



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

March 21, 2011

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$155,557,285 for the year ended June 30, 2010, which included \$3,584,542 in tax credits from the state. The County forwarded \$122,439,492 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$33,117,793 of the local tax revenue to finance County operations, an 18.1 percent increase over the prior year. Other revenues included charges for service of \$6,993,956, operating grants, contributions and restricted interest of \$13,774,496, capital grants, contributions and restricted interest of \$373,209, local option sales tax of \$2,670,586, pari-mutuel and gaming wager tax of \$2,107,876, tax increment financing of \$931,359, unrestricted investment earnings of \$200,494 and other general revenues of \$1,207,593.

Expenses for County operations totaled \$59,878,056, a 1.7 percent decrease from the prior year. Expenses included \$19,741,236 for public safety and legal services, \$13,595,452 for roads and transportation and \$9,026,728 for mental health.

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/1010-0078-B00F.pdf>.

###



**POTTAWATTAMIE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2010**

## Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor’s Report			5-6
Management’s Discussion and Analysis			7-13
Basic Financial Statements:		<u>Exhibit</u>	
Government-wide Financial Statements:			
Statement of Net Assets	A		16
Statement of Activities	B		17
Governmental Fund Financial Statements:			
Balance Sheet	C		18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D		21
Statement of Revenues, Expenditures and Changes in Fund Balances	E		22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F		24
Fiduciary Fund Financial Statement:			
Statement of Fiduciary Assets and Liabilities – Agency Funds	G		25
Notes to Financial Statements			26-43
Required Supplementary Information:			
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds			46-47
Budget to GAAP Reconciliation			48
Notes to Required Supplementary Information – Budgetary Reporting			49
Schedule of Funding Progress for the Retiree Health Plan			50
Other Supplementary Information:		<u>Schedule</u>	
Nonmajor Governmental Funds:			
Combining Balance Sheet	1		52-53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2		54-55
Agency Funds:			
Combining Schedule of Fiduciary Assets and Liabilities	3		56-57
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4		58-59
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5		60-61
Schedule of Expenditures of Federal Awards	6		62-63
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 <u>Government Auditing Standards</u>			65-66
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133			69-70
Schedule of Findings and Questioned Costs			71-78
Staff			79

**Pottawattamie County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Loren Knauss	Board of Supervisors	Jan 2011
Lynn Leaders	Board of Supervisors	Jan 2011
Roger Williams	Board of Supervisors	Jan 2011
Lynn Grobe	Board of Supervisors	Jan 2013
Melvyn Houser	Board of Supervisors	Jan 2013
Marilyn Jo Drake	County Auditor	Jan 2013
Judy Ann Miller	County Treasurer	Jan 2011
John F. Sciortino	County Recorder	Jan 2011
Jeffrey Danker	County Sheriff	Jan 2013
Matthew Wilber	County Attorney	Jan 2011
Steve Palm	County Assessor	(Resigned Feb 2010)
Bill Kealy	County Assessor	Jan 2016

**Pottawattamie County**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

## Independent Auditor's Report

To the Officials of Pottawattamie County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Pottawattamie 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 Pottawattamie County at June 30, 2010, and the respective changes in financial position 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 February 24, 2011 on our consideration of Pottawattamie 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 the Schedule of Funding Progress for Retiree Health Plan on pages 7 through 13 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 Pottawattamie 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 six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. 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

February 24, 2011

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Pottawattamie County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2010 FINANCIAL HIGHLIGHTS

- Pottawattamie County's governmental activities revenue decreased .1%, or approximately \$60,000, from fiscal year 2009 (FY09). This includes an increase in property and other county tax of approximately \$5,071,000, tax increment financing increased approximately \$698,000, charges for service decreased approximately \$2,306,000, operating grants, contributions and restricted interest decreased approximately \$1,350,000, capital grants, contributions and restricted interest decreased approximately \$1,818,000 and unrestricted investment earnings decreased approximately \$336,000.
- Pottawattamie County's governmental activities expenses decreased 1.7%, or approximately \$1,031,000, from FY09. Public safety and legal services expenses increased approximately \$1,208,000, mental health expenses decreased approximately \$68,000, roads and transportation expenses increased approximately \$152,000, governmental services to residents expenses decreased approximately \$439,000, administration expenses decreased approximately \$2,047,000 and interest on long-term debt decreased approximately \$76,000.
- Pottawattamie County's net assets increased approximately \$1,500,000 over FY09.
- As of the close of FY10, Pottawattamie County had ending fund balances of \$8,523,127 in the General Fund, \$3,488,976 in the Mental Health Fund, \$669,235 in the Rural Services Fund, \$6,090,729 in the Secondary Roads Fund, \$156,373 in the Debt Service Fund and \$6,120,389 in the Capital Projects Fund.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and as 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 Pottawattamie 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 Pottawattamie 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 Pottawattamie 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 fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY AS A WHOLE:**

*The Statement of Net Assets and the Statement of Activities*

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 about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This 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 fiscal year. All changes in net assets are reported as soon as the event or 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 displayed 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.

## **REPORTING THE COUNTY BY FUNDS:**

*The Fund Financial Statements*

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The County has two 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. These *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 government 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) *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 special assessments, emergency management services and the County Assessor, to name a few.

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

Summary 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. Pottawattamie County's net assets at the end of FY10 totaled approximately \$93.1 million. This compares to FY09 at approximately \$91.6 million, as restated. The analysis that follows focuses on the changes of the net assets for our governmental activities.

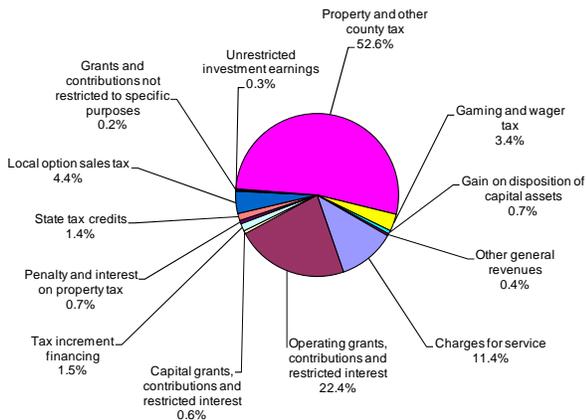
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2010	2009
Current and other assets	\$ 65,422	67,167
Capital assets	93,060	85,040
Total assets	158,482	152,207
Long-term liabilities	27,771	25,845
Other liabilities	37,585	34,736
Total liabilities	65,356	60,581
Net assets:		
Invested in capital assets, net of related debt	73,447	72,269
Restricted	12,835	10,643
Unrestricted	6,844	8,714
Total net assets	\$ 93,126	91,626

Net assets of Pottawattamie County's governmental activities increased approximately \$1,500,000 from FY09. 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 since they are unavailable for future spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements—decreased from approximately \$8.7 million at June 30, 2009 to approximately \$6.8 million at the end of this year, a decrease of 21.5%.

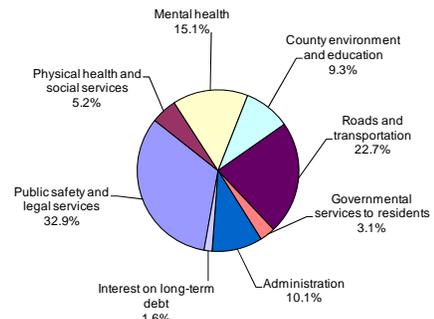
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2010	2009
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 6,994	9,300
Operating grants, contributions and restricted interest	13,775	15,125
Capital grants, contributions and restricted interest	373	2,191
<b>General revenues:</b>		
Property and other county tax	32,279	27,208
Tax increment financing	932	234
Penalty and interest on property tax	408	269
State tax credits	838	828
Local option sales tax	2,671	3,043
Grants and contributions not restricted to specific purposes	145	128
Unrestricted investment earnings	200	536
Gaming and wager tax	2,108	2,278
Gain on disposition of capital assets	417	178
Other general revenues	238	120
<b>Total revenues</b>	<b>61,378</b>	<b>61,438</b>
<b>Program expenses:</b>		
Public safety and legal services	19,741	18,533
Physical health and social services	3,112	2,846
Mental health	9,027	9,095
County environment and education	5,567	5,594
Roads and transportation	13,595	13,443
Governmental services to residents	1,827	2,266
Administration	6,064	8,111
Interest on long-term debt	945	1,021
<b>Total expenses</b>	<b>59,878</b>	<b>60,909</b>
<b>Increase in net assets</b>	<b>1,500</b>	<b>529</b>
<b>Net assets beginning of year</b>	<b>91,626</b>	<b>91,097</b>
<b>Net assets end of year</b>	<b>\$ 93,126</b>	<b>91,626</b>

**Revenues by Source**



**Expenses by Program**



Pottawattamie County's net assets of governmental activities increased approximately \$1,500,000 during the year. Revenues decreased approximately \$60,000 and expenses decreased approximately \$1,031,000.

Pottawattamie County's property tax levy rates increased \$.19961 per \$1,000 of taxable valuation for the mental health levy and increased \$.28925 per \$1,000 of taxable valuation for the countywide levy. The countywide taxable property valuation increased \$183,201,866.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$26,853,015, which is less than the \$30,307,656 combined fund balance at the end of FY09. This decrease is primarily due to increased expenditures.

