



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

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Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE

April 18, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Pottawattamie County, Iowa.

The County had local tax revenue of \$153,254,417 for the year ended June 30, 2013, which included \$4,136,994 in tax credits from the state. The County forwarded \$117,233,137 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$36,021,280 of the local tax revenue to finance County operations, a 4.2% increase over the prior year. Other revenues included charges for service of \$5,790,283, operating grants, contributions and restricted interest of \$13,067,931, capital grants, contributions and restricted interest of \$277,775, local option sales tax of \$3,174,885, pari-mutuel and gaming wager tax of \$2,182,160, tax increment financing of \$496,143, unrestricted investment earnings of \$108,809 and other general revenues of \$964,514.

Expenses for County operations for the year ended June 30, 2013 totaled \$66,050,542, a 2.6% decrease from the prior year. Expenses included \$24,665,767 for public safety and legal services, \$15,901,767 for roads and transportation and \$7,379,029 for administration.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0078-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, 2013**

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**Pottawattamie County**

**Officials**

**(Before January 2013)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lynn Grobe	Board of Supervisors	Jan 2013
Melvyn Houser	Board of Supervisors	Jan 2013
Scott Belt	Board of Supervisors	Jan 2015
Loren Knaus	Board of Supervisors	Jan 2015
Lynn Leaders	Board of Supervisors	Jan 2015
Marilyn Jo Drake	County Auditor	Jan 2013
Lea Voss	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

**(After January 2013)**

Scott Belt	Board of Supervisors	Jan 2015
Loren Knauss	Board of Supervisors	Jan 2015
Lynn Leaders	Board of Supervisors	Jan 2015
Lynn Grobe	Board of Supervisors	Jan 2017
Melvyn Houser	Board of Supervisors	Jan 2017
Marilyn Jo Drake	County Auditor	Jan 2017
Lea Voss	County Treasurer	Jan 2015
John F. Sciortino	County Recorder	Jan 2015
Jeffrey Danker	County Sheriff	Jan 2017
Matthew Wilber	County Attorney	Jan 2015
Bill Kealy	County Assessor	Jan 2016



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Independent Auditor's Report

To the Officials of Pottawattamie County:

Report on the Financial Statements

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, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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 as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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.


The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2014 on our consideration of Pottawattamie County's internal control over financial reporting and on 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 in considering Pottawattamie County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2014

**Pottawattamie County**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2013 FINANCIAL HIGHLIGHTS

- Pottawattamie County's governmental activities revenues decreased 5.2%, or approximately \$3,385,000, from fiscal year 2012 (FY12). This includes an increase in property and other county tax of approximately \$1,261,000, tax increment financing decreased approximately \$186,000, charges for service decreased approximately \$155,000, operating grants, contributions and restricted interest decreased approximately \$2,798,000, capital grants, contributions and restricted interest decreased approximately \$1,090,000 and gain on disposition of capital assets increased approximately \$71,000.
- Pottawattamie County's governmental activities expenses decreased 2.6%, or approximately \$1,771,000, from FY12. Public safety and legal services expenses increased approximately \$1,537,000, mental health expenses decreased approximately \$6,035,000, roads and transportation expenses increased approximately \$778,000, county environment and education expenses increased approximately \$907,000, administration expenses increased approximately \$739,000 and interest on long-term debt decreased approximately \$86,000.
- Pottawattamie County's net position decreased approximately \$3,967,000 from the restated balance at June 30, 2012.
- As of the close of FY13, Pottawattamie County had ending fund balances of \$5,280,369 in the General Fund, \$3,743,659 in the Special Revenue, Mental Health Fund, \$656,775 in the Special Revenue, Rural Services Fund, \$8,634,778 in the Special Revenue, Secondary Roads Fund and \$370,807 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 Position 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 financial 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.

*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 Position 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 Position 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, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are displayed in the Statement of Net Position 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 three kinds of funds:

1) *Governmental funds* account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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) The *proprietary fund* accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally amount the County's various functions.

