

**INFORMATION TO COMPLY WITH *GOVERNMENT
AUDITING STANDARDS* AND OMB CIRCULAR A-133,
*AUDITS OF STATES, LOCAL GOVERNMENTS,
AND NON-PROFIT ORGANIZATIONS*
JUNE 30, 2007**

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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 6, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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 or other matters 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, 2007, 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.

The 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 the County's responses, and accordingly, we express no opinion on them.

We also noted certain additional matters that we reported to management of the County of Linn, Iowa, in a separate letter dated December 6, 2007.

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

Dubuque, Iowa
December 6, 2007



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, 2007. 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, 2007.

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, 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 the County's internal control over compliance.

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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2007, and have issued our report thereon dated December 6, 2007. 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
December 6, 2007

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct			
Department of Justice High Intensity Drug Trafficking Areas (HIDTA)	16.000		\$ <u>79,361</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006DJBX0188	<u>31,036</u>
Total Direct			<u>110,397</u>
Indirect			
Department of Agriculture Iowa Department of Education School Breakfast Program	10.553	57-8022	12,677
National School Lunch Program	10.555	57-8022	<u>19,450</u>
			<u>32,127</u>
Child and Adult Care Food Program	10.558	57-8012	<u>39,351</u>
Iowa Department of Human Services Human Services Administrative Reimbursements State Administrative Matching Grants for Food Stamp Program	10.561		<u>72,909</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>126,034</u>
City of Cedar Rapids, Iowa Lead-Based Paint Hazard Control in Privately- Owned Housing	14.900	IALHB0179-01	<u>109,506</u>
Department of Justice Iowa Department of Human Rights Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-F06-31	10,933
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-F07-31	<u>31,309</u>
			<u>42,242</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	JJYD-F06-31	3,980
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	JJYD-F07-31	<u>32,012</u>
			<u>35,992</u>

(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Justice (continued)			
Iowa Department of Human Rights (continued)			
Part E – Developing, Testing, and Demonstrating			
Promising New Programs	16.541		\$ <u>61,147</u>
Enforcing Underage Drinking Laws Program	16.727	JJYD-F06-31	5,625
Enforcing Underage Drinking Laws Program	16.727	JJYD-F07-31	<u>19,669</u>
			<u>25,294</u>
Department of Transportation			
Iowa Department of Transportation			
Formula Grants for Other than Urbanized Areas	20.509		<u>55,202</u>
Governor’s Traffic Safety Bureau			
Alcohol Traffic Safety and Drunk Driving			
Prevention Incentive Grants	20.601	06-410, Task 22	7,159
Alcohol Traffic Safety and Drunk Driving			
Prevention Incentive Grants	20.601	PAP 07-02, Task 10	42,312
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	06-163, Task 40	25,200
Safety Incentives to Prevent Operation of			
Motor Vehicles by Intoxicated Persons	20.605	07-163, Task 49	<u>5,698</u>
			<u>80,369</u>
Environmental Protection Agency			
Iowa Department of Public Health			
State Indoor Radon Grants	66.032	5887RC02	<u>196,664</u>
Iowa Department of Natural Resources			
Surveys, Studies, Investigations, Demonstrations,			
and Special Purpose Activities Relating to the			
Clean Air Act	66.034	2007-7230-03	<u>28,930</u>
Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	2007-7230-03	<u>1,018</u>
Performance Partnership Grants	66.605	2007-7230-03	<u>58,937</u>
Department of Education			
Iowa Department of Human Services			
Rehabilitation Services – Vocational			
Rehabilitation Grants to States	84.126		<u>850</u>
			(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued)			
Department of Health and Human Services			
Iowa Department of Public Health			
Public Health and Social Services Emergency Fund	93.003	5887EM156	\$ 1,500
Public Health and Social Services Emergency Fund	93.003	5886EM156	<u>1,750</u>
			<u>3,250</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2006-TB06	<u>7,334</u>
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5887LP10	17,223
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5886LP08	<u>6,595</u>
			<u>23,818</u>
Immunization Grants	93.268	5887I412	13,713
Immunization Grants	93.268	5886I412	<u>23,347</u>
			<u>37,060</u>
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887NB16	25,410
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887BHP06	263,852
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887BT12	170,782
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887BT06	404,460
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BT12	228,729
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5887WW10	1,260
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BT06	<u>52,341</u>
			<u>1,146,834</u>
Hawkeye Area Community Action Program Head Start	93.600	07CH6114	<u>135,396</u>
			(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

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			
Promoting Safe and Stable Families	93.556	DCFS-07-003	\$ 9,844
Promoting Safe and Stable Families	93.556	PSSFP-07-031A	8,628
Promoting Safe and Stable Families	93.556	PSSFP-06-031A	10,594
Promoting Safe and Stable Families	93.556	BDPS-05-054	<u>3,805</u>
			<u>32,871</u>
Child Support Enforcement	93.563		<u>1,642,064</u>
Child Care and Development Block Grant	93.575	BDPS-CC-07053	48,000
Child Care and Development Block Grant	93.575		<u>580,757</u>
			<u>628,757</u>
Temporary Assistance for Needy Families	93.558	DCAT-04-058	41,020
Temporary Assistance for Needy Families	93.558	DCAT-06-203	81,119
Temporary Assistance for Needy Families	93.558	PSSFP-06-031A	38,168
Human Services Administrative Reimbursements			
Temporary Assistance for Needy Families	93.558		<u>98,832</u>
			<u>259,139</u>
Refugee and Entrant Assistance – State Administered Programs	93.566		<u>180</u>
Child Care Block Grant	93.037		<u>31</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>21,682</u>
Foster Care – Title IV-E	93.658		<u>54,762</u>
Adoption Assistance	93.659		<u>11,009</u>
State Children’s Insurance Program	93.767		<u>634</u>
Medical Assistance Program	93.778		<u>128,482</u>
Social Services Block Grant	93.667		64,964
Social Services Block Grant	93.667	57-0021/30-57-039	<u>669,128</u>
			<u>734,092</u>
			(continued)