The General Fund, the operating fund for Pottawattamie County, ended FY10 with an \$8,523,127 ending balance. This was a decrease of \$2,182,333 from FY09's ending balance. Taxable property valuation increased from \$3,483,278,924 in FY09 to \$3,666,480,790 in FY10. Although the combined general basic and general supplemental levy rate decreased from \$5.36930 per \$1,000 of taxable valuation in FY09 to \$5.16231 per \$1,000 of taxable valuation in FY10, property and other county tax increased due to the increase in property valuation. Expenditures increased primarily due to increases in public safety and legal services and physical health and social services expenditures.

Pottawattamie County continues to try to effectively manage the cost of mental health services. Mental health expenditures decreased \$66,569, or .73%, in FY10 from FY09 due to cost cutting measures. The Mental Health Fund ending balance for FY10 was \$3,488,976, an increase of \$3,127,279 over FY09. The \$1.28490 per \$1,000 of taxable valuation FY10 tax levy increased \$.19961 per \$1,000 of taxable valuation from the FY09 levy rate of \$1.08529 per \$1,000 of taxable valuation.

The Rural Services Fund ended FY10 with a \$669,235 balance compared to the prior year ending balance of \$629,555. Property valuation increased from \$1,137,881,072 in FY09 to \$1,186,996,673 in FY10. The levy rate decreased from \$3.39547 per \$1,000 of taxable valuation in FY09 to \$3.17980 per \$1,000 of taxable valuation in FY10. Rural services expenditures decreased \$711,381, or 35.4%, in FY10 from FY09. The decrease in expenditures was mainly due to contract services for building code permits and inspections.

The Secondary Roads Fund ended FY10 with a \$6,090,729 balance compared to the prior year ending balance of \$4,930,404. Secondary road expenditures decreased \$1,781,654 from FY09, mainly due to a significant decrease in capital projects work. The Department worked on the maintenance of rock, dirt and paved roads during the year and continued work on contract services for building code permits and inspections.

The Debt Service Fund ended FY10 with a \$156,373 balance compared to the prior year ending balance of \$110,154. The increase was due to an issuance of additional general obligation debt.

The Capital Projects Fund ended FY10 with a \$6,120,389 balance compared to the prior year ending balance of \$11,210,797. The decrease in the fund balance was due to the continuation of the E911 project.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Pottawattamie County amended its budget two times. The first amendment was made in October 2009 and resulted in an increase in budgeted receipts of approximately \$5,000,000 due to increased other financing sources for general long-term debt proceeds. The amendment also increased budgeted disbursements approximately \$5,015,000, with the majority being \$5,000,000 related to capital projects for the E911 tower project.

The second amendment was made in April 2010 and resulted in an increase in budgeted receipts of approximately \$5,725,000, due primarily to increased other financing sources for general long-term debt proceeds. This amendment also increased budgeted disbursements \$11,506,496, primarily for debt service for a bond refunding, administration for legal disbursements and capital projects for the E911 tower project.

The County's receipts were approximately \$360,000 less than budgeted. Intergovernmental receipts were approximately \$1,454,000 more than budgeted due to an increase in reimbursements. However, use of money and property revenue decreased approximately \$465,000 due to lower interest rates on money invested, as did miscellaneous revenues, which decreased approximately \$1,141,000 since outside grant funding for certain cities in the County did not materialize as planned.

Total disbursements were \$9,707,426 less than the amended budget. Actual disbursements for the mental health, county environment and education, roads and transportation and capital projects functions were approximately \$951,000, \$2,323,000, \$596,000 and \$5,171,000, respectively, less than budgeted. These differences were due to cost cutting measures which were instituted along with the construction season spanning several fiscal years, resulting in construction project carryovers. Also, disbursements in one function exceeded the amount budgeted prior to a budget amendment and one department exceeded the amount appropriated prior to an appropriation amendment.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of FY10, Pottawattamie County had approximately \$93,060,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$8,019,000 over the FY09 balance, due mainly to increases in the County's road network infrastructure.

Pottawattamie County had depreciation expense of \$4,967,722 in FY10 and total accumulated depreciation of approximately \$58.8 million on the capital assets at the end of FY10. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

## Long-Term Debt

At the end of FY10, Pottawattamie County had approximately \$25,869,000 in long-term debt outstanding compared to approximately \$24,214,000 at the end of FY09, as shown below.

	June 30,	
	2010	2009
General obligation refunding bonds	\$ 5,000	7,030
General obligation refunding notes	1,325	1,490
Airport road agreement	560	660
General obligation capital loan notes	18,830	14,800
Farm to market loans	154	234
Total	\$ 25,869	24,214

Outstanding debt decreased as a result of payment on the debt. 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. Pottawattamie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$344.1 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Pottawattamie County's elected and appointed officials and citizens considered many factors when setting the FY11 budget, tax rates and fees that apply for the various County services. One of those factors is the economy.

The economy and unemployment indicators were taken into account when adopting the County budget for FY11. Budgeted expenditures for FY11 are \$72,697,249, a decrease of \$13,386,013 from the FY10 amended budget. The decrease in the FY11 budget is primarily due to fewer capital projects.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Pottawattamie 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 Pottawattamie County Auditor Marilyn Jo Drake or Deputy Auditor Donna West at the Pottawattamie County Auditor's Office, by mail at 227 S. 6<sup>th</sup> Street, Council Bluffs, Iowa 51501, or by telephone at (712) 328-5700.

**Pottawattamie County**

## **Basic Financial Statements**

**Exhibit A**

Pottawattamie County  
Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 26,904,501
Receivables:	
Property tax:	
Delinquent	141,909
Succeeding year	33,354,000
Interest and penalty on property tax	346,633
Accounts	571,614
Loans	153,666
Accrued interest	3,279
Drainage assessments	50
Due from other governments	2,473,971
Inventories	1,091,712
Prepaid insurance	380,987
Capital assets - nondepreciable	27,159,838
Capital assets - depreciable (net of accumulated depreciation)	<u>65,899,701</u>
<b>Total assets</b>	<u>158,481,861</u>
<b>Liabilities</b>	
Accounts payable	1,865,784
Accrued interest payable	67,731
Salaries and benefits payable	833,112
Due to other governments	1,464,980
Deferred revenue:	
Succeeding year property tax	33,354,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	440,000
General obligation refunding notes	165,000
Airport road agreement	100,000
General obligation capital loan notes	2,440,000
Farm to market loans	67,888
Compensated absences	1,131,601
Portion due or payable after one year:	
General obligation bonds	4,560,000
General obligation refunding notes	1,160,000
Airport road agreement	460,000
General obligation capital loan notes	16,390,000
Farm to market loans	85,777
Compensated absences	493,206
Net OPEB liability	277,090
<b>Total liabilities</b>	<u>65,356,169</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	73,446,757
Restricted for:	
Supplemental levy purposes	1,437,064
Mental health purposes	3,418,858
Secondary roads purposes	6,052,408
Debt service	102,738
Capital projects	18,171
Other purposes	1,805,711
Unrestricted	<u>6,843,985</u>
<b>Total net assets</b>	<u>\$ 93,125,692</u>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2010

	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
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 19,741,236	4,022,264	372,356	63,203	(15,283,413)
Physical health and social services	3,111,851	415,507	962,716	-	(1,733,628)
Mental health	9,026,728	36,203	4,983,049	-	(4,007,476)
County environment and education	5,567,141	528,540	1,468,269	-	(3,570,332)
Roads and transportation	13,595,452	162,105	5,921,739	261,999	(7,249,609)
Governmental services to residents	1,826,721	1,271,983	-	-	(554,738)
Administration	6,064,427	557,354	66,367	-	(5,440,706)
Interest on long-term debt	944,500	-	-	48,007	(896,493)
<b>Total</b>	<b>\$ 59,878,056</b>	<b>6,993,956</b>	<b>13,774,496</b>	<b>373,209</b>	<b>(38,736,395)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					29,133,231
Debt service					3,145,980
Tax increment financing					931,359
Penalty and interest on property tax					408,049
State tax credits					838,582
Local option sales tax					2,670,586
Pari-mutuel and gaming wager tax					2,107,876
Grants and contributions not restricted to specific purposes					144,605
Unrestricted investment earnings					200,494
Gain on disposition of capital assets					417,012
Miscellaneous					237,927
<b>Total general revenues</b>					<b>40,235,701</b>
Change in net assets					1,499,306
Net assets beginning of year					91,626,386
Net assets end of year					<b>\$ 93,125,692</b>

See notes to financial statements.

