



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 19, 2012

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 \$157,516,793 for the year ended June 30, 2011, which included \$3,384,818 in tax credits from the state. The County forwarded \$124,129,664 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$33,387,129 of the local tax revenue to finance County operations, a less than one% increase over the prior year. Other revenues included charges for service of \$5,851,231, operating grants, contributions and restricted interest of \$16,651,668, capital grants, contributions and restricted interest of \$1,113,899, local option sales tax of \$3,235,122, pari-mutuel and gaming wager tax of \$2,169,376, tax increment financing of \$919,245, unrestricted investment earnings of \$266,262 and other general revenues of \$1,351,842.

Expenses for County operations totaled \$59,740,668, a less than 1% decrease from the prior year. Expenses included \$20,249,586 for public safety and legal services, \$13,449,166 for roads and transportation and \$9,456,892 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/1110-0078-B00F.pdf>.

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POTTAWATTAMIE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

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Pottawattamie County

Officials

(Before January 2011)

<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
Bill Kealy	County Assessor	Jan 2016

(After January 2011)

Lynn Grobe	Board of Supervisors	Jan 2013
Melvyn Houser	Board of Supervisors	Jan 2013
Scott Belt	Board of Supervisors	Jan 2015
Loren Knauss	Board of Supervisors	Jan 2015
Lynn Leaders	Board of Supervisors	Jan 2015
Marilyn Jo Drake	County Auditor	Jan 2013
Judy Ann Miller	County Treasurer	Jan 2015
John F. Sciortino	County Recorder	Jan 2015
Jeffrey Danker	County Sheriff	Jan 2013
Matthew Wilber	County Attorney	Jan 2015
Bill Kealy	County Assessor	Jan 2016

Pottawattamie County



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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, 2011, 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.

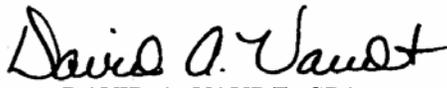
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

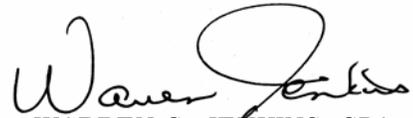
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County at June 30, 2011, and the respective changes in financial 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 22, 2012 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 seven years ended June 30, 2010 (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 two 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 22, 2012

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, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Pottawattamie County's governmental activities revenue increased 5.8%, or approximately \$3,568,000, from fiscal year 2010 (FY10). This includes an increase in property and other county tax of approximately \$322,000, local option sales tax increased approximately \$564,000, charges for service decreased approximately \$1,143,000, operating grants, contributions and restricted interest increased approximately \$2,877,000, capital grants, contributions and restricted interest increased approximately \$741,000 and gain on disposition of capital assets increased approximately \$83,000.
- Pottawattamie County's governmental activities expenses decreased 0.22%, or approximately \$137,000, from FY10. Public safety and legal services expenses increased approximately \$509,000, mental health expenses increased approximately \$430,000, roads and transportation expenses decreased approximately \$146,000, county environment and education expenses decreased approximately \$393,000, administration expenses decreased approximately \$278,000 and interest on long-term debt decreased approximately \$166,000.
- Pottawattamie County's net assets increased approximately \$5,205,000 over FY10.
- As of the close of FY11, Pottawattamie County had ending fund balances of \$8,311,190 in the General Fund, \$3,965,245 in the Mental Health Fund, \$795,767 in the Rural Services Fund, \$7,734,984 in the Secondary Roads Fund and \$210,042 in the Debt Service 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 financial 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 Agency 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 FY11 totaled approximately \$98.3 million. This compares to FY10 at approximately \$93.1 million. The analysis that follows focuses on the changes of the net assets for our governmental activities.

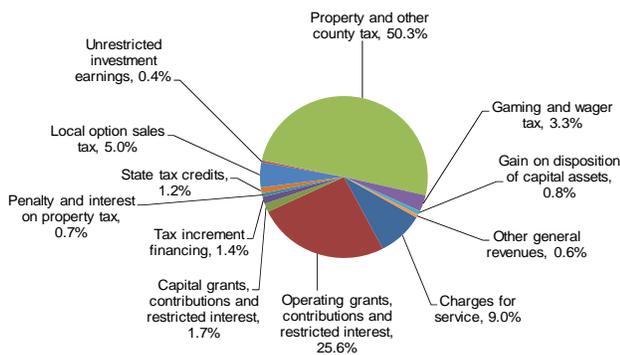
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 65,469	65,422
Capital assets	94,741	93,060
Total assets	<u>160,210</u>	<u>158,482</u>
Long-term liabilities	24,629	27,771
Other liabilities	37,250	37,585
Total liabilities	<u>61,879</u>	<u>65,356</u>
Net assets:		
Invested in capital assets, net of related debt	76,769	73,447
Restricted	14,691	12,835
Unrestricted	6,871	6,844
Total net assets	<u>\$ 98,331</u>	<u>93,126</u>

Net assets of Pottawattamie County’s governmental activities increased approximately \$5,205,000 over FY10. 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—increased from approximately \$6.8 million at June 30, 2010 to approximately \$6.9 million at the end of this year, an increase of 0.4%.

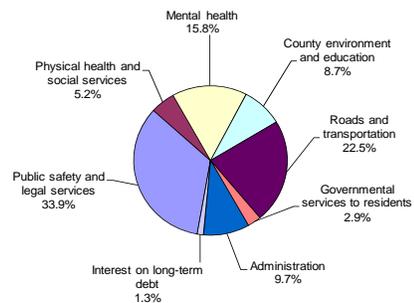
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 5,851	6,994
Operating grants, contributions and restricted interest	16,652	13,775
Capital grants, contributions and restricted interest	1,114	373
General revenues:		
Property and other county tax	32,601	32,279
Tax increment financing	919	932
Penalty and interest on property tax	457	408
State tax credits	787	838
Local option sales tax	3,235	2,671
Grants and contributions not restricted to specific purposes	-	145
Unrestricted investment earnings	266	200
Gaming and wager tax	2,169	2,108
Gain on disposition of capital assets	500	417
Other general revenues	395	238
Total revenues	64,946	61,378
Program expenses:		
Public safety and legal services	20,250	19,741
Physical health and social services	3,108	3,112
Mental health	9,457	9,027
County environment and education	5,174	5,567
Roads and transportation	13,449	13,595
Governmental services to residents	1,738	1,827
Administration	5,786	6,064
Interest on long-term debt	779	945
Total expenses	59,741	59,878
Increase in net assets	5,205	1,500
Net assets beginning of year	93,126	91,626
Net assets end of year	\$ 98,331	93,126

Revenues by Source



Expenses by Program



Pottawattamie County's net assets of governmental activities increased approximately \$5,205,000 during the year. Revenues increased approximately \$3,568,000 and expenses decreased approximately \$137,000.

Pottawattamie County's property tax levy rates decreased \$.21273 per \$1,000 of taxable valuation for the mental health levy, increased \$.22758 per \$1,000 of taxable valuation for the general supplemental levy and increased \$.11089 per \$1,000 of taxable valuation for the countywide levy. The countywide taxable property valuation increased \$276,197,903.

INDIVIDUAL MAJOR FUND ANALYSIS

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$27,159,976, which is \$306,961 more than the combined fund balance of \$26,853,015 at the end of FY10.