The required financial statements for the proprietary fund include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for 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.

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

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. Pottawattamie County's net position at the end of FY13 totaled approximately \$93.1 million. This compares to the restated FY12 balance of approximately \$97.1 million. The analysis that follows focuses on the net position of governmental activities.

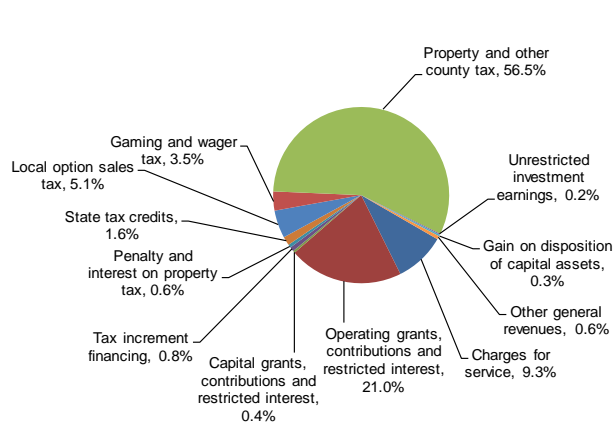
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 63,464	\$ 69,328
Capital assets	87,999	91,576
Total assets	151,463	160,904
Long-term liabilities	18,425	21,530
Other liabilities	39,940	42,309
Total liabilities	58,365	63,839
Net position:		
Net investment in capital assets	72,851	76,178
Restricted	16,607	14,201
Unrestricted	3,640	6,686
Total net position	\$ 93,098	\$ 97,065

Net position of Pottawattamie County's governmental activities decreased approximately \$3,967,000 from the FY12 restated balance. The largest portion of the County's net position 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. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a restated balance of approximately \$6.7 million at June 30, 2012 to approximately \$3.6 million at the end of this year, a decrease of 45.6%.

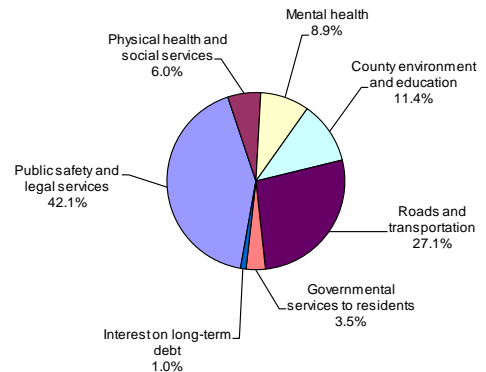
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 5,790	\$ 5,945
Operating grants, contributions and restricted interest	13,068	15,866
Capital grants, contributions and restricted interest	278	1,368
<b>General revenues:</b>		
Property and other county tax	35,039	33,778
Tax increment financing	496	682
Penalty and interest on property tax	366	379
State tax credits	982	807
Local option sales tax	3,175	3,057
Unrestricted investment earnings	109	199
Gaming and wagering tax	2,182	2,217
Gain on disposition of capital assets	197	126
Insurance proceeds	-	797
Other general revenues	402	248
<b>Total revenues</b>	<b>62,084</b>	<b>65,469</b>
<b>Program expenses:</b>		
Public safety and legal services	24,666	23,129
Physical health and social services	3,511	3,230
Mental health	5,250	11,285
County environment and education	6,670	5,763
Roads and transportation	15,902	15,124
Governmental services to residents	2,060	1,952
Administration	7,379	6,640
Interest on long-term debt	613	699
<b>Total expenses</b>	<b>66,051</b>	<b>67,822</b>
<b>Change in net position</b>	<b>(3,967)</b>	<b>(2,353)</b>
<b>Net position beginning of year, as restated</b>	<b>97,065</b>	<b>99,418</b>
<b>Net position end of year</b>	<b>\$ 93,098</b>	<b>97,065</b>

**Revenues by Source**



**Expenses by Program**



Pottawattamie County's net position of governmental activities decreased approximately \$3,967,000 during the year. Revenues decreased approximately \$3,385,000 and expenses decreased approximately \$1,771,000.