Pottawattamie County

Balance Sheet  
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 8,383,125	4,234,417	652,304	5,084,222
Receivables:				
Property tax:				
Delinquent	86,374	21,499	19,940	-
Succeeding year	20,623,000	4,102,000	4,035,000	-
Interest and penalty on property tax	346,633	-	-	-
Accounts	250,530	7,485	10,457	1,857
Loans	-	-	-	153,666
Accrued interest	3,279	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	59,074	13,198	10,442	125,358
Due from other governments	907,647	326,479	68,499	961,276
Inventories	-	-	-	1,091,712
Prepaid insurance	315,073	-	-	65,914
<b>Total assets</b>	<b>\$ 30,974,735</b>	<b>8,705,078</b>	<b>4,796,642</b>	<b>7,484,005</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 686,168	321,009	55,845	663,873
Salaries and benefits payable	595,257	53,042	15,381	166,664
Due to other funds	-	-	-	-
Due to other governments	52,147	707,952	1,241	72,529
Deferred revenue:				
Succeeding year property tax	20,623,000	4,102,000	4,035,000	-
Other	495,036	32,099	19,940	490,210
Total liabilities	22,451,608	5,216,102	4,127,407	1,393,276
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Supplemental levy purposes	1,567,815	-	-	-
Closure care	-	-	7,500	-
Loans receivable	-	-	-	153,666
Unreserved, reported in:				
General fund	6,955,312	-	-	-
Special revenue funds	-	3,488,976	661,735	5,937,063
Capital projects fund	-	-	-	-
Total fund balances	8,523,127	3,488,976	669,235	6,090,729
<b>Total liabilities and fund balances</b>	<b>\$ 30,974,735</b>	<b>8,705,078</b>	<b>4,796,642</b>	<b>7,484,005</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
168,046	6,212,317	2,170,070	26,904,501
14,096	-	-	141,909
3,804,000	-	-	32,564,000
-	-	-	346,633
-	-	301,285	571,614
-	-	-	153,666
-	-	-	3,279
-	-	50	50
9,038	-	67,028	284,138
-	-	210,070	2,473,971
-	-	-	1,091,712
-	-	-	380,987
<u>3,995,180</u>	<u>6,212,317</u>	<u>2,748,503</u>	<u>64,916,460</u>
20,711	91,928	26,250	1,865,784
-	-	2,768	833,112
-	-	284,138	284,138
-	-	631,111	1,464,980
3,804,000	-	-	32,564,000
14,096	-	50	1,051,431
<u>3,838,807</u>	<u>91,928</u>	<u>944,317</u>	<u>38,063,445</u>
156,373	-	-	156,373
-	-	-	1,567,815
-	-	-	7,500
-	-	-	153,666
-	-	-	6,955,312
-	-	1,804,186	11,891,960
-	6,120,389	-	6,120,389
<u>156,373</u>	<u>6,120,389</u>	<u>1,804,186</u>	<u>26,853,015</u>
<u>3,995,180</u>	<u>6,212,317</u>	<u>2,748,503</u>	<u>64,916,460</u>

**Pottawattamie County**

## Pottawattamie County

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

June 30, 2010

**Total governmental fund balances (page 19)** \$ 26,853,015

***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 \$151,875,398 and the accumulated depreciation is \$58,815,859. 93,059,539

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 1,051,431

Long-term liabilities, including notes payable, bonds payable, airport road agreement payable, farm to market loans payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.. (27,838,293)

**Net assets of governmental activities (page 16)** \$ 93,125,692

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 20,517,201	4,583,854	3,626,713	-
Local option sales tax	-	-	400,588	1,869,410
Interest and penalty on property tax	351,370	-	-	-
Intergovernmental	5,773,552	7,515,100	211,852	7,367,208
Licenses and permits	525	-	272,533	1,785
Charges for service	2,277,841	36,203	33,845	108,476
Use of money and property	229,868	-	127	2,903
Miscellaneous	365,547	-	1,215	51,844
<b>Total revenues</b>	<b>29,515,904</b>	<b>12,135,157</b>	<b>4,546,873</b>	<b>9,401,626</b>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	19,001,367	-	81,007	-
Physical health and social services	2,928,349	-	155,328	-
Mental health	-	9,007,878	-	-
County environment and education	1,813,317	-	1,055,321	-
Roads and transportation	-	-	-	11,023,675
Governmental services to residents	1,743,698	-	3,640	-
Administration	6,265,178	-	3,000	-
Debt service	-	-	-	-
Capital projects	-	-	-	886,658
<b>Total expenditures</b>	<b>31,751,909</b>	<b>9,007,878</b>	<b>1,298,296</b>	<b>11,910,333</b>
Excess (deficiency) of revenues over (under) expenditures	(2,236,005)	3,127,279	3,248,577	(2,508,707)
<b>Other financing sources (uses):</b>				
Sale of capital assets	89,065	-	-	-
Operating transfers in	393,647	-	-	3,669,032
Operating transfers out	(429,040)	-	(3,208,897)	-
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-
General obligation notes issued	-	-	-	-
Discount on general obligation notes issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>53,672</b>	<b>-</b>	<b>(3,208,897)</b>	<b>3,669,032</b>
Net change in fund balances	(2,182,333)	3,127,279	39,680	1,160,325
Fund balances beginning of year	10,705,460	361,697	629,555	4,930,404
Fund balances end of year	\$ 8,523,127	3,488,976	669,235	6,090,729

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
3,138,998	-	923,101	32,789,867
-	-	400,588	2,670,586
-	-	-	351,370
84,119	-	392,840	21,344,671
-	-	-	274,843
-	-	16,366	2,472,731
48,007	63,203	22,111	366,219
-	15,602	1,314,050	1,748,258
3,271,124	78,805	3,069,056	62,018,545
-	-	81,530	19,163,904
-	-	463	3,084,140
-	-	-	9,007,878
-	-	2,581,837	5,450,475
-	-	-	11,023,675
-	-	17,344	1,764,682
-	-	-	6,268,178
9,647,748	-	-	9,647,748
-	9,781,333	-	10,667,991
9,647,748	9,781,333	2,681,174	76,078,671
(6,376,624)	(9,702,528)	387,882	(14,060,126)
-	-	-	89,065
893,923	-	92,028	5,048,630
-	(375,380)	(1,035,313)	(5,048,630)
-	5,000,000	-	5,000,000
-	(12,500)	-	(12,500)
5,540,000	-	-	5,540,000
(11,080)	-	-	(11,080)
6,422,843	4,612,120	(943,285)	10,605,485
46,219	(5,090,408)	(555,403)	(3,454,641)
110,154	11,210,797	2,359,589	30,307,656
156,373	6,120,389	1,804,186	26,853,015

Pottawattamie County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2010

**Net change in fund balances - Total governmental funds (page 23)** \$ (3,454,641)

***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 exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$12,659,001	
Depreciation expense	<u>(4,967,722)</u>	7,691,279

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.

327,947

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	36,432	
Other	<u>(1,174,467)</u>	(1,138,035)

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 issues exceeded repayments, as follows:

Issued	(10,540,000)	
Repaid	<u>8,884,840</u>	(1,655,160)

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	(132,742)	
Interest on long-term debt	(1,752)	
Net OPEB liability	<u>(137,590)</u>	<u>(272,084)</u>

**Change in net assets of governmental activities (page 17)** \$ 1,499,306

See notes to financial statements.

Pottawattamie County  
 Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2010

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 6,603,595
Other County officials	191,660
Receivables:	
Property tax:	
Delinquent	462,755
Succeeding year	120,888,000
Accounts	81,310
Special assessments	3,986,496
Drainage assessments	7,689
Due from other governments	383,315
Prepaid items	48,669
<b>Total assets</b>	132,653,489

**Liabilities**

Accounts payable	18,935
Stamped warrants payable	2,578
Salaries and benefits payable	52,370
Due to other governments	128,870,071
Trusts payable	3,398,795
Compensated absences	310,740
<b>Total liabilities</b>	132,653,489

<b>Net assets</b>	\$ -
-------------------	------

See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

Pottawattamie 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, Pottawattamie 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 Pottawattamie County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Pottawattamie County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Pottawattamie County Auditor's Office.

The Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Pottawattamie County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of the Foundation are reported as a Special Revenue 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: Pottawattamie County Assessor's Conference Board, Pottawattamie County Emergency Management Commission, Pottawattamie County Joint E911 Service Board and Southwest Iowa Juvenile Emergency Services 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.

In addition, the County is involved in the following jointly governed organizations: Western Iowa Development Association, Metropolitan Area Planning Agency and Southwest Iowa Transit Authority. Financial transactions of these organizations are not included in the County's financial statements.

#### 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 units. 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, notes 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.

*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 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.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 programs. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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 and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value.

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 become 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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit 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. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

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 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 in the Special Revenue Funds 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 or estimated 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	25,000
Intangibles - Right of Way	50,000
Intangibles - Other	100,000
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	10 - 50
Infrastructure	10 - 100
Intangibles - Other	2 - 20
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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 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 vacation, compensatory time 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 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, 2010. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2010 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County’s investments at June 30, 2010 are as follows:

Type	Fair Value	Maturity
Repurchase agreement	<u>\$ 10,000,000</u>	July 2010

Interest rate and custodial credit risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy limits the investment of operating funds (funds reasonably expected to be expended during the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days. However, all investments of the County shall have maturities consistent with the needs and uses of the County. When investing assets of the County for a period longer than 397 days, the Treasurer shall request competitive proposals for comparable credit and term investments from a minimum of 3 investment providers.

The County’s \$10,000,000 investment in repurchase agreements is held in the name of the County and underlying securities (totaling \$10,000,000) are held by an authorized custodian of the County.