The General Fund, the operating fund for Pottawattamie County, ended FY11 with an \$8,311,190 ending balance. This was a decrease of \$636,211 from FY10's ending balance as restated. Taxable property valuation increased from \$3,666,480,790 in FY10 to \$3,942,678,693 in FY11. The general supplemental levy rate increased from \$1.66231 per \$1,000 of taxable valuation in FY10 to \$1.88989 per \$1,000 of taxable valuation in FY11. Property and other county tax increased due to the increase in property valuation and levy rate. Expenditures increased primarily due to increases in public safety and legal services as relates to jail and county sheriff services and county environment and education expenditures.

Pottawattamie County continues to try to effectively manage the cost of mental health services. Mental health expenditures increased \$438,632, or 4.9%, in FY11 from FY10 due to the rising cost of health care services. The Special Revenue, Mental Health Fund ending balance for FY11 was \$3,965,245, an increase of \$476,269 over FY10. The \$1.07217 per \$1,000 of taxable valuation FY11 tax levy was \$.21273 per \$1,000 of taxable valuation less than the FY10 levy rate of \$1.28490 per \$1,000 of taxable valuation.

The Special Revenue, Rural Services Fund ended FY11 with a \$795,767 balance compared to the prior year ending balance of \$669,235. Property valuation increased from \$1,186,996,673 in FY10 to \$1,310,412,178 in FY11. The levy rate decreased from \$3.17980 per \$1,000 of taxable valuation in FY10 to \$3.14551 per \$1,000 of taxable valuation in FY11. Rural Services Fund expenditures increased \$16,635 in FY11 over FY10.

The Special Revenue, Secondary Roads Fund ended FY11 with a \$7,734,984 balance compared to the prior year ending balance of \$6,090,729. Secondary Roads Fund expenditures decreased \$197,064 from FY10, mainly due to a significant decrease in maintenance and repair projects work as relates to emergency watershed and disaster related projects. 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 FY11 with a \$210,042 balance compared to the prior year ending balance of \$156,373. The increase was due to an increase in collections from property tax as the County works to repay amounts owed.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pottawattamie County amended its budget two times. The first amendment was made in May 2011 and resulted in an increase in budgeted disbursements of \$450,000, with \$265,000 related to public safety and legal services for the jail department and \$185,000 to administrative functions for various communication center costs.

The second amendment was made in June 2011 and resulted in an increase in budgeted disbursements of \$200,000, primarily for potential costs for Missouri River flooding work.

The County's receipts were approximately \$2,677,000 less than budgeted. Miscellaneous revenues were approximately \$2,712,000 less than the amended budget since outside grant funding for certain cities in the County and the County tourism grant did not materialize as planned.

Total disbursements were \$10,584,183 less than the amended budget. Actual disbursements for the mental health, county environment and education, public safety and legal services and capital projects functions were approximately \$1,498,000, \$3,117,000, \$633,000 and \$4,576,000, 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 the debt service function exceeded the amount budgeted at year end and three departments exceeded the amount appropriated prior to an appropriation amendment and at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY11, Pottawattamie County had approximately \$94,741,000 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 \$1,682,000 over the FY10 balance, due mainly to increases in the County's road network infrastructure.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 5,265	4,721
Intangibles, not amortized	3,993	3,993
Construction in progress	19,582	18,445
Buildings and improvements	23,353	23,971
Equipment and vehicles	6,578	6,300
Intangibles, amortized	80	-
Infrastructure	35,890	35,629
Total	<u>\$ 94,741</u>	<u>93,059</u>

Pottawattamie County had depreciation/amortization expense of \$4,949,071 in FY11 and total accumulated depreciation/amortization of approximately \$62.8 million on the capital assets at the end of FY11. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At the end of FY11, Pottawattamie County had approximately \$22,600,000 in long-term debt outstanding compared to approximately \$25,869,000 at the end of FY10, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2011	2010
General obligation bonds	\$ 4,560	5,000
General obligation refunding notes	1,160	1,325
Airport road agreement	430	560
General obligation capital loan notes	16,390	18,830
Farm to market loans	60	154
Total	\$ 22,600	25,869

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% 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 \$372.2 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Pottawattamie County's elected and appointed officials and citizens considered many factors when setting the FY12 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 FY12. Budgeted expenditures for FY12 are \$72,898,043, a decrease of \$449,206 from the FY11 amended budget. The decrease in the FY12 budget is primarily due to fewer capital projects.

Pottawattamie County is anticipating budget amendments in FY12 due to 2011 Missouri River flood expenditures.

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 Becky Belt at the Pottawattamie County Auditor's Office, by mail at 227 S. 6th 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, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 26,930,154
Receivables:	
Property tax:	
Delinquent	107,600
Succeeding year	33,386,000
Interest and penalty on property tax	389,301
Accounts	353,332
Loans	59,679
Due from other governments	2,779,653
Inventories	1,070,983
Prepaid items	391,374
Capital assets - nondepreciable	28,840,335
Capital assets - depreciable (net of accumulated depreciation/amortization)	65,901,108
Total assets	<u>160,209,519</u>
Liabilities	
Accounts payable	1,390,469
Accrued interest payable	59,364
Salaries and benefits payable	977,193
Due to other governments	1,437,222
Deferred revenue:	
Succeeding year property tax	33,386,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	445,000
General obligation refunding notes	170,000
Airport road agreement	70,000
General obligation capital loan notes	2,505,000
Farm to market loans	29,839
Compensated absences	1,048,508
Portion due or payable after one year:	
General obligation bonds	4,115,000
General obligation refunding notes	990,000
Airport road agreement	360,000
General obligation capital loan notes	13,885,000
Farm to market loans	29,840
Compensated absences	623,286
Net OPEB liability	357,000
Total liabilities	<u>61,878,721</u>
Net Assets	
Invested in capital assets, net of related debt	76,768,882
Restricted for:	
Supplemental levy purposes	1,298,189
Mental health purposes	3,874,852
Secondary roads purposes	7,673,327
Debt service	162,874
Other purposes	1,681,819
Unrestricted	6,870,855
Total net assets	<u>\$ 98,330,798</u>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 20,249,586	3,503,174	695,646	-	(16,050,766)
Physical health and social services	3,107,554	163,368	1,557,458	-	(1,386,728)
Mental health	9,456,892	-	5,305,159	-	(4,151,733)
County environment and education	5,174,439	474,643	1,474,959	59,935	(3,164,902)
Roads and transportation	13,449,166	91,249	6,935,273	1,053,964	(5,368,680)
Governmental services to residents	1,737,888	1,191,606	-	-	(546,282)
Administration	5,786,377	427,191	683,173	-	(4,676,013)
Interest on long-term debt	778,766	-	-	-	(778,766)
Total	\$ 59,740,668	5,851,231	16,651,668	1,113,899	(36,123,870)
General Revenues:					
Property and other county tax levied for:					
General purposes					28,806,035
Debt service					3,794,518
Tax increment financing					919,245
Penalty and interest on property tax					456,939
State tax credits					786,576
Local option sales tax					3,235,122
Pari-mutuel and gaming wager tax					2,169,376
Unrestricted investment earnings					266,262
Gain on disposition of capital assets					499,797
Miscellaneous					395,106
Total general revenues					41,328,976
Change in net assets					5,205,106
Net assets beginning of year					93,125,692
Net assets end of year					\$ 98,330,798

See notes to financial statements.