Pottawattamie County's property tax levy rates increased \$.10922 per \$1,000 of taxable valuation for the mental health levy, increased \$.04222 per \$1,000 of taxable valuation for the general supplemental levy and increased \$.20352 per \$1,000 of taxable valuation for the total levy. The countywide taxable property valuation increased \$55,296,348.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$21,370,153, which is \$1,879,296 less than the combined fund balance of \$23,249,449 at the end of FY12.

The General Fund, the operating fund for Pottawattamie County, ended FY13 with a \$5,280,369 ending fund balance. This was a decrease of \$2,786,818 from FY12's ending fund balance. Taxable property valuation increased from FY12 to FY13 and the general supplemental levy rate increased from \$1.97739 per \$1,000 of taxable valuation in FY12 to \$2.01961 per \$1,000 of taxable valuation in FY13. Property and other county tax increased due to the increase in property valuation and levy rate. Expenditures increased primarily due to operating expenditures countywide, E-911 operations and maintenance changes, mental health and case management changes and an increased County contribution for emergency management.

Pottawattamie County continues to try to effectively manage the cost of mental health services. Mental health expenditures decreased \$6,046,850, or 53.6%, in FY13 from FY12 due to a reorganization of mental health statewide. The Special Revenue, Mental Health Fund ending balance for FY13 was \$3,743,659, an increase of \$1,967,812 over FY12. The \$1.13887 per \$1,000 of taxable valuation FY13 tax levy was \$.10922 per \$1,000 of taxable valuation more than the FY12 levy rate of \$1.02965 per \$1,000 of taxable valuation.

The Special Revenue, Rural Services Fund ended FY13 with a \$656,775 balance compared to the prior year ending balance of \$464,182. Property valuation increased from FY12 to FY13 and the levy rate increased from \$3.09948 per \$1,000 of taxable valuation in FY12 to \$3.15948 per \$1,000 of taxable valuation in FY13. Rural Services Fund expenditures increased \$1,632,006 from FY12 to FY13, primarily due to Hazard Mitigation Grant expenditures related to the 2011 summer flooding.

The Special Revenue, Secondary Roads Fund ended FY13 with an \$8,634,778 balance compared to the prior year ending balance of \$7,417,408. Secondary Roads Fund expenditures decreased \$1,485,108 from FY12, mainly due to less projects in fiscal year 2013. 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 FY13 with a \$370,807 balance compared to the prior year ending balance of \$186,719. The increase was due to transfers from the Capital Projects Fund for the payoff of the general obligation refunding notes. The debt service levy did not significantly change.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Pottawattamie County amended its budget three times. The first amendment was made in October 2012 and resulted in an increase in budgeted disbursements of \$1,450,000, with the entire amount related to capital projects.

The second amendment was made in March 2013 and resulted in an increase in budgeted disbursements of \$850,000, primarily for storm damage and an increase in the juvenile detention shelter care contribution.

The third amendment was made in May 2013 and resulted in an increase in budgeted disbursements of \$627,800, related to an additional county conservation grant as well as additional forfeiture fund revenues and expenditures.

The County's receipts were \$13,244,981 less than budgeted. Miscellaneous and intergovernmental receipts were approximately \$1,292,000 and \$11,905,000, respectively, less than the amended budget, primarily due to changes in grants and delays in grant disbursements and reimbursements.