COUNTY OF LINN, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

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			
National Bioterrorism Hospital Preparedness Program	93.889	5887BPH12	\$ 191,776
National Bioterrorism Hospital Preparedness Program	93.889	5886BPH06	42,557
National Bioterrorism Hospital Preparedness Program	93.889	5886BPH12	<u>107,227</u>
			<u>341,560</u>
HIV Prevention Activities – Health Department Based	93.940	5887AP17	11,108
HIV Prevention Activities – Health Department Based	93.940	5886AP04	<u>18,711</u>
			<u>29,819</u>
Preventive Health Services – Sexually Transmitted Diseases Control Grants	93.977	5886AP04	<u>495</u>
Preventive Health and Health Services Block Grant	93.991	5886AP04	<u>4,211</u>
Iowa Department of Human Services Block Grants for Community Mental Health Services	93.958	BDPS-06-050	<u>93,975</u>
Corporation for National and Community Service Iowa Commission on Volunteer Service AmeriCorps	94.006	04-AF-16	<u>134,221</u>
Social Security Administration Iowa Department of Human Services Social Security – Disability Insurance	96.001		<u>35</u>
Department of Homeland Security Iowa Department of Public Defense Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR-1688-IA	<u>63,000</u>
United Way of America Emergency Food and Shelter National Board Program	97.024	25-2964-00	<u>63,438</u>
Total Indirect			<u>6,564,721</u>
Total			<u>\$ 6,675,118</u>

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, 2007

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:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/State's Program	14.228	\$ 124,876
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	42,242
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	33,992
Part E – Developing, Testing, and Demonstrating Promising New Programs	16.541	61,117
Edward Byrne Memorial Justice Assistance Grant Program	16.738	31,036
Enforcing Underage Drinking Laws Program	16.727	13,700
State Indoor Radon Grants	66.032	19,700
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	357,279
Promoting Safe and Stable Families	93.556	13,649
Temporary Assistance for Needy Families	93.558	94,762
Child Care and Development Block Grant	93.575	278,218
National Bioterrorism Hospital Preparedness Program	93.889	242,048
AmeriCorps	94.006	61,252
Emergency Food and Shelter National Board Program	97.024	63,438

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

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 93.283 – Centers for Disease Control and Prevention – Investigations and Technical Assistance
 - CFDA Number 93.667 – Social Services Block Grant
- (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-07 Certified Budget – Disbursements by function during the year ended, did not exceed the amounts budgeted. Disbursements by department during the year ended June 30, 2007, did not exceed the amounts appropriated.

II-B-07 Questionable Expenditures – Certain expenditures we believe 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 were noted. These expenditures are detailed as follows:

Paid to	Purpose	Amount
JP Morgan	Party supplies, refreshments, and snacks for retirement party	\$ 113
JP Morgan	Cake for retirement party	160
Waypoint	Dinner and nominations for Tribute to Women of Achievement event	450

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.

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

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

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

Response – The County has established a written policy which prohibits expenditures for retirement parties. The County will consider a policy that limits expenditures for recognition dinners to only the nominee.

Conclusion – Response accepted.

II-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

II-D-07 Business Transactions – Business transactions between the County and County Officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Lu Barron, Supervisor, spouse is owner of Barron Motor Supplies, Inc.	Batteries, per bid	\$ 8,709
Stephen Tucker, Finance Director, spouse is a court reporter sometimes used by the County to obtain documents on certain cases	Court documents	892
Fran DeMarce, Youth Services Clerical Specialist, spouse was paid for maintenance work	Maintenance work	1,835
Becky Shoop, Deputy Auditor, spouse was paid as an election worker	Election worker	528
Sue Wold, Elections Deputy, spouse was paid as an election worker	Election worker	75
Vickie Heft, Auditor's Office Property Description Specialist, spouse was paid as an election worker	Election worker	67
Linda Langenberg, Auditor, nephew was paid as an election worker	Election worker	160

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

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

Name, Title, and Business Connection	Transaction Description	Amount
Randall Clapp, Election Tech, sister-in-law was paid as an election worker	Election worker	\$ 61
Randall Clapp, Election Tech, brother was paid as an election worker	Election worker	64
Randall Clapp, Election Tech, wife was paid as an election worker	Election worker	147
Garth Fagerbakke, Facilities Director, daughter was paid as an election worker	Election worker	50

In accordance with Chapter 331.342 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 331.342(9) of the Code of Iowa, the battery purchases with the Supervisor do not appear to represent conflicts of interest since they were entered into through competitive bidding. The election wages 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 331.342(10) of the Code of Iowa. The transactions with the youth services clerical specialist may represent a conflict of interest since transactions exceed \$1,500 and were not entered into through competitive bidding.

Recommendation – The County should develop a conflict of interest policy and inform all employees of the bidding requirements if transactions exceed the \$1,500 limit imposed by Chapter 331.342 of the Code of Iowa.

Response – The County will develop a conflict of interest policy and inform all employees of the bidding requirements if transactions exceed the \$1,500 limit imposed by state code.

Conclusion – Response accepted.

II-E-07 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-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

COUNTY OF LINN, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

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

- II-G-07 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-07 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-07 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, 2007, for the County Extension Office did not exceed the amount budgeted.