

**INFORMATION TO COMPLY WITH *GOVERNMENT
AUDITING STANDARDS* AND OMB CIRCULAR A-133,
*AUDITS OF STATES, LOCAL GOVERNMENTS,
AND NON-PROFIT ORGANIZATIONS*
JUNE 30, 2006**

COUNTY OF LINN, IOWA

COUNTY OF LINN, IOWA

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CPAs & BUSINESS ADVISORS

**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 the County of Linn, Iowa:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Linn, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part II 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, 2006, 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.

We noted certain matters that we reported to management of the County of Linn, Iowa, in a separate letter dated November 20, 2006.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the County of Linn, Iowa, and other parties to whom the County of Linn, Iowa, 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 the County of Linn, Iowa, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa
November 20, 2006



CPAs & BUSINESS ADVISORS

**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 the County of Linn, Iowa:

Compliance

We have audited the compliance of the County of Linn, Iowa, with the types of compliance requirements described in the 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, 2006. The County's major federal programs are identified in the summary of the independent auditor's results section 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 noncompliance 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of Linn, Iowa, 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, 2006.

Internal Control Over Compliance

The management of the County of Linn, Iowa, 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 the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Linn, Iowa, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 20, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the County of Linn, Iowa, and other parties to whom the County of Linn, Iowa, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
November 20, 2006

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct			
Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	04-COPS-31	\$ <u>37,217</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX0345	92,340
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006DJBX0188	<u>56,109</u>
			<u>148,449</u>
Hugh Intensity Drug Trafficking Areas (HIDTA)	N/A		<u>14,622</u>
Total Direct			<u>200,288</u>
Indirect			
Department of Agriculture			
Iowa Department of Education			
School Breakfast Program	10.553	57-8022	19,562
National School Lunch Program	10.555	57-8022	<u>27,691</u>
			<u>47,253</u>
Child and Adult Care Food Program	10.558	57-8012	<u>37,710</u>
Iowa Department of Human Services			
Human Services Administrative Reimbursements			
State Administrative Matching Grants for			
Food Stamp Program	10.561		<u>86,797</u>
Department of Housing and Urban Development			
Iowa Department of Economic Development			
Community Development Block Grants/ State's Program	14.228	04-CRL-001	<u>186,580</u>
Emergency Shelter Grants Program	14.231	05-ES-005	<u>191,579</u>
City of Cedar Rapids, Iowa			
Lead-Based Paint Hazard Control in Privately- Owned Housing	14.900	IALHB0179-01	<u>80,319</u>

(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect (continued)			
Department of Justice			
Iowa Department of Human Rights			
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	31-JD04-F505	\$ 47,078
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	31-JD03-F504	<u>22,634</u>
			<u>69,712</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	31-JD03-F504	4,216
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	31-JD04-F505	<u>37,295</u>
			<u>41,511</u>
Title V – Delinquency Prevention Program	16.548	31-JD04-F505	<u>9,271</u>
Public Safety Partnership and Community Policing Grants	16.710	04-COPS-31	<u>2,636</u>
Enforcing Underage Drinking Laws Program	16.727	31-JD03-F504	6,111
Enforcing Underage Drinking Laws Program	16.727	31-JD04-F505	<u>17,111</u>
			<u>23,222</u>
Department of Transportation			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS-C057(65)- -8J-57	<u>237,725</u>
Governor’s Traffic Safety Bureau			
State and Community Highway Safety	20.600	05-02, Task 18	6,066
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	06-410, Task 22	20,744
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	06-163, Task 40	5,300
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, Task 44	<u>11,231</u>
			<u>43,341</u>
General Services Administration			
Iowa Secretary of State			
Help America Vote Act: HAVA	39.011	06-HAVA-57-100	<u>189,000</u>
Environmental Protection Agency			
Iowa Department of Public Health			
State Indoor Radon Grants	66.032	5886RC02	<u>265,792</u>
			(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect (continued)			
Environmental Protection Agency (continued)			
Iowa Department of Natural Resources			
Surveys, Studies, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	2006-7230-03	\$ 35,000
Surveys, Studies, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	2005-7230-03	<u>7,027</u>
			<u>42,027</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>2,706</u>
Performance Partnership Grants	66.605	2006-7230-03	57,500
Performance Partnership Grants	66.605	2005-7230-03	13,051
Performance Partnership Grants	66.605		<u>2,046</u>
			<u>72,597</u>
Department of Education			
Iowa Department of Human Services			
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126		<u>22,793</u>
Department of Health and Human Services			
Iowa Department of Public Health			
Public Health and Social Services Emergency Fund	93.003	5886EM156	<u>4,021</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2005-TB09	1,525
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2006-TB06	<u>475</u>
			<u>2,000</u>
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5886LP08	<u>33,173</u>
Immunization Grants	93.268	5885I412	31,101
Immunization Grants	93.268	5886I412	<u>13,272</u>
			<u>44,373</u>
			(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Public Health (continued)			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886NB16	\$ 30,255
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BPH12	30,239
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5885BT12	79,820
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5885BT06	44,646
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BT12	371,898
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886WW10	2,800
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BT06	<u>402,655</u>
			<u>962,313</u>
Hawkeye Area Community Action Program Head Start	93.600	07CH6114	<u>112,830</u>
Iowa Secretary of State			
Voting Access for Individuals with Disabilities – Grants to States	93.617	06-HAVA-57	<u>7,937</u>
Iowa Department of Human Services			
Promoting Safe and Stable Families	93.556		5,879
Promoting Safe and Stable Families	93.556	PSSFP-05-031A	8,438
Promoting Safe and Stable Families	93.556	PSSFP-06-031A	26,568
Promoting Safe and Stable Families	93.556	BDPS-05-054	<u>11,055</u>
			<u>51,940</u>
Child Support Enforcement	93.563		<u>1,644,529</u>
Child Care and Development Block Grant	93.575	BDPS-CC-05006	48,000
Child Care and Development Block Grant	93.575		565,672
Child Care and Development Block Grant	93.575	57-0021	<u>5,522</u>
			<u>619,194</u>
Temporary Assistance for Needy Families Human Services Administrative Reimbursements	93.558	DCAT-04-058	129,503
Temporary Assistance for Needy Families	93.558		<u>104,853</u>
			<u>234,356</u>