Concentration of credit risk: The County's investment policy has the following limitations: portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector; maturities shall be selected which provide stability of income and reasonable liquidity; liquidity practices to ensure the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury bills or cash on hand shall be used at all times; and risks of market price volatility shall be controlled through maturity diversification so aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	WIC	\$ 18,267
	Capital Projects	375,380
		393,647
Special Revenue:		
Secondary Roads	General	293,318
	Special Revenue:	
	Rural Services	3,208,897
	Urban Renewal Revenue	166,817
Urban Renewal Revenue	Bent Tree Waterline	67,028
		3,736,060
West SWCD Structures	General	15,000
East SWCD Structures	General	10,000
Debt Service	General	110,722
	Special Revenue:	
	Urban Renewal Revenue	783,201
		893,923
Total		\$ 5,048,630

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (4) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Beginning Balance of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,493,113	228,244	-	4,721,357
Intangibles, road network	3,993,059	-	-	3,993,059
Construction in progress	9,253,791	10,862,961	1,671,330	18,445,422
Total capital assets not being depreciated	17,739,963	11,091,205	1,671,330	27,159,838
Capital assets being depreciated:				
Buildings	33,564,400	28,599	-	33,592,999
Improvements other than buildings	1,452,521	-	-	1,452,521
Equipment and vehicles	15,111,955	1,901,439	998,233	16,015,161
Infrastructure, road network	71,355,347	1,671,330	-	73,026,677
Infrastructure, other	628,202	-	-	628,202
Total capital assets being depreciated	122,112,425	3,601,368	998,233	124,715,560
Less accumulated depreciation for:				
Buildings	9,648,807	680,065	-	10,328,872
Improvements other than buildings	677,626	68,044	-	745,670
Equipment and vehicles	8,882,199	1,796,991	963,938	9,715,252
Infrastructure, road network	35,435,699	2,404,618	-	37,840,317
Infrastructure, other	167,744	18,004	-	185,748
Total accumulated depreciation	54,812,075	4,967,722	963,938	58,815,859
Total capital assets being depreciated, net	67,300,350	(1,366,354)	34,295	65,899,701
Governmental activities capital assets, net	\$ 85,040,313	9,724,851	1,705,625	93,059,539

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Right of way totaling \$3,993,059, which was previously reported as land, was reclassified as intangibles. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because the right of way has an indefinite useful life and, therefore, is not subject to amortization.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 848,159
Physical health and social services	18,599
Mental health	1,515
County environment and education	167,478
Roads and transportation	3,582,394
Governmental services to residents	49,410
Administration	300,167
Total depreciation expense - governmental activities	<u>\$ 4,967,722</u>

**(5) 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:

Fund	Description	Amount
General	Services	\$ 52,147
Special Revenue:		
Mental Health	Services	707,952
Rural Services	Services	1,241
Secondary Roads	Services	72,529
Nonmajor	Services	631,111
		<u>1,412,833</u>
Total for governmental funds		<u>\$ 1,464,980</u>
Agency:		
County Assessor	Collections	\$ 1,391,329
Schools		64,304,834
Community Colleges		3,214,025
Corporations		53,512,833
E911 Surcharge		1,725,005
Auto License and Use Tax		1,780,404
All other		3,386,641
Total for agency funds		<u>\$ 129,315,071</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General General Obligation Bonds	General Obligation Refunding Notes	Airport Road Agreement	General Obligation Capital Loan Notes	Farm to Market Loans	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 7,030,000	1,490,000	660,000	14,800,000	233,505	1,492,065	139,500	25,845,070
Increases	5,000,000	-	-	5,540,000	-	1,431,919	137,590	12,109,509
Decreases	7,030,000	165,000	100,000	1,510,000	79,840	1,299,177	-	10,184,017
Balance end of year	<u>\$ 5,000,000</u>	<u>1,325,000</u>	<u>560,000</u>	<u>18,830,000</u>	<u>153,665</u>	<u>1,624,807</u>	<u>277,090</u>	<u>27,770,562</u>
Due within one year	<u>\$ 440,000</u>	<u>165,000</u>	<u>100,000</u>	<u>2,440,000</u>	<u>67,888</u>	<u>1,131,601</u>	<u>-</u>	<u>4,344,489</u>

General Obligation Bonds

On December 1, 2003, the County issued \$1,575,000 of general obligation refunding bonds with interest rates ranging from 2.00% to 3.15% per annum. During the year ended June 30, 2010, the County called and redeemed the remaining bond principal with resources on hand.

On January 1, 2004, the County issued \$9,140,000 of general obligation refunding bonds with interest rates ranging from 1.75% to 3.70% per annum. The County refunded the remaining balance of the bonds on the call date of June 1, 2010 with the proceeds of the general obligation capital loan notes issued on April 15, 2010.

On October 27, 2009, the County issued \$5,000,000 of general obligation bonds with interest rates ranging from 1.50% to 4.75% per annum to pay costs of acquisition of peace officer and other emergency services communication equipment and systems, an essential county purpose. Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Issued October 27, 2009			
	Interest Rates	Principal	Interest	Total
2011	1.50%	\$ 440,000	175,788	615,788
2012	2.00	445,000	169,188	614,188
2013	2.50	455,000	160,288	615,288
2014	3.00	465,000	148,913	613,913
2015	3.40	480,000	134,963	614,963
2016-2020	3.80-4.75	2,715,000	378,815	3,093,815
Total		\$ 5,000,000	1,167,955	6,167,955

During the year ended June 30, 2010, \$7,030,000 of general obligation refunding bonds were retired.

#### General Obligation Refunding Notes

On May 3, 2005, the County issued \$1,950,000 of general obligation refunding notes with interest rates ranging from 3.25% to 4.00% per annum. Annual debt service requirements to maturity for the general obligation refunding notes are as follows:

Year Ending June 30,	Issued May 3, 2005			
	Interest Rates	Principal	Interest	Total
2011	3.25%	\$ 165,000	49,098	214,098
2012	3.25	170,000	43,570	213,570
2013	3.35	180,000	37,705	217,705
2014	3.60	190,000	31,225	221,225
2015	3.80	200,000	24,195	224,195
2016-2017	3.80-4.00	420,000	25,195	445,195
Total		\$ 1,325,000	210,988	1,535,988

During the year ended June 30, 2010, \$165,000 of general obligation refunding notes were retired.

#### Airport Road Agreement

The County and the Council Bluffs Airport Authority (CBAA) entered into a 28E agreement on February 23, 2004 relating to airport improvements, including road improvements. The County was to reimburse CBAA 25% of the final cost of the road improvements which were completed in July 2005. However, the County and CBAA were unable to reach an agreement on the amount due by the County for these improvements at the time of completion.

During the year ended June 30, 2007, the County and CBAA agreed the County would pay CBAA \$1,000,000 in twenty semi-annual payments of \$50,000, interest free, beginning July 1, 2006 and ending on December 31, 2015. The agreement was formally signed on July 9, 2007.

The County paid a total of \$100,000 to CBAA during the year ended June 30, 2010, leaving a balance owed of \$560,000 at June 30, 2010.

General Obligation Capital Loan Notes

On December 1, 2007, the County issued \$5,625,000 of general obligation capital loan notes with interest rates ranging from 3.20% to 3.60% per annum to erect, equip and remodel or reconstruct public buildings, including sewers and E911 towers, and to erect, equip, remodel or construct the County Courthouse.

On June 1, 2008, the County issued \$9,620,000 of general obligation capital loan notes with interest rates ranging from 3.00% to 3.80% per annum to purchase communication equipment to be used by peace officers and emergency services community equipment and systems.

On April 15, 2010 the County issued \$5,540,000 of general obligation refunding notes with interest rates ranging from 3.15% to 3.70% per annum. The notes were issued as a current refunding to retire the outstanding balance of \$5,445,000 of the \$9,140,000 general obligation refunding bonds issued January 1, 2004. The County obtained an economic gain (difference between the present value of the debt service payments on the old and net debt) of approximately \$212,487.

Annual debt service requirements to maturity for the general obligation capital loan notes are as follows:

Year Ending June 30,	Issued December 1, 2007			Issued January 1, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.25%	\$ 590,000	158,135	3.00%	\$ 970,000	299,152
2012	3.30	610,000	138,960	3.10	995,000	270,053
2013	3.35	635,000	118,830	3.15	1,030,000	239,207
2014	3.40	655,000	97,558	3.40	1,060,000	206,763
2015	3.50	680,000	75,287	3.55	1,095,000	170,722
2016-2018	3.55-3.60	1,440,000	77,948	3.65-3.80	3,530,000	268,633
Total		\$ 4,610,000	666,718		\$ 8,680,000	1,454,530

Year Ending June 30,	Issued April 15, 2010			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	3.15%	\$ 880,000	101,968	2,440,000	559,255	2,999,255
2012	3.25	900,000	81,615	2,505,000	490,628	2,995,628
2013	3.30	910,000	70,815	2,575,000	428,852	3,003,852
2014	3.40	925,000	57,165	2,640,000	361,486	3,001,486
2015	3.50	945,000	41,440	2,720,000	287,449	3,007,449
2016-2018	3.70	980,000	22,540	5,950,000	369,121	6,319,121
Total		\$ 5,540,000	375,543	18,830,000	2,496,791	21,326,791

During the year ended June 30, 2010, \$1,510,000 of general obligation capital loan notes were retired.

Farm to Market Loans

The County loaned the Cities of Avoca and Minden proceeds from the County's farm to market funds held by the Iowa Department of Transportation (IDOT) for the cities' share of paving projects costs paid by the County. As the County receives payments on the loans from the cities, the County repays the IDOT. The interest free loans are due through fiscal years 2012 and 2013 for the Cities of Avoca and Minden, respectively. The unpaid balances at June 30, 2010 for the Cities of Avoca and Minden are \$64,147 and \$89,518, respectively, and are reported in the Special Revenue, Secondary Roads Fund.

The following is a schedule of the payments to be received by the County under the agreements in effect at June 30, 2010:

Year Ending June 30,	City of Avoca	City of Minden	Total
2011	\$ 38,049	29,839	67,888
2012	26,098	29,839	55,937
2013	-	29,840	29,840
Total	\$ 64,147	89,518	153,665

**(7) 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 4.30% of their annual covered salary and the County is required to contribute 6.65% 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, 2010, 2009 and 2008 were \$1,663,103, \$1,496,653 and \$1,273,950, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their dependents. There are 433 active and 4 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate 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 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, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 200,308
Interest on net OPEB obligation	6,280
Adjustment to annual required contribution	<u>(8,198)</u>
Annual OPEB cost	198,390
Contributions made	<u>(60,800)</u>
Increase in net OPEB obligation	137,590
Net OPEB obligation beginning of year	<u>139,500</u>
Net OPEB obligation end of year	<u>\$ 277,090</u>

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, 2010.