Total disbursements were \$18,223,114 less than the amended budget. Actual disbursements for the county environment and education, mental health and capital projects functions were approximately \$7,630,000, \$5,019,000 and \$3,944,000, respectively, less than budgeted. These differences were due to grant projects being extended, changes in mental health and case management funding and capital projects continuing into the next fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY13, Pottawattamie County had approximately \$87,999,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease of approximately \$3,577,000 from the FY12 balance, due mainly to increases in the County's depreciation.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 5,265	5,265
Intangibles, not amortized	3,993	3,993
Construction in progress	96	269
Buildings and improvements	23,589	23,973
Equipment and vehicles	20,925	22,848
Intangibles, amortized	36	112
Infrastructure	34,095	35,116
Total	\$ 87,999	91,576

Pottawattamie County had depreciation/amortization expense of \$6,065,498 in FY13 and total accumulated depreciation/amortization of approximately \$74.2 million on the capital assets at the end of FY13. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At the end of FY13, Pottawattamie County had approximately \$15,835,000 of long-term debt outstanding compared to approximately \$19,350,000 outstanding at the end of FY12, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
General obligation bonds	\$ 4,525	4,115
General obligation refunding notes	-	990
Airport road agreement	-	330
General obligation capital loan notes	11,310	13,885
Farm to market loans	-	30
Total	\$ 15,835	19,350



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 \$384 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Pottawattamie County's elected and appointed officials and citizens considered many factors when setting the FY14 budget, tax rates and fees which 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 FY14. Budgeted expenditures for FY14 are \$86,635,607, an increase of \$484,035 from the FY13 amended budget.

### **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. 6<sup>th</sup> Street, Council Bluffs, Iowa 51501 or by telephone at (712) 328-5700.

**Pottawattamie County**

## **Basic Financial Statements**

**Exhibit A**

Pottawattamie County  
Statement of Net Position  
June 30, 2013

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 20,759,228
Receivables:	
Property tax:	
Delinquent	117,343
Succeeding year	37,285,000
Interest and penalty on property tax	439,160
Accounts	440,467
Due from other governments	3,029,159
Inventories	999,703
Prepaid items	394,442
Capital assets, not being depreciated/amortized	9,354,003
Capital assets, net of accumulated depreciation/amortization	<u>78,645,045</u>
<b>Total assets</b>	<u>151,463,550</u>
<b>Liabilities</b>	
Accounts payable	1,216,354
Accrued interest payable	43,547
Salaries and benefits payable	1,075,640
Due to other governments	319,397
Deferred revenue:	
Succeeding year property tax	37,285,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	635,000
General obligation capital loan notes	2,640,000
Compensated absences	1,317,741
Portion due or payable after one year:	
General obligation bonds	3,890,000
General obligation capital loan notes	8,670,000
Compensated absences	770,575
Net OPEB liability	<u>502,000</u>
<b>Total liabilities</b>	<u>58,365,254</u>
<b>Net Position</b>	
Net investment in capital assets	72,851,357
Restricted for:	
Supplemental levy purposes	1,270,595
Mental health purposes	3,622,191
Rural services purposes	815,000
Secondary roads purposes	8,405,341
Debt service	339,244
Other purposes	2,154,543
Unrestricted	<u>3,640,025</u>
<b>Total net position</b>	<u>\$ 93,098,296</u>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Contributions and Restricted Interest	Operating Grants, Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 24,665,767	3,208,271	605,135	-	(20,852,361)
Physical health and social services	3,511,396	246,713	1,214,988	-	(2,049,695)
Mental health	5,249,836	-	2,485,604	-	(2,764,232)
County environment and education	6,669,750	517,343	2,712,456	277,775	(3,162,176)
Roads and transportation	15,901,767	-	5,506,966	-	(10,394,801)
Governmental services to residents	2,059,587	1,487,875	296	-	(571,416)
Administration	7,379,029	330,081	542,486	-	(6,506,462)
Interest on long-term debt	613,410	-	-	-	(613,410)
<b>Total</b>	<b>\$ 66,050,542</b>	<b>5,790,283</b>	<b>13,067,931</b>	<b>277,775</b>	<b>(46,914,553)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					31,370,904
Debt service					3,668,555
Tax increment financing					496,143
Penalty and interest on property tax					365,930
State tax credits					981,821
Local option sales tax					3,174,885
Gaming and wagering tax					2,182,160
Grants and contributions not restricted to specific purposes					149,354
Unrestricted investment earnings					108,809
Gain on disposition of capital assets					196,644
Miscellaneous					252,586
<b>Total general revenues</b>					<b>42,947,791</b>
Change in net position					(3,966,762)
Net position beginning of year, as restated					97,065,058
Net position end of year					<b>\$ 93,098,296</b>
See notes to financial statements.					