Pottawattamie County

Balance Sheet
Governmental Funds

June 30, 2011

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 8,383,639	5,056,263	753,097	6,323,661
Receivables:				
Property tax:				
Delinquent	69,932	13,911	11,561	-
Succeeding year	20,639,000	4,105,000	4,042,000	-
Interest and penalty on property tax	389,301	-	-	-
Accounts	333,530	9,335	8,945	50
Loans	-	-	-	59,679
Due from other funds	-	-	-	34,851
Due from other governments	897,206	280,337	71,680	1,171,667
Inventories	-	-	-	1,070,983
Prepaid items	391,374	-	-	-
Total assets	\$ 31,103,982	9,464,846	4,887,283	8,660,891
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 650,905	256,776	13,236	330,284
Salaries and benefits payable	753,040	62,676	22,236	139,241
Due to other funds	-	-	-	-
Due to other governments	66,361	1,037,181	2,483	84,427
Deferred revenue:				
Succeeding year property tax	20,639,000	4,105,000	4,042,000	-
Other	683,486	37,968	11,561	371,955
Total liabilities	22,792,792	5,499,601	4,091,516	925,907
Fund balances:				
Nonspendable:				
Inventories	-	-	-	1,070,983
Prepaid items	391,374	-	-	-
Restricted for:				
Supplemental levy purposes	1,313,809	-	-	-
Mental health purposes	-	3,965,245	-	-
Rural services purposes	-	-	788,267	-
Secondary roads purposes	-	-	-	6,664,001
Drainage warrants/drainage improvement certificates	-	-	-	-
Conservation land acquisition/capital improvements	71,827	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	36,600	-	7,500	-
Assigned for:				
Property tax relief	1,717,399	-	-	-
County attorney office	31,545	-	-	-
Land purchase	2,216,640	-	-	-
Flood and erosion	108,907	-	-	-
Economic development	203,915	-	-	-
Conservation structures	71,540	-	-	-
Unassigned	2,147,634	-	-	-
Total fund balances	8,311,190	3,965,245	795,767	7,734,984
Total liabilities and fund balances	\$ 31,103,982	9,464,846	4,887,283	8,660,891

See notes to financial statements.

Debt Service	Nonmajor	Total
225,459	6,188,035	26,930,154
12,196	-	107,600
3,809,000	791,000	33,386,000
-	-	389,301
-	1,472	353,332
-	-	59,679
-	-	34,851
-	358,763	2,779,653
-	-	1,070,983
-	-	391,374
<u>4,046,655</u>	<u>7,339,270</u>	<u>65,502,927</u>
15,417	123,851	1,390,469
-	-	977,193
-	34,851	34,851
-	246,770	1,437,222
3,809,000	791,000	33,386,000
12,196	50	1,117,216
<u>3,836,613</u>	<u>1,196,522</u>	<u>38,342,951</u>
-	-	1,070,983
-	-	391,374
-	-	1,313,809
-	-	3,965,245
-	-	788,267
-	-	6,664,001
-	10,754	10,754
-	-	71,827
210,042	-	210,042
-	4,567,439	4,567,439
-	1,599,406	1,643,506
-	-	1,717,399
-	-	31,545
-	-	2,216,640
-	-	108,907
-	-	203,915
-	-	71,540
-	(34,851)	2,112,783
<u>210,042</u>	<u>6,142,748</u>	<u>27,159,976</u>
<u>4,046,655</u>	<u>7,339,270</u>	<u>65,502,927</u>

Pottawattamie County

Pottawattamie County

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

June 30, 2011

Total governmental fund balances (page 19) \$ 27,159,976***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 \$157,518,127 and the accumulated depreciation/amortization is \$62,776,684. 94,741,443

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 1,117,216

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. (24,687,837)

Net assets of governmental activities (page 16) \$ 98,330,798

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 22,858,799	4,117,132	4,031,890	-
Local option sales tax	-	-	485,268	2,264,587
Interest and penalty on property tax	414,271	-	-	-
Intergovernmental	5,427,977	5,752,455	184,011	7,129,193
Licenses and permits	550	-	205,549	2,130
Charges for service	2,443,903	-	40,872	39,845
Use of money and property	215,137	-	108	14,547
Miscellaneous	336,671	41,162	1,005	49,273
Total revenues	<u>31,697,308</u>	<u>9,910,749</u>	<u>4,948,703</u>	<u>9,499,575</u>
Expenditures:				
Operating:				
Public safety and legal services	19,494,459	-	60,000	-
Physical health and social services	2,942,950	-	172,019	-
Mental health	-	9,446,510	-	-
County environment and education	2,097,716	-	1,074,862	-
Roads and transportation	-	-	-	10,438,155
Governmental services to residents	1,675,113	-	5,050	-
Administration	5,936,596	-	3,000	-
Debt service	-	-	-	-
Capital projects	199,971	-	-	1,275,114
Total expenditures	<u>32,346,805</u>	<u>9,446,510</u>	<u>1,314,931</u>	<u>11,713,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(649,497)</u>	<u>464,239</u>	<u>3,633,772</u>	<u>(2,213,694)</u>
Other financing sources (uses):				
Operating transfers in	328,700	12,030	35,295	3,857,949
Operating transfers out	(315,414)	-	(3,542,535)	-
Total other financing sources (uses)	<u>13,286</u>	<u>12,030</u>	<u>(3,507,240)</u>	<u>3,857,949</u>
Net change in fund balances	(636,211)	476,269	126,532	1,644,255
Fund balances beginning of year, as restated	8,947,401	3,488,976	669,235	6,090,729
Fund balances end of year	<u>\$ 8,311,190</u>	<u>3,965,245</u>	<u>795,767</u>	<u>7,734,984</u>

See notes to financial statements.

Debt Service	Nonmajor	Total
3,796,418	919,245	35,723,484
-	485,267	3,235,122
-	-	414,271
87,357	981,319	19,562,312
-	-	208,229
-	16,625	2,541,245
69,311	34,512	333,615
-	739,943	1,168,054
<u>3,953,086</u>	<u>3,176,911</u>	<u>63,186,332</u>
-	135,581	19,690,040
-	253	3,115,222
-	-	9,446,510
-	2,501,494	5,674,072
-	-	10,438,155
-	9,024	1,689,187
-	-	5,939,596
3,832,133	-	3,832,133
-	1,579,371	3,054,456
<u>3,832,133</u>	<u>4,225,723</u>	<u>62,879,371</u>
120,953	(1,048,812)	306,961
10,412	12,043	4,256,429
(77,696)	(320,784)	(4,256,429)
<u>(67,284)</u>	<u>(308,741)</u>	<u>-</u>
53,669	(1,357,553)	306,961
156,373	7,500,301	26,853,015
<u>210,042</u>	<u>6,142,748</u>	<u>27,159,976</u>

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, 2011

Net change in fund balances - Total governmental funds (page 23) \$ 306,961

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

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

Expenditures for capital assets	\$ 5,031,304	
others	1,113,899	
Depreciation/amortization expense	<u>(4,949,071)</u>	1,196,132

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. 485,772

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	(34,310)	
Other	<u>100,095</u>	65,785

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. 3,268,986

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	(46,987)	
Interest on long-term debt	8,367	
Net OPEB liability	<u>(79,910)</u>	<u>(118,530)</u>

Change in net assets of governmental activities (page 17) \$ 5,205,106

See notes to financial statements.