(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services (continued)			
Iowa Department of Human Services (continued)			
Human Services Administrative Reimbursements (continued)			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		\$ <u>25,202</u>
Foster Care – Title IV-E	93.658		<u>53,795</u>
Adoption Assistance	93.659		<u>13,497</u>
Medical Assistance Program	93.778		<u>137,302</u>
Social Services Block Grant	93.667		62,088
Social Services Block Grant	93.667	57-0021/30-57-039	<u>590,952</u> <u>653,040</u>
Iowa Department of Public Health			
National Bioterrorism Hospital Preparedness Program	93.889	5886EM156	1,250
National Bioterrorism Hospital Preparedness Program	93.889	5886BPH06	204,529
National Bioterrorism Hospital Preparedness Program	93.889	5886BPH12	<u>188,322</u> <u>394,101</u>
HIV Prevention Activities – Health Department Based	93.940	5885AP04	18,889
HIV Prevention Activities – Health Department Based	93.940	5886AP04	<u>16,900</u> <u>35,789</u>
Iowa Department of Human Services			
Block Grants for Community Mental Health Services	93.958	BDPS-06-050	70,841
Block Grants for Community Mental Health Services	93.958	BDPS-05-065	<u>14,706</u> <u>85,547</u>
Corporation for National and Community Service			
Iowa Commission on Volunteer Service AmeriCorps	94.006	04-AF-16	<u>111,734</u>
Social Security Administration			
Iowa Department of Human Services Social Security – Disability Insurance	96.001		<u>155</u> (continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect (continued)			
Department of Homeland Security			
United Way of America			
Emergency Food and Shelter National Board Program	97.024	23-2964-00	<u>\$ 63,184</u>
Iowa Department of Public Defense			
Buffer Zone Protection Plan (BZPP)	97.078	FY2005-BZPP	<u>48,426</u>
Total Indirect			<u>6,991,009</u>
Total			<u>\$ 7,191,297</u>

N/A – Not Available.

See Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF LINN, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Linn, Iowa, and is presented on the 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.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County of Linn, Iowa, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Emergency Shelter Grants Program	14.231	\$ 189,500
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	68,442
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	41,511
Title V – Delinquency Prevention Program	16.548	9,271
Edward Byrne Memorial Justice Assistance Grant Program	16.738	92,340
Enforcing Underage Drinking Laws Program	16.727	8,149
State Indoor Radon Grants	66.032	51,791
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	629,102
Promoting Safe and Stable Families	93.556	16,934
Temporary Assistance for Needy Families	93.558	135,952
Child Care and Development Block Grant	93.575	507,986
Voting Access for Individuals with Disabilities – Grants to State	93.617	7,363
National Bioterrorism Hospital Preparedness Program	93.889	391,393
Americorps	94.006	55,913

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 93.563 – Child Support Enforcement
 - CFDA Number 93.889 – National Bioterrorism Hospital Preparedness Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The County of Linn, Iowa, qualified as a low-risk auditee.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-06 Certified Budget – Disbursements by function during the year ended June 30, 2006, did not exceed the amounts budgeted. However, disbursements exceeded the amounts appropriated in Administration and Civil Service departments prior to the 3rd amendment and at year end, respectively.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriation of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County agrees and understands the required statutory reporting. The County will continue to monitor departmental disbursements vs. appropriation to comply with this code section.

Conclusion – Response accepted.