Pottawattamie County

Balance Sheet  
Governmental Funds

June 30, 2013

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 5,440,235	3,800,501	458,829	7,177,036
Receivables:				
Property tax:				
Delinquent	76,959	15,879	12,520	-
Succeeding year	24,131,000	4,262,000	4,758,000	-
Interest and penalty on property tax	439,160	-	-	-
Accounts	303,353	1,257	28,553	4,070
Due from other governments	737,689	347,216	483,195	1,226,807
Inventories	-	-	-	999,703
Prepaid items	365,619	-	-	28,823
<b>Total assets</b>	<b>\$ 31,494,015</b>	<b>8,426,853</b>	<b>5,741,097</b>	<b>9,436,439</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 451,785	172,007	30,379	478,203
Salaries and benefits payable	896,373	11,476	34,549	133,242
Due to other governments	67,085	207,903	4,796	243
Deferred revenue:				
Succeeding year property tax	24,131,000	4,262,000	4,758,000	-
Other	667,403	29,808	256,598	189,973
Total liabilities	26,213,646	4,683,194	5,084,322	801,661
Fund balances:				
Nonspendable:				
Inventories	-	-	-	999,703
Prepaid items	365,619	-	-	28,823
Restricted for:				
Supplemental levy purposes	1,446,399	-	-	-
Mental health purposes	-	3,743,659	-	-
Rural services purposes	-	-	649,275	-
Secondary roads purposes	-	-	-	7,606,252
Drainage warrants/drainage improvement certificates	-	-	-	-
Conservation land acquisition/capital improvements	92,603	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	39,483	-	7,500	-
Assigned for:				
Property tax relief	568,955	-	-	-
County Attorney's Office	93,849	-	-	-
Land purchase	64,058	-	-	-
Flood and erosion	123,605	-	-	-
Conservation structures	118,143	-	-	-
Unassigned	2,367,655	-	-	-
Total fund balances	5,280,369	3,743,659	656,775	8,634,778
<b>Total liabilities and fund balances</b>	<b>\$ 31,494,015</b>	<b>8,426,853</b>	<b>5,741,097</b>	<b>9,436,439</b>

See notes to financial statements.

Debt Service	Nonmajor	Total
378,807	2,487,630	19,743,038
11,985	-	117,343
3,453,000	681,000	37,285,000
-	-	439,160
-	103,234	440,467
-	234,252	3,029,159
-	-	999,703
-	-	394,442
<u>3,843,792</u>	<u>3,506,116</u>	<u>62,448,312</u>
8,000	75,980	1,216,354
-	-	1,075,640
-	39,370	319,397
3,453,000	681,000	37,285,000
11,985	26,001	1,181,768
<u>3,472,985</u>	<u>822,351</u>	<u>41,078,159</u>
-	-	999,703
-	-	394,442
-	-	1,446,399
-	-	3,743,659
-	-	649,275
-	-	7,606,252
-	10,754	10,754
-	-	92,603
370,807	-	370,807
-	687,309	687,309
-	1,985,702	2,032,685
-	-	568,955
-	-	93,849
-	-	64,058
-	-	123,605
-	-	118,143
-	-	2,367,655
<u>370,807</u>	<u>2,683,765</u>	<u>21,370,153</u>
<u>3,843,792</u>	<u>3,506,116</u>	<u>62,448,312</u>

**Pottawattamie County**



Pottawattamie County  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Position