Pottawattamie County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 6,942,234
Other County officials	179,855
Receivables:	
Property tax:	
Delinquent	402,720
Succeeding year	121,407,000
Accounts	69,484
Special assessments	3,159,835
Drainage assessments	10,144
Due from other governments	526,507
Prepaid items	50,376
Total assets	132,748,155

Liabilities

Accounts payable	166,810
Stamped warrants payable	2,354
Salaries and benefits payable	76,379
Due to other governments	130,099,770
Trusts payable	2,090,508
Compensated absences	312,334
Total liabilities	132,748,155

Net assets	\$ -
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See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2011

(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 the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

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

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classification – committed, assigned and then unassigned fund balance.

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, 2009 assessed property

valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfunds amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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 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, 2011. 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, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The Conservation Foundation's investments at June 30, 2011 consist of stocks and stock mutual funds with a fair value of \$72,072. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Secondary Roads	Special Revenue: Urban Renewal Revenue	<u>\$ 34,851</u>

These balances result from the timing lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Urban Renewal Revenue	\$ 260,478
	Debt Service	68,222
		<u>328,700</u>
Special Revenue: Mental Health	Special Revenue: Urban Renewal Revenue	<u>12,030</u>
Rural Services	Special Revenue: Urban Renewal Revenue	<u>35,295</u>
Secondary Roads	General	315,414
	Special Revenue: Rural Services	<u>3,542,535</u>
		<u>3,857,949</u>
Urban Renewal Revenue	Debt Service	9,474
	Capital Projects	<u>2,569</u>
		<u>12,043</u>
Debt Service	Special Revenue: Urban Renewal Revenue	<u>10,412</u>
Total		<u>\$ 4,256,429</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning Balance of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 4,721,357	543,757	-	5,265,114
Intangibles, road network	3,993,059	-	-	3,993,059
Construction in progress	18,445,422	3,901,216	2,764,476	19,582,162
Total capital assets not being depreciated/amortized	<u>27,159,838</u>	<u>4,444,973</u>	<u>2,764,476</u>	<u>28,840,335</u>
Capital assets being depreciated/amortized:				
Buildings	33,592,999	-	-	33,592,999
Improvements other than buildings	1,452,521	134,395	-	1,586,916
Equipment and vehicles	16,015,161	2,185,587	1,058,510	17,142,238
Intangibles, other	-	120,000	-	120,000
Infrastructure, road network	73,026,677	2,580,760	-	75,607,437
Infrastructure, other	628,202	-	-	628,202
Total capital assets being depreciated/amortized	<u>124,715,560</u>	<u>5,020,742</u>	<u>1,058,510</u>	<u>128,677,792</u>
Less accumulated depreciation/amortized for:				
Buildings	10,328,872	680,064	-	11,008,936
Improvements other than buildings	745,670	72,525	-	818,195
Equipment and vehicles	9,715,252	1,836,676	988,246	10,563,682
Intangibles, other	-	40,000	-	40,000
Infrastructure, road network	37,840,317	2,301,801	-	40,142,118
Infrastructure, other	185,748	18,005	-	203,753
Total accumulated depreciation/amortized	<u>58,815,859</u>	<u>4,949,071</u>	<u>988,246</u>	<u>62,776,684</u>
Total capital assets being depreciated/amortized, net	<u>65,899,701</u>	<u>71,671</u>	<u>70,264</u>	<u>65,901,108</u>
Governmental activities capital assets, net	<u>\$ 93,059,539</u>	<u>4,516,644</u>	<u>2,834,740</u>	<u>94,741,443</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 820,498
Physical health and social services	24,385
Mental health	1,515
County environment and education	179,698
Roads and transportation	3,522,309
Governmental services to residents	49,410
Administration	351,256
Total depreciation/amortization expense - governmental activities	<u>\$ 4,949,071</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 66,361
Special Revenue:		
Mental Health	Services	1,037,181
Rural Services	Services	2,483
Secondary Roads	Services	84,427
Nonmajor	Services	246,770
		<u>1,370,861</u>
Total for governmental funds		<u>\$ 1,437,222</u>
Agency:		
County Assessor	Collections	\$ 1,315,043
Schools		64,607,710
Community Colleges		3,216,341
Corporations		53,712,824
E911 Surcharge		1,784,711
Auto License and Use Tax		1,740,468
All other		3,722,673
		<u>3,722,673</u>
Total for agency funds		<u>\$ 130,099,770</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	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	\$ 5,000,000	1,325,000	560,000	18,830,000	153,665	1,624,807	277,090	27,770,562
Increases	-	-	-	-	-	1,511,627	79,910	1,591,537
Decreases	440,000	165,000	130,000	2,440,000	93,986	1,464,640	-	4,733,626
Balance end of year	<u>\$ 4,560,000</u>	<u>1,160,000</u>	<u>430,000</u>	<u>16,390,000</u>	<u>59,679</u>	<u>1,671,794</u>	<u>357,000</u>	<u>24,628,473</u>
Due within one year	<u>\$ 445,000</u>	<u>170,000</u>	<u>70,000</u>	<u>2,505,000</u>	<u>29,839</u>	<u>1,048,508</u>	<u>-</u>	<u>4,268,347</u>

General Obligation Bonds

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
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	3.80	500,000	118,643	618,643
2017-2020	4.20-4.75	2,215,000	260,172	2,475,172
Total		\$ 4,560,000	992,167	5,552,167

During the year ended June 30, 2011, \$440,000 of general obligation 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
2012	3.45%	\$ 170,000	43,570	213,570
2013	3.60	180,000	37,705	217,705
2014	3.70	190,000	31,225	221,225
2015	3.80	200,000	24,195	224,195
2016	3.90	205,000	16,595	221,595
2017	4.00	215,000	8,600	223,600
Total		\$ 1,160,000	161,890	1,321,890

During the year ended June 30, 2011, \$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 \$130,000 to CBAA during the year ended June 30, 2011, leaving a balance owed of \$430,000 at June 30, 2011.

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 capital loan refunding notes with interest rates ranging from 1.00% to 2.30% 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.

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 June 1, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	3.55	705,000	51,488	3.65	1,135,000	131,850
2017-2018	3.60	735,000	26,460	3.75-3.80	2,395,000	136,783
Total		\$ 4,020,000	508,583		\$ 7,710,000	1,155,378

Year Ending June 30,	Issued April 15, 2010			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	1.20%	\$ 900,000	81,615	2,505,000	490,628	2,995,628
2013	1.50	910,000	70,815	2,575,000	428,852	3,003,852
2014	1.70	925,000	57,165	2,640,000	361,486	3,001,486
2015	2.00	945,000	41,440	2,720,000	287,449	3,007,449
2016	2.30	980,000	22,540	2,820,000	205,878	3,025,878
2017-2018		-	-	3,130,000	163,243	3,293,243
Total		\$ 4,660,000	273,575	16,390,000	1,937,536	18,327,536

During the year ended June 30, 2011, \$2,440,000 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. During the year ended June 30, 2011, the City of Avoca paid the balance of its loan. The unpaid balance at June 30, 2011 for the City of Minden was \$59,679 and is reported in the Special Revenue, Secondary Roads Fund as a loan receivable.

