receipts for which no compensating controls exist. The initial listing is not compared to receipt records by an independent person and is not initialed to evidence any review.	Recorder, Zoning, Sheriff, Congregate Meals, Engineer, Environmental Health, Conservation, Friends of Warren County Conservation
(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. Bank reconciliations were not prepared by the Friends of Warren County Conservation.	Sheriff, Friends of Warren County Conservation
(4) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts.	Recorder, Sheriff, 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
(6) Daily cash reconciliations are not reviewed and approved by an independent person for propriety.	Treasurer
(7) Checks are not restrictively endorsed upon receipt by the mail opener.	MH/DD Community Services, Conservation, Sheriff

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- | | |
|---|----------------------|
| (8) Responsibilities for maintaining detail accounts receivable records are not segregated from posting receipts. | Environmental Health |
| (9) Undeposited cash receipts are not properly protected to secure against loss. | Conservation |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

- (a) Zoning – With only two employees, segregation is difficult.
- (b) Sheriff – Checks to be stamped at opening of mail. Check list to be kept and spot checks done. Perhaps Jail can reconcile administrative accounts and vice versa.
- (c) Congregate Meals – This is a one person office. It can not be changed.
- (d) Engineer – We will review the segregation of duties report comments and try to address those tasks which may incur loss due to error or theft.
- (e) Recorder – It is difficult with my small staff to segregate duties. We are trying to remedy the issues as best we can.
- (f) MH/DD Community Services – We will purchase a stamp “For Deposit Only – Warren County Treasurer” and stamp all checks received in our office prior to taking them to the Treasurer’s office on a daily basis.
- (g) Environmental Health – The Environmental Health department consists of three people. The accounting person is working closely with the two other individuals in the office training them in her job responsibilities.
- (h) Conservation – We have limited personnel, but we would be willing to segregate duties if it were possible. We will purchase a restrictive endorsement stamp and purchase a lock box to secure the undeposited cash receipts.
- (i) Friends of Warren County Conservation – An effort to prepare monthly bank reconciliations using a third person to view them will be made for the Friends of Warren County Conservation. Most likely this will not actually be completed at the same time each month, but reports will be made.
- (j) Treasurer – I will have another employee verify the daily cash reconciliations, and I will review voided transactions and certificate of adjustments with supporting documentation.

Conclusion – Responses accepted for (d), (f) and (j). All other offices should review current operating procedures for the areas noted to obtain the maximum internal control possible. The Official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-B-09 Financial Reporting – During the audit, we identified material payables not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables are identified and included in the County’s financial statements.

Response – Individual departments are primarily responsible for identifying their payables. The proper recording of payables has been discussed with those departments with material errors. A review of payables will be performed in the County Auditor’s office to ensure material payables are recorded.

Conclusion – Response accepted.

II-C-09 County Sheriff – A current trust listing is not maintained and reconciled with book balances.

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

Response – We continue to work on this.

Conclusion – Response acknowledged. A current trust listing should be prepared and reconciled monthly.

II-D-09 Sheriff Law Enforcement Contracts – At June 30, 2009, the outstanding balance for law enforcement contracts totaled \$3,010. The Sheriff did not accrue \$36,270 of law enforcement contract receipts to FY09.

Recommendation – The County should monitor collections of law enforcement contracts and ensure all receipts are recorded in the proper fiscal year.

Sheriff Response – A better table will help ensure the receipts are recorded for the proper fiscal year.

Conclusion – Response acknowledged. Outstanding balances should also be monitored for timely collection.

II-E-09 Sheriff Jail Commissary – One individual collects, deposits and records receipts for the Jail Commissary. Jail Commissary deposits are not made timely. The listing of inmate receipts received is not reconciled to receipt records and deposited by an independent person. 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. The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash receipts. Unused checks and signature stamps are not adequately controlled.

Recommendation – The County should deposit all receipts timely and review the operating procedures in the office to obtain the maximum internal control possible under the circumstances. As a compensating control, bank reconciliations should be reviewed monthly by an independent person for propriety. Inmate ledgers should be reconciled to deposits to ensure funds are properly recorded. Unused checks and signature stamps should be properly safeguarded.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Response – Deposits will be made bi-annually. Administrative personnel will perhaps reconcile jail and visa versa.

Conclusion – Response acknowledged. Deposits should be made more timely than bi-annually, such as weekly. Unused checks and signature stamps should be properly safeguarded.