June 30, 2013

<b>Total governmental fund balances (page 21)</b>	<b>\$ 21,370,153</b>
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
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 \$162,165,069 and the accumulated depreciation/amortization is \$74,166,021.	87,999,048
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	1,181,768
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,016,190
Long-term liabilities, including bonds payable, notes 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.	<u>(18,468,863)</u>
<b>Net position of governmental activities (page 18)</b>	<b><u><u>\$ 93,098,296</u></u></b>

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 24,465,176	4,597,402	4,469,456	-
Local option sales tax	-	-	476,233	2,222,420
Interest and penalty on property tax	376,744	-	-	-
Intergovernmental	5,229,402	2,525,858	1,583,607	7,299,332
Licenses and permits	575	-	257,502	3,735
Charges for service	2,596,265	-	33,848	47,417
Use of money and property	123,302	-	1,570	-
Miscellaneous	532,089	74,486	5,908	66,629
<b>Total revenues</b>	<b>33,323,553</b>	<b>7,197,746</b>	<b>6,828,124</b>	<b>9,639,533</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	20,992,481	-	212,642	-
Physical health and social services	3,278,825	-	193,059	-
Mental health	-	5,229,934	-	-
County environment and education	2,151,281	-	2,482,945	-
Roads and transportation	-	-	-	12,574,966
Governmental services to residents	2,106,359	-	4,160	-
Administration	7,028,198	-	3,000	-
Debt service	-	-	-	-
Capital projects	86,565	-	-	53,584
<b>Total expenditures</b>	<b>35,643,709</b>	<b>5,229,934</b>	<b>2,895,806</b>	<b>12,628,550</b>
Excess (deficiency) of revenues over (under) expenditures	(2,320,156)	1,967,812	3,932,318	(2,989,017)
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	300,000	4,206,387
Operating transfers out	(466,662)	-	(4,039,725)	-
General obligation bonds issued	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(466,662)</b>	<b>-</b>	<b>(3,739,725)</b>	<b>4,206,387</b>
Change in fund balances	(2,786,818)	1,967,812	192,593	1,217,370
Fund balances beginning of year	8,067,187	1,775,847	464,182	7,417,408
Fund balances end of year	\$ 5,280,369	3,743,659	656,775	8,634,778

See notes to financial statements.

Debt Service	Nonmajor	Total
3,666,387	496,143	37,694,564
-	476,232	3,174,885
-	-	376,744
98,601	598,787	17,335,587
-	-	261,812
-	18,354	2,695,884
56,305	12,149	193,326
-	1,028,896	1,708,008
3,821,293	2,630,561	63,440,810
-	162,565	21,367,688
-	560	3,472,444
-	-	5,229,934
-	1,860,583	6,494,809
-	-	12,574,966
-	-	2,110,519
-	-	7,031,198
4,642,100	-	4,642,100
-	3,118,099	3,258,248
4,642,100	5,141,807	66,181,906
(820,807)	(2,511,246)	(2,741,096)
1,004,895	-	5,511,282
-	(1,004,895)	(5,511,282)
-	865,000	865,000
-	(3,200)	(3,200)
1,004,895	(143,095)	861,800
184,088	(2,654,341)	(1,879,296)
186,719	5,338,106	23,249,449
370,807	2,683,765	21,370,153

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, 2013

**Change in fund balances - Total governmental funds (page 25)** \$(1,879,296)

**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. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 2,292,195	
Depreciation/amortization expense	<u>(6,065,498)</u>	(3,773,303)

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. 196,644

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	23,198	
Other	<u>(1,576,872)</u>	(1,553,674)

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

Issued	(865,000)	
Repaid	<u>4,379,840</u>	3,514,840

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	(343,621)	
Interest on long-term debt	8,690	
Net OPEB liability	<u>(66,000)</u>	(400,931)

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (71,042)

**Change in net position of governmental activities (page 19)** \$(3,966,762)

See notes to financial statements.

Pottawattamie County  
Statement of Net Position  
Proprietary Fund

June 30, 2013

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 1,016,190</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 1,016,190</u>
See notes to financial statements.	