The following is a schedule of the payments to be received by the County from the City of Minden under the agreement in effect at June 30, 2011:

Year Ending June 30,	Amount
2012	\$ 29,839
2013	29,840
Total	<u>\$ 59,679</u>

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$1,805,934, \$1,663,103 and \$1,496,653, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees and retirees and their dependents. There are 423 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are administered by Wellmark and Mutual of Omaha, respectively. Retirees under age 65 would pay the same premium for the medical/prescription drug and dental 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, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 85,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	<u>(17,090)</u>
Annual OPEB cost	79,910
Contributions made	<u>-</u>
Increase in net OPEB obligation	79,910
Net OPEB obligation beginning of year	<u>277,090</u>
Net OPEB obligation end of year	<u>\$ 357,000</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, 2011.

For the year ended June 30, 2011, the County did not contribute to the medical or dental plan. No plan members were eligible for benefits.

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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 200,300	30.4%	\$ 139,500
2010	198,390	30.7	277,090
2011	79,910	0.0	357,000

Funded Status and Funding Progress – As of June 30, 2011, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$509,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$509,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$20,642,000 and the ratio of the UAAL to covered payroll was 2.5%. As of June 30, 2011, 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 June 30, 2011 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 8%. 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 \$991 per month for retirees less than age 65 and \$1,090 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.

(10) Risk Management

The County is a member of 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 645 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 150 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, 2011 were \$489,832.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, 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.

(11) Economic Development Agreement

The County entered into two economic development agreements to assist in urban renewal projects.

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 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, 2011, the County's grant payments totaled \$192,560, bringing the cumulative total to \$2,358,860. 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 construct and

turn over ownership of a water storage facility to the developer. The City incurred \$575,000 in reimbursable costs to construct 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, 2011, the County's payments to Midwest Manufacturing and the City of Shelby totaled \$520,000 and \$128,971, respectively, bringing the cumulative totals to \$1,040,000 and \$575,000, respectively.

(12) 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, 2011:

Additions:

Reimbursements from Counties:

Pottawattamie County	\$ 873,885	
Shelby County	24,145	
Harrison County	53,377	
Cass County	62,631	
Audubon County	31,070	
Mills County	50,619	
Montgomery County	83,405	
Fremont County	51,293	
Page County	29,293	\$ 1,259,718

State of Iowa meal reimbursement		14,313
State direct receiving grant		37,500
State reimbursement		316,697
Interest on investments		3,636
Iowa detention facility expense reimbursement		92,565
Adult waived juvenile fees		38,936
Total additions		<u>1,763,365</u>

Deductions:

Salaries	722,413	
Employee benefits	264,791	
Commodities and nutrition services	40,305	
Office supplies	15,973	
Communications and transportation	4,775	
Professional services	11,846	
Utilities	23,836	
Building repair and maintenance	43,613	
Insurance	55,500	
Refunds to counties	514,196	
Miscellaneous	1,556	1,698,804

Net		64,561
Balance beginning of year		<u>875,174</u>
Balance end of year		<u><u>\$ 939,735</u></u>

(13) 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's 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 leave hours the employee had before the cash payment:

<u>If the sick leave balance is:</u>	<u>The conversion rate is:</u>
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's 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 \$175,251 has been recorded in the Agency, County Assessor Fund.

For the year ended June 30, 2011, two employees have retired and received benefits totaling \$26,186 under the Sick Leave Upon Retirement program.

(14) 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 do not constitute liabilities of the County.

(15) 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, 2011 have been estimated at \$5,032. The County has reserved \$7,500 at June 30, 2011 in the Special Revenue, Rural Services Fund to cover these costs.

(16) Litigation

The County agreed to a settlement with Griffin Pipe in a property assessment case and Griffin Pipe is entitled to a tax refund of \$1,041,979. The settlement reduces the value of the property and Griffin Pipe has agreed to allow the refund to be converted to a tax credit for future property tax. A liability has been recorded in the financial statements for the tax refund. For the year ended June 30, 2011, the County has applied total credits of \$294,894 under the settlement agreement, leaving \$747,085 to be applied.

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

Fund	Balances June 30, 2010, as previously reported	Change in fund type classification per implementation of GASB Statement No.54	Balance July 1, 2010, as restated
General	\$8,523,127	424,274	8,947,401
Special Revenue:			
Juvenile Crime Grant	2,636	(2,636)	-
West SWCD Structures	29,040	(29,040)	-
East SWCD Structures	18,740	(18,740)	-
Industrial Development Site	239,252	(239,252)	-
Flood and Erosion	94,525	(94,525)	-
County Attorney Delinquent Fine Collection	9,416	(9,416)	-
Conservation Land Acquisition	30,665	(30,665)	-

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, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 38,481,525	-	38,481,525
Interest and penalty on property tax	414,271	-	414,271
Intergovernmental	19,680,788	-	19,680,788
Licenses and permits	206,749	-	206,749
Charges for service	2,531,480	-	2,531,480
Use of money and property	338,632	3,878	334,754
Miscellaneous	1,225,094	64,137	1,160,957
Total receipts	<u>62,878,539</u>	<u>68,015</u>	<u>62,810,524</u>
Disbursements:			
Public safety and legal services	19,503,449	-	19,503,449
Physical health and social services	3,061,863	-	3,061,863
Mental health	9,159,450	-	9,159,450
County environment and education	5,640,878	89,820	5,551,058
Roads and transportation	10,520,270	-	10,520,270
Governmental services to residents	1,683,075	-	1,683,075
Administration	6,068,066	-	6,068,066
Debt service	3,889,094	-	3,889,094
Capital projects	3,326,741	-	3,326,741
Total disbursements	<u>62,852,886</u>	<u>89,820</u>	<u>62,763,066</u>
Excess (deficiency) of receipts over (under) disbursements	25,653	(21,805)	47,458
Balance beginning of year	<u>26,904,501</u>	<u>169,863</u>	<u>26,734,638</u>
Balance end of year	<u>\$ 26,930,154</u>	<u>148,058</u>	<u>26,782,096</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
38,603,171	38,603,171	(121,646)
299,500	299,500	114,771
19,486,205	19,486,205	194,583
325,650	325,650	(118,901)
2,320,750	2,320,750	210,730
579,911	579,911	(245,157)
3,872,505	3,872,505	(2,711,548)
<u>65,487,692</u>	<u>65,487,692</u>	<u>(2,677,168)</u>
19,821,176	20,136,176	632,727
3,423,608	3,423,608	361,745
10,657,102	10,657,102	1,497,652
8,667,977	8,667,977	3,116,919
10,588,920	10,588,920	68,650
2,009,121	2,009,121	326,046
5,762,974	6,097,974	29,908
3,863,904	3,863,904	(25,190)
7,902,467	7,902,467	4,575,726
<u>72,697,249</u>	<u>73,347,249</u>	<u>10,584,183</u>
(7,209,557)	(7,859,557)	7,907,015
<u>24,756,324</u>	<u>26,734,640</u>	<u>(2)</u>
<u>17,546,767</u>	<u>18,875,083</u>	<u>7,907,013</u>

Pottawattamie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2011

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjust-</u>	<u>Accrual</u>
		<u>ments</u>	<u>Basis</u>
Revenues	\$ 62,878,539	307,793	63,186,332
Expenditures	62,852,886	26,485	62,879,371
Net	25,653	281,308	306,961
Beginning fund balances	26,904,501	(51,486)	26,853,015
Ending fund balances	<u>\$ 26,930,154</u>	<u>229,822</u>	<u>27,159,976</u>

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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 \$650,000. 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, 2011, disbursements exceed the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

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
2011	July 1, 2010	-	509	509	0.00	20,642	2.5