II-F-09 Sheriff Cash Bonds – Receipts were not issued for one of two cash bonds tested. In addition, the Sheriff does not receive a receipt from the County Clerk of Court office when remitting cash bonds collected.

Recommendation – The County should issue receipts for all cash bond collections and receive receipts from the County Clerk of Court when remitting cash bonds collected.

Response – Copy of receipts to be initialed by the Clerk.

Conclusion – Response acknowledged. Receipts should be issued for all cash bonds and receipts should be obtained from the Clerk of Court when remitting cash bonds

II-G-09 Public Health Nurse – Reconciliations of nursing service billings and collections were not prepared each month.

Recommendation – A reconciliation of nursing service billings and collections should be prepared monthly.

Response – We believe our software is able to print a report as requested. We will seek this report and if unsuccessful in locating the report we will solicit assistance from our software vendor.

Conclusion – Response accepted.

II-H-09 Fuel Station Deficit Balance – The Internal Service, Fuel Station Fund had a deficit cash balance at June 30, 2009.

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

Response – The Fuel Station Fund operates on a reimbursement basis where the departments and other governmental entities reimburse the County based on usage. On a cash basis, the fund is operating in a deficit until reimbursement is received. On an accrual basis, the fund balance is positive. The County is considering re-negotiating the 28E agreement to change the reimbursement rates from other governmental entities so an operating balance could be established for future repairs.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-I-09 Capital Assets – A physical observation of capital assets was not performed during the year ended June 30, 2009 in accordance with the County’s policy.

Recommendation – Capital assets should be inspected periodically by an employee having no responsibility for the assets.

Response – Capital assets will be physically inspected by an independent person not responsible for those assets. These inspections will be performed annually on a rotating basis by department. The utilization of an accounting intern will be considered to comply with this policy.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

CFDA Number 20.205: Highway Planning and Construction

Pass-through Number: BROS-CO91(73)—8J--91

Federal Award Year: 2009

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

III-A-08 Cash Management – Warren and Marion Counties agreed to share expenses evenly on a single box culvert replacement project funded by Highway Planning and Construction (BROS) grant funds. The original estimated project cost was \$110,000, with Marion County to pay \$55,000. Warren County's share of the project was \$55,000 and was to be 80% funded with BROS funds. Accordingly, the County should have limited the BROS reimbursement request to 80% of its \$55,000 share of the project costs, or \$44,000. However, at June 30, 2009, Warren County had requested and received BROS reimbursement of \$63,913, which included partial reimbursement for Marion County's share of the project costs. Subsequent to June 30, 2009, the County received an additional \$19,580 BROS reimbursement on the project and has claimed an additional \$12,878. As of the date of this report, the total amount over claimed on the project is \$48,185, 50% of reimbursable costs of \$96,371.

Recommendation – The County should establish procedures to ensure proper amounts are claimed for reimbursement. The County should contact the Iowa Department of Transportation to determine corrective action regarding the excess reimbursements received.

Response and Corrective Action Planned – The Engineer's office will review the reimbursement of BROS money for project BROS-CO91(73)-8J-91 with the Iowa Department of Transportation and determine the best course of action.

Conclusion – Response accepted.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.

IV-B-09 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – The following transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Mary Taylor, Secretary to County Attorney, husband is part owner of Copy Plus	Supplies for various County departments	\$ 12,842

The transactions with Mary Taylor do not appear to represent a conflict of interest in accordance with Chapter 331.342(10) of the Code of Iowa since no transactions related to the County Attorney, the office for which she is involved in the procurement process.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Warren County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

- IV-J-09 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.

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

Response – Will ask bank again to provide.

Conclusion – Response accepted.

- IV-K-09 Sheriff D.A.R.E. Account – The County Sheriff maintains a bank account for the D.A.R.E. program. 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 reflect this activity in the County's budget and financial statements.

Response – Will switch to a County account.

Conclusion – Response acknowledged. The D.A.R.E. account activity should be turned over to the County Treasurer for proper inclusion in the County's budget and financial records.

- IV-L-09 Financial Condition – The Capital Project Fund had a deficit unreserved fund balance of \$5,838 at June 30, 2009.

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

Response – This deficit was strictly the result of a timing and governmental accounting difference. The Capital Projects Fund has a cash balance at year end. The deficit was the result of accounts payable being recorded with the corresponding grant receivable being deferred since it wasn't received within the 60 day criteria. The construction project associated with this fund should be completed and the fund closed within the next fiscal year.

Conclusion – Response accepted.

Warren County

Staff

This audit was performed by:

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