For the year ended June 30, 2010, the County contributed \$60,800 to the medical plan. Plan members eligible for benefits contributed \$31,443, or 34.1% 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, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 198,390	30.7%	\$ 277,090

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,589,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,589,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$19,763,000 and the ratio of the UAAL to covered payroll was 8.0%. As of June 30, 2010, 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 unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 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 Actuary's Pension Handbook and applying the termination factors using the Scale T-9 tables.

Projected claim costs of the medical plan are \$953 per month for retirees less than age 65 and \$1,049 per month for spouses less than age 65. All coverage ceases when the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected. 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.

## **(9) Risk Management**

The 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 634 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, 2010 were \$487,468.

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 the 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 \$150,000 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, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, 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 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 \$5,000,000 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.

**(10) Jointly Governed Organization**

The County participates in the Southwest Iowa Juvenile Emergency Services Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2010:

Additions:		
Reimbursements from Counties:		
Pottawattamie County	\$ 872,954	
Shelby County	27,909	
Harrison County	56,700	
Cass County	45,669	
Audubon County	25,978	
Mills County	53,722	
Montgomery County	78,266	
Fremont County	50,964	
Page County	26,751	\$ 1,238,913
State of Iowa meal reimbursement		13,315
State direct receiving grant		36,000
Interest on investments		4,322
Iowa detention facility expense reimbursement		284,595
Adult waived juvenile fees		94,545
Miscellaneous		20,090
Total additions		<u>1,691,780</u>
Deductions:		
Salaries	712,981	
Employee benefits	254,928	
Commodities and nutrition services	36,253	
Office supplies	13,600	
Communications and transportation	4,614	
Professional services	11,074	
Utilities	21,536	
Building repair and maintenance	34,043	
Insurance	57,084	
Refunds to counties	473,057	
Miscellaneous	1,230	1,620,400
Net		<u>71,380</u>
Balance beginning of year		<u>803,794</u>
Balance end of year		<u><u>\$ 875,174</u></u>

**(11) Economic Development Agreement**

The County entered into two economic development agreements to assist in urban renewal projects, as follows:

The County entered into an economic development agreement with the City of Council Bluffs (City) and three local foundations to develop the Bass Pro Shop project. The County has agreed to make an economic development grant to the project, not to exceed \$2,639,478, with interest at 4% per annum. The grant will be paid on a semi-annual basis over a period of thirteen years beginning in fiscal year 2005. The first grant payment was made to a local foundation for costs incurred preparing the project site for construction. All remaining grant payments are required to be paid to a trust account established by the City to be used to pay principal and interest on debt incurred by the City to fund the project. During the year ended June 30, 2010, the County's grant payments totaled \$192,560, bringing the cumulative total to \$2,166,300. The County is funding the economic development grant from pari-mutuel and gaming wager tax. The economic development payments to be made by the County under the agreement are conditioned upon an annual appropriation of funds by the Board of Supervisors. The grant is not a general obligation or indebtedness of the County.

The County entered into a development agreement with the City of Shelby and Midwest Manufacturing to construct a manufacturing facility and distribution center. The County has agreed to make four economic development tax increment payments to the developer of \$520,000 each on June 1, 2010 through June 1, 2013 and one final payment of \$320,000 on June 1, 2014. The City of Shelby has agreed to construction and turn over ownership of a water storage facility to the developer. The City incurred \$575,000 in reimbursable costs in construction of the water storage facility. The City will receive 80% of the tax increment financing revenues remaining in each fiscal year after the required development payments have been made to Midwest Manufacturing. During the year ended June 30, 2010, the County's payments to Midwest Manufacturing and the City of Shelby totaled \$520,000 and \$165,834, respectively, bringing the cumulative totals to \$520,000 and \$446,029, respectively.

**(12) Conduit Debt**

During the year ended June 30, 2007, the County issued \$3,500,000 of senior housing revenue and refunding bonds for the Bethany Lutheran Home and \$11,000,000 of revenue refunding bonds for the Risen Son Christian Village under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

**(13) Construction Contract Commitments**

During the year ended June 30, 2008 and June 30, 2010, the County issued \$15,245,000 and \$5,000,000, respectively, of general obligation capital loan notes to erect, equip, remodel or reconstruct public buildings, including seven E911 towers and the County Courthouse, at an estimated cost of approximately \$24,500,000. Along with the issuance of debt, contracts for a communication system, construction of the system and grant moneys for the construction of the towers were approved and the project is currently in progress.

The County has entered into construction contracts totaling \$12,025,17 for the projects. As of June 30, 2010, costs of \$7,571,308 had been paid on the contracts. The remaining \$4,453,871 will be paid as work on these projects progresses.

**(14) Transfer Station Closure Care**

To comply with state regulations, the County is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the County is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total closure care costs for the County as of June 30, 2010 have been estimated at \$5,032. The County has reserved \$7,500 at June 30, 2010 in the Special Revenue, Rural Services Fund to cover these costs.

**(15) Other Voluntary Termination Benefit Programs for the County Assessor**

Voluntary termination benefit programs have been established for County Assessor employees. The programs allow employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to pay the employer share of the monthly premium of the County Assessor group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave converted at the employee's current regular hourly rate of pay, up to \$3,000, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick hours the employee had before the cash payment:

<b><u>If the sick leave balance is:</u></b>	<b><u>The conversion rate is:</u></b>
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's Sick Leave Upon Retirement account. Each month, the County Assessor's Office will pay 100% of the employer share of the selected group health insurance premium from the retiree's Sick Leave Upon Retirement account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare or until the employee waives the benefit, whichever comes first. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments.

All program benefits are financed on a pay-as-you-go basis by the County Assessor's Office. A liability of \$200,209 has been recorded in the Agency, County Assessor Fund financial statements.

For the year ended June 30, 2010, two employees have retired and received benefits totaling \$17,404 under the Sick Leave Upon Retirement program.

**(16) Litigation**

Pottawattamie County agreed to a settlement with Griffin Pipe in a property assessment case and Griffin Pipe is entitled to a tax refund of approximately \$1,000,000. The settlement reduces the value of the property and Griffin Pipe has agreed to allow the refund be converted to a tax credit for future property tax. A liability has been recorded in the financial statements for the tax refund.

**Required Supplementary Information**

Pottawattamie 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, 2010

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 36,054,392	-	36,054,392
Interest and penalty on property tax	351,787	-	351,787
Intergovernmental	21,810,342	-	21,810,342
Licenses and permits	274,673	-	274,673
Charges for service	2,526,348	-	2,526,348
Use of money and property	376,662	2,106	374,556
Miscellaneous	1,792,901	92,436	1,700,465
Total receipts	<u>63,187,105</u>	<u>94,542</u>	<u>63,092,563</u>
<b>Disbursements:</b>			
Public safety and legal services	19,081,972	-	19,081,972
Physical health and social services	3,016,936	-	3,016,936
Mental health	9,232,322	-	9,232,322
County environment and education	5,187,979	90,550	5,097,429
Roads and transportation	10,741,032	-	10,741,032
Governmental services to residents	1,761,893	-	1,761,893
Administration	7,165,378	-	7,165,378
Debt service	9,647,748	-	9,647,748
Capital projects	10,631,126	-	10,631,126
Total disbursements	<u>76,466,386</u>	<u>90,550</u>	<u>76,375,836</u>
Excess (deficiency) of receipts over (under) disbursements	(13,279,281)	3,992	(13,283,273)
Other financing sources, net	<u>10,516,420</u>	-	<u>10,516,420</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,762,861)	3,992	(2,766,853)
Balance beginning of year	<u>29,667,362</u>	<u>165,871</u>	<u>29,501,491</u>
Balance end of year	<u>\$ 26,904,501</u>	<u>169,863</u>	<u>26,734,638</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
36,455,477	36,455,477	(401,085)
325,000	325,000	26,787
20,171,366	20,356,366	1,453,976
319,300	319,300	(44,627)
2,315,795	2,315,795	210,553
839,920	839,920	(465,364)
2,841,150	2,841,150	(1,140,685)
<u>63,268,008</u>	<u>63,453,008</u>	<u>(360,445)</u>
19,345,824	19,345,824	263,852
3,134,340	3,319,340	302,404
10,183,810	10,183,810	951,488
7,420,696	7,420,696	2,323,267
11,337,000	11,337,000	595,968
1,968,198	1,968,198	206,305
5,575,687	7,165,687	309
3,896,211	9,540,707	(107,041)
6,700,000	15,802,000	5,170,874
<u>69,561,766</u>	<u>86,083,262</u>	<u>9,707,426</u>
(6,293,758)	(22,630,254)	9,346,981
-	10,540,000	(23,580)
(6,293,758)	(12,090,254)	9,323,401
<u>22,233,223</u>	<u>29,501,492</u>	<u>(1)</u>
<u>15,939,465</u>	<u>17,411,238</u>	<u>9,323,400</u>

---

Pottawattamie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 63,187,105	(1,168,560)	62,018,545
Expenditures	76,466,386	(387,715)	76,078,671
Net	(13,279,281)	(780,845)	(14,060,126)
Other financing sources, net	10,516,420	89,065	10,605,485
Beginning fund balances	29,667,362	640,294	30,307,656
Ending fund balances	\$ 26,904,501	(51,486)	26,853,015

See accompanying independent auditor's report.