See Note 9 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, 2011

	Special						
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West
Assets							
Cash and pooled investments	\$ 70,514	60,266	73,152	10,754	7,373	218,667	444,956
Receivables:							
Succeeding year property tax	-	-	-	-	-	-	-
Accounts	-	-	-	50	-	-	-
Due from other governments	23,893	-	1,400	-	-	23,893	23,893
Total assets	\$ 94,407	60,266	74,552	10,804	7,373	242,560	468,849
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 3,700	7,742	-	-	-	2,670	79,580
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue:							
Succeeding year property tax	-	-	-	-	-	-	-
Other	-	-	-	50	-	-	-
Total liabilities	3,700	7,742	-	50	-	2,670	79,580
Fund balances:							
Restricted for:							
Drainage warrants/drainage improvement certificates	-	-	-	10,754	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	90,707	52,524	74,552	-	7,373	239,890	389,269
Unassigned	-	-	-	-	-	-	-
Total fund balances	90,707	52,524	74,552	10,754	7,373	239,890	389,269
Total liabilities and fund balances	\$ 94,407	60,266	74,552	10,804	7,373	242,560	468,849

See accompanying independent auditor's report.

Revenue									
Conservation Foundation	Urban Renewal Revenue	Animal Shelter Donations	County Attorney Drug Forfeiture	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Community Improvement To Increase Economic Stability	Capital Projects	Total
137,304	-	15,220	430,310	106,341	35,424	5,315	5,000	4,567,439	6,188,035
-	791,000	-	-	-	-	-	-	-	791,000
-	-	785	637	-	-	-	-	-	1,472
-	-	-	17,549	19,675	-	-	248,460	-	358,763
137,304	791,000	16,005	448,496	126,016	35,424	5,315	253,460	4,567,439	7,339,270
-	-	-	14,444	-	6,815	-	8,900	-	123,851
-	34,851	-	-	-	-	-	-	-	34,851
-	-	-	7,210	-	-	-	239,560	-	246,770
-	791,000	-	-	-	-	-	-	-	791,000
-	-	-	-	-	-	-	-	-	50
-	825,851	-	21,654	-	6,815	-	248,460	-	1,196,522
-	-	-	-	-	-	-	-	-	10,754
-	-	-	-	-	-	-	-	4,567,439	4,567,439
137,304	-	16,005	426,842	126,016	28,609	5,315	5,000	-	1,599,406
-	(34,851)	-	-	-	-	-	-	-	(34,851)
137,304	(34,851)	16,005	426,842	126,016	28,609	5,315	5,000	4,567,439	6,142,748
137,304	791,000	16,005	448,496	126,016	35,424	5,315	253,460	4,567,439	7,339,270

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

Year ended June 30, 2011

	Special Revenue						
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West
Revenues:							
Property and other county tax	\$ -	-	-	-	-	-	-
Local option sales tax	161,756	-	-	-	-	161,756	161,755
Intergovernmental	-	548,465	-	-	1,114	-	-
Charges for service	-	-	16,625	-	-	-	-
Use of money and property	-	256	342	-	-	-	-
Miscellaneous	4,056	-	-	-	-	-	-
Total revenues	<u>165,812</u>	<u>548,721</u>	<u>16,967</u>	<u>-</u>	<u>1,114</u>	<u>161,756</u>	<u>161,755</u>
Expenditures:							
Operating:							
Public safety and legal services	-	-	-	-	-	-	-
Physical health and social services	-	-	-	-	253	-	-
County environment and education	237,495	551,822	-	-	-	124,988	206,461
Governmental services to residents	-	-	9,024	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total expenditures	<u>237,495</u>	<u>551,822</u>	<u>9,024</u>	<u>-</u>	<u>253</u>	<u>124,988</u>	<u>206,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,683)</u>	<u>(3,101)</u>	<u>7,943</u>	<u>-</u>	<u>861</u>	<u>36,768</u>	<u>(44,706)</u>
Other financing sources (uses):							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(71,683)</u>	<u>(3,101)</u>	<u>7,943</u>	<u>-</u>	<u>861</u>	<u>36,768</u>	<u>(44,706)</u>
Fund balances beginning of year	<u>162,390</u>	<u>55,625</u>	<u>66,609</u>	<u>10,754</u>	<u>6,512</u>	<u>203,122</u>	<u>433,975</u>
Fund balances end of year	<u>\$ 90,707</u>	<u>52,524</u>	<u>74,552</u>	<u>10,754</u>	<u>7,373</u>	<u>239,890</u>	<u>389,269</u>

See accompanying independent auditor's report.

Conservation Foundation	Urban Renewal Revenue	Animal Shelter Donations	County Attorney Drug Forfeiture	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Community Improvement To Increase Economic Stability	Capital Projects	Total
-	919,245	-	-	-	-	-	-	-	919,245
-	-	-	-	-	-	-	-	-	485,267
-	-	-	346,181	85,259	300	-	-	-	981,319
-	-	-	-	-	-	-	-	-	16,625
3,878	1,046	-	-	-	-	-	-	28,990	34,512
64,137	-	8,101	-	3,463	40,425	-	619,761	-	739,943
68,015	920,291	8,101	346,181	88,722	40,725	-	619,761	28,990	3,176,911
-	-	-	107,937	27,644	-	-	-	-	135,581
-	-	-	-	-	-	-	-	-	253
89,820	648,970	2,236	-	-	17,700	2,241	619,761	-	2,501,494
-	-	-	-	-	-	-	-	-	9,024
-	-	-	-	-	-	-	-	1,579,371	1,579,371
89,820	648,970	2,236	107,937	27,644	17,700	2,241	619,761	1,579,371	4,225,723
(21,805)	271,321	5,865	238,244	61,078	23,025	(2,241)	-	(1,550,381)	(1,048,812)
-	12,043	-	-	-	-	-	-	-	12,043
-	(318,215)	-	-	-	-	-	-	(2,569)	(320,784)
-	(306,172)	-	-	-	-	-	-	(2,569)	(308,741)
(21,805)	(34,851)	5,865	238,244	61,078	23,025	(2,241)	-	(1,552,950)	(1,357,553)
159,109	-	10,140	188,598	64,938	5,584	7,556	5,000	6,120,389	7,500,301
137,304	(34,851)	16,005	426,842	126,016	28,609	5,315	5,000	4,567,439	6,142,748

Pottawattamie County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
Assets						
Cash and pooled investments:						
County Treasurer	\$ -	2,983	496,076	1,037,612	48,814	887,177
Other County officials	177,355	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	628	3,798	221,098	10,527	163,647
Succeeding year	-	214,000	1,120,000	63,349,000	3,157,000	52,662,000
Accounts	4,316	-	40	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 181,671	217,611	1,619,914	64,607,710	3,216,341	53,712,824
Liabilities						
Accounts payable	\$ -	-	5,179	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	32,131	-	-	-
Due to other governments	163,329	217,611	1,315,043	64,607,710	3,216,341	53,712,824
Trusts payable	18,342	-	-	-	-	-
Compensated absences	-	-	267,561	-	-	-
Total liabilities	\$ 181,671	217,611	1,619,914	64,607,710	3,216,341	53,712,824