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part II: Other Findings Related to Required Statutory Reporting: (continued)

II-B-06 Questionable Expenditures – Certain expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Denise Vander Sanden	Paper products for retirement party	\$ 156
Lisa Dawson	Flowers for retirement party	35
Diane Losch	Refreshments for retirement party	28
Fran DeMarce	Party supplies, paper products, and cake for retirement party	73

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

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

Response – The Board of Supervisors will establish written policies and procedures, including proper documentation to ensure that the public purpose of questionable costs is met prior to approval of the expenditures.

Conclusion – Response accepted.

II-C-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

II-D-06 Business Transactions – Business transactions between the County and County Officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Lu Barron, Supervisor, spouse is owner of Barron Motor Supplies, Inc.	Batteries, per bid	\$ 7,950

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part II: Other Findings Related to Required Statutory Reporting: (continued)

Name, Title, and Business Connection	Transaction Description	Amount
Stephen Tucker, Finance Director, spouse is a court reporter sometimes used by the County to obtain documents on certain cases	Court documents	\$ 2,417
Becky Shoop, Deputy Auditor, spouse is owner of Shoop & Sons	Excavating services	3,800
Linda Langenberg, Auditor, son was paid as an election worker	Election worker	50
Linda Langenberg, Auditor, daughter was paid as an election worker	Election worker	306
Linda Langenberg, Auditor, brother was paid as an election worker	Election worker	50
Linda Langenberg, Auditor, nephew was paid as an election worker	Election worker	128
Gordon Thompson, Deputy Auditor, daughter was paid as an election worker	Election worker	50
Gordon Thompson, Deputy Auditor, son was paid as an election worker	Election worker	50
Sue Wold, Deputy Auditor, daughter was paid for labeling envelopes	Administrative services	50

In accordance with Chapter 362.5 of the Code of Iowa, the transactions with the Finance Director do not appear to represent conflicts of interest because these transactions are a result of this being professional services and the fact that the transaction is the default of his spouse being the reporter on a certain case. In accordance with Chapter 362.5(4) of the Code of Iowa, the battery purchases with the Supervisor and the excavating services with the Deputy Auditor do not appear to represent conflicts of interest since they were entered into through competitive bidding. The election wages with the County Auditor and Deputy County Auditor, and the administrative services with the Deputy Auditor do not appear to represent conflicts of interest since total transactions with each party were less than \$1,500 during the fiscal year as allowed by Chapter 362.5(10) of the Code of Iowa.

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part II: Other Findings Related to Required Statutory Reporting: (continued)

II-E-06 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 that the coverage is adequate for current operations.

II-F-06 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

II-G-06 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.

II-H-06 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).

II-I-06 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 the governmental funds balance sheet or statement of revenues, expenditures, and changes in fund balances.

Disbursements during the year ended June 30, 2006, for the County Extension Office did not exceed the amount budgeted.

The budget amendment did not have the proper original budget amount disclosed.

Recommendation – Budget documents should be closely monitored to ensure that accurate amounts are represented on the budget documents.

Response – The County Extension Office will be instructed that budget documents must be closely monitored to ensure that accurate amounts are represented on the budget documents.

Conclusion – Response accepted.

II-J-06 County Assessor’s Office – The County Assessor’s Office is operated under the authority of Chapter 441 of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by a council separate and distinct from County operations and, consequently, is not included in the governmental funds balance sheet or statement of revenues, expenditures, and changes in fund balances.

Expenditures

The County Assessor’s Office is currently paying for other items outside of the employment of special appraisals from the Special Appraiser’s Fund. However, for FY07 the Conference Board has discontinued paying for any expense’s out of the Special Appraiser’s Fund that are not directly related to the employment and compensation of professional and expert appraisers.

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

Part II: Other Findings Related to Required Statutory Reporting: (continued)

Special Appraiser's Levy – Chapter 441.50 of the Code of Iowa states:

“The conference board shall have power to employ appraisers or other technical or expert help to assist in the valuation of property, the cost thereof to be paid in the same manner as other expenses of the assessor's office. The conference board may certify for levy annually an amount not to exceed forty and one-half cents per thousand dollars for the purpose of establishing a special appraiser's fund, to be used only for such purposes. From time to time the conference board may direct the transfer of any unexpended balance in the special appraiser's fund to the assessment expense fund.”

Pursuant to an Attorney General's Opinion dated November 2, 1962, “...the appraisal fund created by §441.50 can only be used in the employment and compensation of professional and expert appraisers and cannot be used for the compensation of local appraisers to assist the county assessor.”

Recommendation – The Conference Board should continue to monitor and determine that only expenditures directly related to the employment and compensation of professional and expert appraisers are paid for out of the Special Appraiser's Fund.

Response – The Conference Board will continue to monitor and determine that only expenditures directly related to the employment and compensation of professional and expert appraisers are paid for out of the Special Appraiser's Fund.

Conclusion – Response accepted.