---

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

This 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 blended component units 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 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$16,521,496. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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, 2010, disbursements exceed the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated. Also, disbursements in one function exceeded the amount budgeted prior to a budget amendment and one department exceeded the amount appropriated prior to an appropriation amendment.

---

Pottawattamie County

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

Required Supplementary Information

Year Ended June 30,	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)
2009	July 1, 2008	-	\$ 1,589	1,589	0.00%	\$ 20,606	7.7%
2010	July 1, 2008	-	1,589	1,589	0.00	19,763	8.0

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Other Supplementary Information**

Pottawattamie County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	Special									
	Juvenile Crime Grant	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	West SWCD Structures	East SWCD Structures	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West
<b>Assets</b>										
Cash and pooled investments	\$ 2,636	140,912	54,532	65,071	10,754	29,040	18,740	6,512	183,853	417,295
Receivables:										
Accounts	-	-	2,693	-	-	-	-	-	-	-
Drainage assessments	-	-	-	-	50	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	22,597	-	1,538	-	-	-	-	22,597	22,597
<b>Total assets</b>	<b>\$ 2,636</b>	<b>163,509</b>	<b>57,225</b>	<b>66,609</b>	<b>10,804</b>	<b>29,040</b>	<b>18,740</b>	<b>6,512</b>	<b>206,450</b>	<b>439,892</b>
<b>Liabilities and Fund Equity</b>										
Liabilities:										
Accounts payable	\$ -	1,119	1,600	-	-	-	-	-	3,328	5,917
Salaries and benefits payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Deferred revenue:										
Other	-	-	-	-	50	-	-	-	-	-
Total liabilities	-	1,119	1,600	-	50	-	-	-	3,328	5,917
Fund equity:										
Unreserved fund balances, reported in:										
Special revenue funds	2,636	162,390	55,625	66,609	10,754	29,040	18,740	6,512	203,122	433,975
<b>Total liabilities and fund equity</b>	<b>\$ 2,636</b>	<b>163,509</b>	<b>57,225</b>	<b>66,609</b>	<b>10,804</b>	<b>29,040</b>	<b>18,740</b>	<b>6,512</b>	<b>206,450</b>	<b>439,892</b>

See accompanying independent auditor's report.

Revenue													
Conservation Foundation	Industrial Development Site	Flood and Erosion	Urban Renewal Revenue	Bent Tree Water-line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinquent Fine Collection	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Total
159,109	239,046	97,293	494,561	67,028	10,140	58,390	5,293	64,938	5,584	7,556	26,787	5,000	2,170,070
-	206	-	146	-	-	-	-	-	-	-	1,754	296,486	301,285
-	-	-	-	-	-	-	-	-	-	-	-	-	50
-	-	-	67,028	-	-	-	-	-	-	-	-	-	67,028
-	-	-	-	-	-	134,494	4,123	-	-	-	2,124	-	210,070
159,109	239,252	97,293	561,735	67,028	10,140	192,884	9,416	64,938	5,584	7,556	30,665	301,486	2,748,503
-	-	-	-	-	-	4,286	-	-	-	-	-	10,000	26,250
-	-	2,768	-	-	-	-	-	-	-	-	-	-	2,768
-	-	-	217,110	67,028	-	-	-	-	-	-	-	-	284,138
-	-	-	344,625	-	-	-	-	-	-	-	-	286,486	631,111
-	-	-	-	-	-	-	-	-	-	-	-	-	50
-	-	2,768	561,735	67,028	-	4,286	-	-	-	-	-	296,486	944,317
159,109	239,252	94,525	-	-	10,140	188,598	9,416	64,938	5,584	7,556	30,665	5,000	1,804,186
159,109	239,252	97,293	561,735	67,028	10,140	192,884	9,416	64,938	5,584	7,556	30,665	301,486	2,748,503

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

Year ended June 30, 2010

	Special Revenue									
	Juvenile Crime Grant	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	West SWCD Structures	East SWCD Structures	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West
Revenues:										
Property and other county tax	\$ -	-	-	-	-	-	-	-	-	-
Local option sales tax	-	-	133,530	-	-	-	-	-	133,529	133,529
Intergovernmental	-	-	79,811	59,256	-	-	-	1,392	-	-
Charges for service	-	-	-	16,366	-	-	-	-	-	-
Use of money and property	-	-	-	419	-	-	-	-	-	-
Miscellaneous	-	-	60,700	-	-	-	-	-	-	-
Total revenues	-	-	274,041	59,600	16,785	-	-	1,392	133,529	133,529
Expenditures:										
Operating:										
Public safety and legal services	-	-	-	-	-	-	-	-	-	-
Physical health and social services	-	-	-	-	-	-	-	463	-	-
County environment and education	-	-	172,329	52,408	-	960	1,260	-	173,494	78,091
Governmental services to residents	-	-	-	17,344	-	-	-	-	-	-
Total expenditures	-	-	172,329	52,408	17,344	-	960	1,260	463	78,091
Excess (deficiency) of revenues over (under) expenditures	-	-	101,712	7,192	(559)	-	(960)	(1,260)	929	(39,965)
Other financing sources (uses):										
Operating transfers in	-	-	-	-	-	15,000	10,000	-	-	-
Operating transfers out	-	(18,267)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(18,267)	-	-	-	15,000	10,000	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(18,267)	101,712	7,192	(559)	-	14,040	8,740	929	(39,965)
Fund balances beginning of year	2,636	18,267	60,678	48,433	67,168	10,754	15,000	10,000	5,583	243,087
Fund balances end of year	\$ 2,636	-	162,390	55,625	66,609	10,754	29,040	18,740	6,512	203,122

See accompanying independent auditor's report.

Conservation Foundation	Industrial Development Site	Flood and Erosion	Urban Renewal Revenue	Bent Tree Water-line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinquent Fine Collection	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Total
-	-	-	923,101	-	-	-	-	-	-	-	-	-	923,101
-	-	-	-	-	-	-	-	-	-	-	-	-	400,588
-	-	-	11,840	-	-	138,064	4,940	52,125	5,100	-	40,312	-	392,840
-	-	-	-	-	-	-	-	-	-	-	-	-	16,366
2,106	16,972	-	2,270	-	-	-	-	-	-	-	-	-	22,111
92,436	-	-	-	-	3,852	-	-	-	-	-	7,461	1,149,601	1,314,050
94,542	16,972	-	937,211	-	3,852	138,064	4,940	52,125	5,100	-	47,773	1,149,601	3,069,056
-	-	-	-	-	-	69,590	-	11,940	-	-	-	-	81,530
-	-	-	-	-	-	-	-	-	-	-	-	-	463
90,550	-	117,541	685,834	-	3,232	-	-	-	11,309	2,409	42,819	1,149,601	2,581,837
-	-	-	-	-	-	-	-	-	-	-	-	-	17,344
90,550	-	117,541	685,834	-	3,232	69,590	-	11,940	11,309	2,409	42,819	1,149,601	2,681,174
3,992	16,972	(117,541)	251,377	-	620	68,474	4,940	40,185	(6,209)	(2,409)	4,954	-	387,882
-	-	-	67,028	-	-	-	-	-	-	-	-	-	92,028
-	-	-	(950,018)	(67,028)	-	-	-	-	-	-	-	-	(1,035,313)
-	-	-	(882,990)	(67,028)	-	-	-	-	-	-	-	-	(943,285)
3,992	16,972	(117,541)	(631,613)	(67,028)	620	68,474	4,940	40,185	(6,209)	(2,409)	4,954	-	(555,403)
155,117	222,280	212,066	631,613	67,028	9,520	120,124	4,476	24,753	11,793	9,965	25,711	5,000	2,359,589
159,109	239,252	94,525	-	-	10,140	188,598	9,416	64,938	5,584	7,556	30,665	5,000	1,804,186

Pottawattamie County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	2,492	576,639	740,171	43,504	699,317
Other County officials	189,160	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	759	5,106	259,663	15,521	177,516
Succeeding year	-	213,000	1,116,000	63,072,000	3,143,000	52,444,000
Accounts	5,270	-	1,450	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 194,430</b>	<b>216,251</b>	<b>1,699,195</b>	<b>64,071,834</b>	<b>3,202,025</b>	<b>53,320,833</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	5,640	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	25,546	-	-	-
Due to other governments	172,656	216,251	1,387,329	64,071,834	3,202,025	53,320,833
Trusts payable	21,774	-	-	-	-	-
Compensated absences	-	-	280,680	-	-	-
<b>Total liabilities</b>	<b>\$ 194,430</b>	<b>216,251</b>	<b>1,699,195</b>	<b>64,071,834</b>	<b>3,202,025</b>	<b>53,320,833</b>

See accompanying independent auditor's report.