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
9,754	133,949	28,356	550,655	1,695,720	1,740,468	310,670	6,942,234
-	-	-	2,500	-	-	-	179,855
2,978	-	-	-	-	-	44	402,720
889,000	-	-	-	-	-	16,000	121,407,000
-	-	-	-	64,315	-	813	69,484
-	1,116,084	2,043,751	-	-	-	-	3,159,835
-	-	-	-	-	-	10,144	10,144
-	-	-	340,716	30,319	-	155,472	526,507
-	-	-	45,864	-	-	4,512	50,376
901,732	1,250,033	2,072,107	939,735	1,790,354	1,740,468	497,655	132,748,155
-	-	-	6,733	5,643	-	149,255	166,810
-	-	-	-	-	-	2,354	2,354
-	-	-	33,090	-	-	11,158	76,379
901,732	1,250,033	-	875,310	1,784,711	1,740,468	314,658	130,099,770
-	-	2,072,107	-	-	-	59	2,090,508
-	-	-	24,602	-	-	20,171	312,334
901,732	1,250,033	2,072,107	939,735	1,790,354	1,740,468	497,655	132,748,155

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

Year ended June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions
Assets and Liabilities						
Balances beginning of year	\$ 194,430	216,251	1,699,195	64,071,834	3,202,025	53,320,833
Additions:						
Property and other county tax	-	215,664	1,130,151	63,414,864	3,180,535	52,678,059
E911 surcharge	-	-	-	-	-	-
State tax credits	-	5,679	27,158	1,500,035	73,885	966,640
Intergovernmental	-	-	-	-	-	-
Office fees and collections	1,717,920	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,895,065	-	-	-	-	-
Miscellaneous	-	59	317	32,650	1,426	29,530
Total additions	3,612,985	221,402	1,157,626	64,947,549	3,255,846	53,674,229
Deductions:						
Agency remittances:						
To other funds	1,169,097	-	-	-	-	-
To other governments	569,854	220,042	1,236,907	64,411,673	3,241,530	53,282,238
Trusts paid out	1,886,793	-	-	-	-	-
Total deductions	3,625,744	220,042	1,236,907	64,411,673	3,241,530	53,282,238
Balances end of year	\$ 181,671	217,611	1,619,914	64,607,710	3,216,341	53,712,824

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
895,970	863,129	3,377,021	875,174	1,730,530	1,780,404	-	424,115	132,650,911
897,323	-	-	-	-	-	-	14,826	121,531,422
-	-	-	-	586,985	-	-	-	586,985
24,535	-	-	-	-	-	-	310	2,598,242
-	-	-	1,763,365	-	-	-	253,057	2,016,422
-	-	-	-	-	-	-	50,012	1,767,932
-	-	-	-	-	21,093,696	-	-	21,093,696
-	1,089,048	313,685	-	-	-	-	10,307	1,413,040
-	-	-	-	-	-	3,444,406	550,470	5,889,941
84	-	-	-	8	-	-	165,651	229,725
921,942	1,089,048	313,685	1,763,365	586,993	21,093,696	3,444,406	1,044,633	157,127,405
-	-	-	356,706	-	685,580	-	-	2,211,383
916,180	702,144	-	157,490	527,169	20,448,052	-	973,447	146,686,726
-	-	1,618,599	1,184,608	-	-	3,444,406	-	8,134,406
916,180	702,144	1,618,599	1,698,804	527,169	21,133,632	3,444,406	973,447	157,032,515
901,732	1,250,033	2,072,107	939,735	1,790,354	1,740,468	-	495,301	132,745,801

Pottawattamie County

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

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 35,723,484	32,789,867	29,728,916	27,495,386
Local option sales tax	3,235,122	2,670,586	3,043,404	2,753,544
Interest and penalty on property tax	414,271	351,370	344,333	356,284
Intergovernmental	19,562,312	21,344,671	19,330,150	21,421,683
Licenses and permits	208,229	274,843	1,300,866	249,417
Charges for service	2,541,245	2,472,731	2,612,651	2,441,290
Use of money and property	333,615	366,219	667,913	1,208,059
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	1,168,054	1,748,258	2,872,115	2,430,096
Total	\$ 63,186,332	62,018,545	59,900,348	58,355,759
Expenditures:				
Operating:				
Public safety and legal services	\$ 19,690,040	19,163,904	18,066,898	16,846,481
Physical health and social services	3,115,222	3,084,140	2,823,430	2,737,240
Mental health	9,446,510	9,007,878	9,074,447	10,399,127
County environment and education	5,674,072	5,450,475	6,027,498	4,328,580
Roads and transportation	10,438,155	11,023,675	10,813,416	9,713,450
Governmental services to residents	1,689,187	1,764,682	1,906,468	1,728,610
Administration	5,939,596	6,268,178	7,803,198	5,884,988
Debt service	3,832,133	9,647,748	2,651,674	2,116,214
Capital projects	3,054,456	10,667,991	4,462,404	7,269,540
Total	\$ 62,879,371	76,078,671	63,629,433	61,024,230

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
26,912,334	25,299,088	24,020,368	22,581,335	21,135,418	19,599,924
2,838,150	3,212,180	2,548,453	2,531,583	2,619,414	2,358,900
367,473	324,973	424,956	319,773	284,825	290,890
19,200,492	14,796,318	14,894,659	15,286,787	15,499,143	15,783,786
79,260	77,036	80,369	81,539	71,929	76,834
2,329,394	2,474,318	2,357,948	2,961,916	2,184,911	2,191,613
1,517,486	1,199,544	785,044	352,015	353,651	586,955
-	-	-	-	-	87,214
1,815,332	1,979,269	1,027,912	1,263,788	684,433	824,062
55,059,921	49,362,726	46,139,709	45,378,736	42,833,724	41,800,178
15,730,880	15,344,223	14,629,633	13,554,635	12,419,508	11,534,828
2,661,811	2,726,533	2,573,703	2,449,827	2,752,435	2,433,614
8,235,723	7,583,258	7,208,328	7,266,366	7,276,003	7,720,098
4,546,987	4,597,686	2,815,719	2,613,891	1,991,358	1,800,478
9,896,065	9,090,186	7,654,396	8,916,835	7,829,915	7,662,124
1,505,405	2,007,331	1,387,910	1,345,719	1,224,597	1,207,924
6,613,224	4,967,738	5,769,591	4,948,132	5,935,402	5,804,890
1,654,668	1,848,183	1,978,668	1,900,241	1,593,806	1,576,937
3,121,579	1,602,230	1,368,193	1,803,575	2,746,406	3,821,070
53,966,342	49,767,368	45,386,141	44,799,221	43,769,430	43,561,963

Schedule 6

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Direct:			
U.S. Department of Agriculture:			
Natural Resources Conservation Service:			
Emergency Watershed Protection Program	10.923	EWP-69-6114-10-08	\$ 290,063
U.S. Department of Commerce:			
Economic Development Administration:			
Economic Development - Support for Planning Organizations	11.302	05-86-04867	<u>84,951</u>
Total direct			<u>375,014</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	14768607	5,684
National School Lunch Program	10.555	14768607	<u>8,619</u>
			<u>14,303</u>
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A062	203,433
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A052	361,892
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A052	<u>4,822</u>
			<u>570,147</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>52,456</u>
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1191-05-52	<u>1,121</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		<u>37,500</u>
City of Council Bluffs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1366	<u>61,305</u>
U.S. Department of Transportation:			
The Omaha-Council Bluffs Metropolitan Area Planning Agency:			
Highway Planning and Construction	20.205	541-300	<u>55,000</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT78	14,904
Public Health Emergency Preparedness	93.069	5881BT378	38,837
Public Health Emergency Preparedness	93.069	5881BT78	<u>35,896</u>
			<u>89,637</u>
Social Services Block Grant	93.667	5881CO78	<u>26,395</u>

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
Promise Partners Pottawattamie County Alliance for Youth:			
Promoting Safe and Stable Families	93.556	PSSFP-11-035B	32,800
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		41
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		12,835
Foster Care - Title IV-E	93.658		20,804
Adoption Assistance	93.659		5,075
Children's Health Insurance Program	93.767		243
Medical Assistance Program	93.778		50,534
Social Services Block Grant	93.667		17,972
Social Services Block Grant	93.667		377,067
			395,039
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	FEMA-1877-DRIA	2,125
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DRIA	223,875
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1998-DRIA	346,809
			572,809
Hazard Mitigation Grant	97.039	DR-1705-0010-00	18,382
Emergency Management Performance Grants	97.042	2011 EMPG	19,500
Homeland Security Grant Program	97.067	2008-GE-T8-2008-014a	227
City of Des Moines:			
Homeland Security Grant Program	97.067	2008-GE-T8-2008-009-EOD	18,855
Southwest Iowa Planning Council:			
Homeland Security Grant Program	97.067	2007-GE-17-0032-004	372
Homeland Security Grant Program	97.067	2008-GE-T8-2008-004	3,656
Homeland Security Grant Program	97.067	2009-SS-T9-0034-04	1,518
			5,546
Total indirect			2,060,554
Total			\$ 2,435,568

* Total for CFDA Number 93.667 is \$421,434

** Total for CFDA Number 97.067 is \$24,628

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 in 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

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 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, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 22, 2012. 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

Management of Pottawattamie County is responsible for establishing and maintaining effective 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-11 through II-C-11 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-D-11 through II-F-11 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 which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 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 22, 2012

**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



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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 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, 2011. 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 each of its major federal programs for the year ended June 30, 2011.

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.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as discussed above.

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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 22, 2012

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are 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 10.923 – Emergency Watershed Protection Program
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-11 Financial Reporting – Material amounts of capital assets, payables and receivables were not properly 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 capital assets, payables and receivables are identified and included or, if appropriate, not included in the County’s financial statements.

Response – Pottawattamie County will implement procedures to ensure all capital assets, payables and receivables will be identified and properly included, and where appropriate, not included in the financial statements.

Conclusion – Response accepted.

- II-B-11 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 jail division, 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 office to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and 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 business manager records cash/checks, approves disbursements and prepares some inmate fund account checks. The Pottawattamie County Jail will contact the bank and remove the ability for the business manager to sign checks. Checks prepared by the business manager will be reviewed and signed by the assistant jail administrator. The inmate fund account bank statement is reconciled monthly by the assistant jail administrator. The completed reconciliation is reviewed and initialed by the jail administrator. The Pottawattamie County Jail will prepare a written reconciliation process document.

Conclusion – Response accepted.

- II-C-11 Prisoner Room and Board – One individual is responsible for opening mail, billing, recording and reconciling prisoner room and board fee charges.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Recommendation – The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and 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 jail administrator/assistant jail administrator will open room and board mail, logging them and then give all checks or money orders to the room and board staff for processing. The front desk clerk will take all the cash paid at the window for room and board and issue a receipt for the payer and then give the cash and another copy of the receipt to the room and board staff for processing. The room and board system is monitored daily by the booking supervisor and reconciled monthly with the business manager to make sure all the collections have been applied correctly to the right accounts. All collections for room and board are deposited daily to the County Treasurer's Office.

Conclusion – Response accepted.

- II-D-11 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, 2011, 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 County policy and limit carry over of employee's vacation and compensatory time.

Conclusion – Response accepted.

- II-E-11 County Recorder – Accounts receivable listings were not maintained at the end of each month throughout the year ended June 30, 2011.

In addition, the County Recorder's Office prepared a year-to-date listing of receipts and disbursements, but the listing was not reconciled to the beginning and ending book balances.

Recommendation – 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 reconcile the year-to-date listing of receipts and disbursements to the beginning and ending book balances.

Response – The Pottawattamie County Recorder's Office has purchased a package for the real estate, vital records, and bookkeeping programs from Fidlar Technologies. This program should address and correct all the issues listed above.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

II-F-11 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 balances plus receipts minus disbursements should reconcile to the ending book balances.

Responses –

Jail – A year-to-date spreadsheet of receipts and disbursements will be prepared and logged by the business manager every month after the bank statement has been reconciled by the assistant jail administrator and the CPA.

Sheriff – The County Sheriff’s civil office has started preparing a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending book balances July 2011.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 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.

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 and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

IV-B-11 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-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-11 Business Transactions – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kay Mocha, Director of Planning and Zoning, Husband owns Mocha and Sons Construction	Maintenance and ditch repair	\$ 565
Jeremy Meyers, Secondary Roads employee, Owner of Dirt E Deeds	Mowing - Buildings and Grounds	500
Carolyn Stender, Auditor’s Office employee, Wife of Robert Stender	Tool Sharpening - Buildings and Grounds	10

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- IV-E-11 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-11 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 adopted by the Board 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.

Although minutes of the Board proceedings were published, they were not published within the time period required by Chapter 349.18 of the Code of Iowa.

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. The County should ensure the minutes are published timely, as required.

Response – Pottawattamie County will confer with the Pottawattamie County Attorney to determine the disposition of the publication ordinances. Further, Board proceedings will be published within the time period required by Chapter 349.18 of the Code of Iowa.

Conclusion – Response accepted.

- IV-G-11 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-11 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-11 Solid Waste Fees – During the year ended June 30, 2011, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

IV-J-11 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 amount the County has restricted for closure and postclosure care at June 30, 2011 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.

IV-K-11 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, 2011 for the County Extension Offices did not exceed the amount budgeted.

IV-L-11 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The East Agricultural Extension Office did not properly retain electronic images of both the front and back of cancelled.

Recommendation – The East Agricultural Extension Office should retain an image of both the front and back of each cancelled check as required.

Response – We have contacted the bank and will start retaining images starting October 2011.

Conclusion – Response accepted.

IV-M-11 Conservation Credit Card Processing – The County made payments of \$1,371 related to processing credit cards. Chapter 331.553(5) of the Code of Iowa states, in part, “A county treasurer may adjust fees to reflect the cost of processing such payments.” In addition, we believe these payments may not meet the requirements of public purpose as defined in an Attorney General’s Opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Recommendation – The County Conservation Board should adjust the fees charged to reflect the cost of processing credit card payments in accordance with Chapter 331.553(5) of the Code of Iowa. In addition, according to the Attorney General’s Opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Response – Pottawattamie County will pursue options for a countywide credit card policy and process which will address this issue.

Conclusion – Response accepted.

Pottawattamie County

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Brett M. Zeller, Senior Auditor
Jessica P.V. Green, Staff Auditor
Alison P. Herold, CPA, Staff Auditor
Laura E. Grinnell, Assistant Auditor
Karie A. Meisgeier, Assistant Auditor
Phillip A. Rethwisch, Assistant Auditor
Justin A. Youngberg, Assistant Auditor
Matthew R. DeJong, Auditor Intern
Stephen J. Hoffmann, Auditor Intern

A handwritten signature in black ink, appearing to read "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State