Townships	City Special Assessments	Special Assessments	SWI Juvenile Emergency Services Board	E911 Surcharge	Auto License and Use Tax	Other	Total
7,830	100,644	153,010	502,791	1,656,488	1,780,404	340,305	6,603,595
-	-	-	2,500	-	-	-	191,660
4,140	-	-	-	-	-	50	462,755
884,000	-	-	-	-	-	16,000	120,888,000
-	-	-	17	73,947	-	626	81,310
-	762,485	3,224,011	-	-	-	-	3,986,496
-	-	-	-	-	-	7,689	7,689
-	-	-	325,432	95	-	57,788	383,315
-	-	-	44,434	-	-	4,235	48,669
<b>895,970</b>	<b>863,129</b>	<b>3,377,021</b>	<b>875,174</b>	<b>1,730,530</b>	<b>1,780,404</b>	<b>426,693</b>	<b>132,653,489</b>
-	-	-	-	5,525	-	7,770	18,935
-	-	-	-	-	-	2,578	2,578
-	-	-	25,209	-	-	1,615	52,370
895,970	863,129	-	834,888	1,725,005	1,780,404	399,747	128,870,071
-	-	3,377,021	-	-	-	-	3,398,795
-	-	-	15,077	-	-	14,983	310,740
<b>895,970</b>	<b>863,129</b>	<b>3,377,021</b>	<b>875,174</b>	<b>1,730,530</b>	<b>1,780,404</b>	<b>426,693</b>	<b>132,653,489</b>

Pottawattamie County  
 Combining Schedule of Changes in Fiduciary Assets and Liabilities  
 Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 197,352	196,289	1,778,102	56,686,627	3,412,535	49,331,455
Additions:						
Property and other county tax	-	223,435	1,117,868	62,764,628	3,144,936	51,550,949
E911 surcharge	-	-	-	-	-	-
State tax credits	-	6,204	29,583	1,531,837	91,782	1,060,463
Intergovernmental	-	-	-	-	-	-
Office fees and collections	1,820,390	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	3,009,907	-	-	-	-	-
Miscellaneous	-	62	3,035	26,150	1,811	-
Total additions	4,830,297	229,701	1,150,486	64,322,615	3,238,529	52,611,412
Deductions:						
Agency remittances:						
To other funds	1,119,875	-	-	-	-	-
To other governments	687,257	209,739	1,229,393	56,937,408	3,449,039	48,622,034
Trusts paid out	3,026,087	-	-	-	-	-
Total deductions	4,833,219	209,739	1,229,393	56,937,408	3,449,039	48,622,034
Balances end of year	\$ 194,430	216,251	1,699,195	64,071,834	3,202,025	53,320,833

See accompanying independent auditor's report.

Townships	City Special Assess- ments	Special Assess- ments	SWI Juvenile Emergency Services Board	E911 Surcharge	Auto License and Use Tax	Tax Sale Redemption	Other	Total
810,103	703,138	4,866,358	803,794	1,503,172	1,669,640	-	408,603	122,367,168
877,507	-	-	-	-	-	-	14,209	119,693,532
-	-	-	-	559,688	-	-	-	559,688
25,800	-	-	-	-	-	-	291	2,745,960
-	-	-	1,691,780	-	-	-	307,022	1,998,802
-	-	-	-	-	-	-	43,465	1,863,855
-	-	-	-	-	19,781,334	-	-	19,781,334
-	738,411	365,100	-	-	-	-	7,732	1,111,243
-	-	-	-	-	-	3,537,329	1,970,863	8,518,099
116	-	-	-	10	-	-	52,288	83,472
903,423	738,411	365,100	1,691,780	559,698	19,781,334	3,537,329	2,395,870	156,355,985
-	-	-	-	-	644,437	-	-	1,764,312
817,556	578,420	-	473,057	332,340	19,026,133	-	2,380,358	134,742,734
-	-	1,854,437	1,147,343	-	-	3,537,329	-	9,565,196
817,556	578,420	1,854,437	1,620,400	332,340	19,670,570	3,537,329	2,380,358	146,072,242
895,970	863,129	3,377,021	875,174	1,730,530	1,780,404	-	424,115	132,650,911

Pottawattamie County

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

For the Last Ten Years

	2010	2009	2008	2007
<b>Revenues:</b>				
Property and other county tax	\$ 32,789,867	29,728,916	27,495,386	26,912,334
Local option sales tax	2,670,586	3,043,404	2,753,544	2,838,150
Interest and penalty on property tax	351,370	344,333	356,284	367,473
Intergovernmental	21,344,671	19,330,150	21,421,683	19,200,492
Licenses and permits	274,843	1,300,866	249,417	79,260
Charges for service	2,472,731	2,612,651	2,441,290	2,329,394
Use of money and property	366,219	667,913	1,208,059	1,517,486
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	1,748,258	2,872,115	2,430,096	1,815,332
<b>Total</b>	<b>\$ 62,018,545</b>	<b>59,900,348</b>	<b>58,355,759</b>	<b>55,059,921</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 19,163,904	18,066,898	16,846,481	15,730,880
Physical health and social services	3,084,140	2,823,430	2,737,240	2,661,811
Mental health	9,007,878	9,074,447	10,399,127	8,235,723
County environment and education	5,450,475	6,027,498	4,328,580	4,546,987
Roads and transportation	11,023,675	10,813,416	9,713,450	9,896,065
Governmental services to residents	1,764,682	1,906,468	1,728,610	1,505,405
Administration	6,268,178	7,803,198	5,884,988	6,613,224
Debt service	9,647,748	2,651,674	2,116,214	1,654,668
Capital projects	10,667,991	4,462,404	7,269,540	3,121,579
<b>Total</b>	<b>\$ 76,078,671</b>	<b>63,629,433</b>	<b>61,024,230</b>	<b>53,966,342</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2006	2005	2004	2003	2002	2001
25,299,088	24,020,368	22,581,335	21,135,418	19,599,924	18,520,062
3,212,180	2,548,453	2,531,583	2,619,414	2,358,900	2,473,493
324,973	424,956	319,773	284,825	290,890	253,539
14,796,318	14,894,659	15,286,787	15,499,143	15,783,786	15,809,815
77,036	80,369	81,539	71,929	76,834	59,905
2,474,318	2,357,948	2,961,916	2,184,911	2,191,613	2,102,604
1,199,544	785,044	352,015	353,651	586,955	1,325,140
-	-	-	-	87,214	79,100
1,979,269	1,027,912	1,263,788	684,433	824,062	508,229
49,362,726	46,139,709	45,378,736	42,833,724	41,800,178	41,131,887
15,344,223	14,629,633	13,554,635	12,419,508	11,534,828	10,777,226
2,726,533	2,573,703	2,449,827	2,752,435	2,433,614	2,454,465
7,583,258	7,208,328	7,266,366	7,276,003	7,720,098	7,486,497
4,597,686	2,815,719	2,613,891	1,991,358	1,800,478	1,437,882
9,090,186	7,654,396	8,916,835	7,829,915	7,662,124	8,439,884
2,007,331	1,387,910	1,345,719	1,224,597	1,207,924	1,018,643
4,967,738	5,769,591	4,948,132	5,935,402	5,804,890	4,473,172
1,848,183	1,978,668	1,900,241	1,593,806	1,576,937	1,576,418
1,602,230	1,368,193	1,803,575	2,746,406	3,821,070	1,809,795
49,767,368	45,386,141	44,799,221	43,769,430	43,561,963	39,473,982

**Schedule 6**

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Direct:			
U.S Department of Agriculture:			
Natural Resources Conservation Service:			
Watershed Protection and Flood Prevention	10.904	EWP(69-6114-9-83)	\$ 199,487
Watershed Protection and Flood Prevention	10.904	EWP(69-6114-9-13)	79,811
Total direct			<u>279,298</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553		5,313
National School Lunch Program	10.555		<u>7,993</u>
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A052	511,035
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5889A052	9,860
			<u>520,895</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Supplemental Nutrition Program	10.561		43,470
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1191-05-52	<u>1,487</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grants	16.523		9,000
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		<u>27,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO78(134)--8J-78	12,532
Metropolitan Area Planning Agency:			
Highway Planning and Construction	20.205	660.8	50,000
			<u>62,532</u>
Iowa Department of Public Safety:			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 10-406, Task 140	<u>1,849</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSS) - Government Services, Recovery Act	84.397	S397A090016A	<u>51,385</u>

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069		313,562
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556	PSSFP-09-035A	68,000
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		20,878
Refugee and Entrant Assistance - State Administered	93.566		122
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		11,379
Foster Care - Title IV-E	93.658		22,889
Adoption Assistance	93.659		5,773
State Children's Insurance Program	93.767		252
Medical Assistance Program	93.778		48,637
Social Services Block Grant	93.667		22,556
Social Services Block Grant	93.667		382,966
			<u>405,522</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-07-IA-1877	137,057
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-OA1763	977
			<u>138,034</u>
Hazard Mitigation Grant Program	97.039		15,000
Emergency Management Performance Grants	97.042	2009 EMPG	52,941
Homeland Security Grant Program	97.067	2007-GE-17-0032-004	29,663
City of Des Moines:			
Homeland Security Grant Program	97.067	2006-GE-T6-0065-009	12,558
Homeland Security Grant Program	97.067	2007-GE-T7-0032-014	6,091
Homeland Security Grant Program	97.067	2008-GE-T8-2008-009-EOD	54,668
			<u>102,980</u>
Total indirect			<u>1,936,893</u>
Total			<u>\$ 2,216,191</u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Pottawattamie 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.

**Pottawattamie County**



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

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA  
Auditor of State

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 Pottawattamie County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 24, 2011. 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 Pottawattamie 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 Pottawattamie County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie 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 and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 through II-H-10 to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pottawattamie 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, 2010 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.

Pottawattamie 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 Pottawattamie 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 Pottawattamie County and other parties to whom Pottawattamie County may report, including federal awarding agencies and pass-through entities, and 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 Pottawattamie 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

February 24, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133**

**Pottawattamie County**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133

To the Officials of Pottawattamie County:

Compliance

We have audited Pottawattamie County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Pottawattamie's major federal programs for the year ended June 30, 2010. Pottawattamie 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 Pottawattamie County's management. Our responsibility is to express an opinion on Pottawattamie 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 Pottawattamie 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 Pottawattamie County's compliance with those requirements.

In our opinion, Pottawattamie County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Pottawattamie 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 Pottawattamie 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 internal control over compliance in accordance with OMB Circular A-133, 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 Pottawattamie County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

Pottawattamie 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 Pottawattamie 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 Pottawattamie County and other parties to whom Pottawattamie 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

February 24, 2011

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over a major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is 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 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children
  - CFDA Number 93.069 – Public Health Emergency Preparedness
  - 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) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Financial Reporting – Material amounts of receivables, payables and capital assets were not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include/remove these amounts in/from the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital assets are identified and included or, if appropriate, not included in the County’s financial statements.

Response – Pottawattamie County will implement procedures to ensure all receivables, payables and capital assets are identified and included or, if appropriate, not included in the County’s financial statements.

Conclusion – Response accepted.

II-B-10 Vendor Monitoring – The County received a non-federal Local Public Health Grant and hired Visiting Nurses Associated to administer the program.

The County is responsible for monitoring the activities of its vendors, as necessary, to ensure awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract or grant. The County has not established written policies and procedures for monitoring vendors involved with grant activity.

Recommendation – The County should develop and implement vendor monitoring policies and procedures, including obtaining and reviewing supporting documentation, to ensure applicable compliance requirements have been met.

Response – Pottawattamie County will try to develop and implement vendor monitoring policies and procedures, including obtaining and reviewing supporting documentation, to ensure applicable compliance requirements to be met.

Conclusion – Response accepted.

II-C-10 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. Generally, for the County Sheriff’s civil and jail divisions, the person who signs checks can also approve disbursements, record cash receipts and prepare checks.

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

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

reports. Reviews performed by an independent person should be evidenced by the initials or signature of the reviewer and the date of the review.

Response – The Sergeant in the Civil Division will sign the checks. If she is not available, then the County Sheriff will sign the checks.

Conclusion – Response accepted.

II-D-10 County Assessor Disbursements – The warrants for County Assessor’s Office disbursements are prepared and signed by the County Auditor. However, after signing, the warrants are returned to the County Assessor’s Office rather than being mailed by the County Auditor’s Office.

Recommendation – To strengthen internal controls, the warrants should be mailed without allowing them to return to the individuals who prepared or approved the claims for payment.

Response – Warrants will be returned to third party to be double checked and mailed.

Conclusion – Response accepted.

II-E-10 Vacation and Compensatory Time Balances – The County is not following the provisions of the County’s personnel policy and union contracts regarding the maximum allowable carryover of vacation and compensatory time hours. During the year ended June 30, 2010, certain employees had vacation balances in excess of the maximum carryover at the employee’s anniversary date. In addition, certain employees had compensatory time balances exceeding the maximum allowable carryover.

Recommendation – The County should limit the carryover of employee’s vacation and compensatory time hours as prescribed by County policy and applicable union contracts.

Response – Pottawattamie County will endeavor to follow the County policy and limit the carryover of employee’s vacation and compensatory time.

Conclusion – Response accepted.

II-F-10 County Recorder – Book and bank balances were not properly reconciled and were not reviewed by an independent reviewer during the year ended June 30, 2010.

Also, accounts receivable listings were not maintained at the end of each month throughout the year ended June 30, 2010.

In addition, the County Recorder’s office does not prepare a year-to-date listing of receipts and disbursements and reconcile the listing to the beginning and ending book balances.

Recommendation – The bank reconciliations, including outstanding check listings, should be prepared at the end of each month and reconciled to the book

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

balance. All variances between book and bank balances should be investigated and resolved in a timely manner. An independent reviewer should review the bank reconciliation and document their review.

Also, an accounts receivable listing should be prepared and maintained at the end of each month. The beginning balance, current month payments and new charges should be reconciled to the ending balance.

In addition, the County Recorder's Office should prepare a year-to-date listing of receipts and disbursements. The beginning book balance plus receipts minus disbursements should equal the ending book balance.

Response – We will comply with these requests.

Conclusion – Response accepted.

- II-G-10 County Sheriff – The County Sheriff's civil office and jail do not prepare year-to-date spreadsheets of receipts and disbursements reconciled to the beginning and ending book balances.

Recommendation – The County Sheriff's civil office and jail should prepare year-to-date spreadsheets of receipts and disbursements. The beginning balance plus receipts minus disbursements should reconcile to the ending book balances.

Response – The Jail Division has begun a revised process of recording book balances at the same time each month. A year-to-date spreadsheet of receipts and disbursements reconciled to the book balances will be maintained.

Conclusion – Response accepted.

- II-H-10 Prisoner Room and Board – During the year ended June 30, 2010, room and board fee charges, receipts and outstanding balances were not reconciled.

Recommendation – The County should reconcile room and board fee charges, receipts and outstanding balances.

Response – The Jail Division has employed a person to manage the Prisoner Room and Board collection process. One of the duties of this position will be to maintain reconciliation reports to monitor total collections to outstanding accounts.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**CFDA Number 93.069: Public Health Emergency Preparedness  
Federal Award Year: 2010  
U.S. Department of Health and Human Services  
Passed through the Iowa Department of Public Health**

III-A-10 Vendor Monitoring – The County received a grant for Public Health Emergency Preparedness and hired Visiting Nurses Associated to administer the program.

OMB Circular A-133 requires the County to monitor the activities of its vendors, as necessary, to ensure federal awards are used for authorized purposes in compliance with laws, regulations and provisions of the contract or grant. The County has not established written policies and procedures for monitoring vendors with federal grants.

Recommendation – The County should develop and implement vendor monitoring policies and procedures required under OMB Circular A-133, including obtaining and reviewing supporting documentation to ensure applicable compliance requirements have been met.

Response and corrective action planned – Pottawattamie County will develop and implement vendor monitoring policies and procedures required under OMB Circular A-133, including obtaining and reviewing supporting documentation to ensure applicable compliance requirements are met.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated. Also, disbursements in one function exceeded the amount budgeted prior to a budget amendment and one department exceeded the amount appropriated prior to an appropriation amendment.

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations 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 Pottawattamie County budget will be amended in sufficient amounts in accordance with Chapter 331.435 of the Code of Iowa before disbursements are allowed.

Conclusion – Response accepted.

IV-B-10 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-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The County’s publication of Board proceedings includes summaries of resolutions passed rather than the full resolutions. Chapter 349.16 of the Code of Iowa requires publication of the proceedings of the Board of Supervisors. Chapter 331.504 of the Code of Iowa states the minutes of the Board are to include a complete text of the motions, resolutions, amendments and ordinances adopted by the Board. An Attorney General’s Opinion dated January 27, 1982 states it is not permissible to publish a summary of resolutions.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – Publication of minutes should include the complete text of resolutions adopted by the Board. The County should consult the County Attorney to determine the disposition of the publication of ordinances.

Response – Pottawattamie County will confer with the Pottawattamie County Attorney to determine the disposition of the publication ordinances.

Conclusion – Response accepted.

- IV-G-10 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-10 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-10 Solid Waste Fees – During the year ended June 30, 2010, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.
- IV-J-10 Financial Assurance – The County has elected to demonstrate financial assurance for the landfill transfer station closure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The amounts the County has restricted for closure and postclosure care at June 30, 2010 exceeds the estimated total costs at that date and, accordingly, the costs are fully funded.
- IV-K-10 County Extension Offices – The County Extension Offices are operated under the authority of Chapter 176A of the Code of Iowa and serve as agencies of the State of Iowa. These funds are administered by Extension Councils separate and distinct from County operations and, consequently, are not included in Exhibits A and B.

Disbursements during the year ended June 30, 2010 for the County Extension Offices did not exceed the amount budgeted.

- IV-L-10 Tax Increment Financing – The County's Special Revenue, Urban Renewal and Bent Tree Water-line Funds have cash balances on June 30, 2010 of \$369,349 and \$67,028, respectively. The Special Revenue, Bent Tree Water-line Fund accounts for water line hookup fees collected from users and for the Bent Tree Water-line project. During the year ended June 30, 2010, the County retired general obligation bonds for the Bent Tree Water-line project prior to the due date. The County does not have any other projects planned for this urban renewal area.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

The County's tax increment financing (TIF) certification was reduced on December 1, 2009 for the remaining outstanding indebtedness and the County will not collect any TIF taxes in the fiscal year ending June 30, 2011. This was properly adjusted for reporting purposes.

Recommendation – The remaining cash balances in the Special Revenue, Urban Renewal and Bent Tree Water-line Funds should be reapportioned and returned to the appropriate taxing authorities.

Response – Pottawattamie County will reapportion and return the remaining cash balances in the Special Revenue, Urban Renewal and Bent Tree Water-line Funds to the appropriate taxing authorities.

Conclusion – Response accepted.

---

Pottawattamie County

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Brett M. Zeller, Staff Auditor  
Michael J. Hackett, Senior Auditor  
Marta M. Sobieszkoda, Staff Auditor  
Samantha J. Brincks, CPA, Staff Auditor  
Casey L. Johnson, Staff Auditor  
Beth A. Harriss, Assistant Auditor  
Sara L. McDermont, Assistant Auditor  
Joshua A. Pronk, Assistant Auditor  
Nicole R. Williams, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State