Pottawattamie County  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2013

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 6,216,220
Miscellaneous		14,509
Total operating revenues		<u>6,230,729</u>
Operating expenses:		
Medical claims	\$ 733,479	
Administrative and other fees	53,992	
Insurance premiums	<u>5,515,838</u>	<u>6,303,309</u>
Operating loss		(72,580)
Non-operating revenues:		
Interest income		<u>1,538</u>
Net loss		(71,042)
Net position beginning of year, as restated		<u>1,087,232</u>
Net position end of year		<u><u>\$ 1,016,190</u></u>
See notes to financial statements.		

Pottawattamie County

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2013

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$6,216,220
Cash received from miscellaneous operations	14,509
Cash paid for medical claims	(733,479)
Cash paid for administrative and other fees	(53,992)
Cash paid for insurance premiums	(5,515,838)
Net cash used by operating activities	<u>(72,580)</u>
Cash flows from investing activities:	
Interest on investments	1,538
Net decrease in cash and cash equivalents	(71,042)
Cash and cash equivalents beginning of year, as restated	<u>1,087,232</u>
Cash and cash equivalents end of year	<u><u>\$ 1,016,190</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss and net cash used by operating activities	<u><u>\$ (72,580)</u></u>

See notes to financial statements.

Pottawattamie County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 6,449,167
Other County officials	277,655

Receivables:

Property tax:

Delinquent	415,000
Succeeding year	121,958,000

Accounts	60,815
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Special assessments	1,863,423
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Drainage assessments	552,776
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Due from other governments	453,278
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Prepaid items	53,663
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<b>Total assets</b>	<u>132,083,777</u>
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**Liabilities**

Accounts payable	20,276
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Stamped warrants payable	542,247
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Salaries and benefits payable	79,828
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Due to other governments	130,246,457
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Trusts payable	881,631
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Compensated absences	313,338
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<b>Total liabilities</b>	<u>132,083,777</u>
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<b>Net position</b>	<u>\$ -</u>
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See notes to financial statements.



**Pottawattamie County**

Pottawattamie County

Notes to Financial Statements

June 30, 2013

**(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 Position (previously referred to as 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 Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization, and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities 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 Fund and the Special Revenue, Rural Services Fund 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:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 position 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 classifications – committed, assigned and then unassigned fund balance.

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

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

#### D. Assets, Liabilities and Fund Equity

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

Cash, Cash Equivalents 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.

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

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

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

Property tax revenue recognized in these funds 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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 are not yet due.

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories 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, intangibles 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 Position. 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/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Infrastructure	10 - 100
Buildings and improvements	10 - 50
Intangibles - Other	2 - 20
Equipment	3 - 20
Vehicles	3 - 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 Position 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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 Position.

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.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2013 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, 2013 consist of stocks and stock mutual funds with a fair value of \$88,284. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.



**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Rural Services	General	\$ 300,000
Secondary Roads	General	166,662
	Special Revenue:	
	Rural Services	4,039,725
		<u>4,206,387</u>
Debt Service	Capital Projects	1,004,895
Total		<u>\$ 5,511,282</u>

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Beginning Balance of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 5,265,114	-	-	5,265,114
Intangibles, road network	3,993,059	-	-	3,993,059
Construction in progress	269,414	1,055,747	1,229,331	95,830
Total capital assets not being depreciated/amortized	<u>9,527,587</u>	<u>1,055,747</u>	<u>1,229,331</u>	<u>9,354,003</u>
Capital assets being depreciated/amortized:				
Buildings	35,072,377	-	-	35,072,377
Improvements other than buildings	1,586,916	485,237	-	2,072,153
Equipment and vehicles	35,909,421	952,746	434,172	36,427,995
Intangibles, other	227,338	-	-	227,338
Infrastructure, road network	77,153,670	1,229,331	-	78,383,001
Infrastructure, other	628,202	-	-	628,202
Total capital assets being depreciated/amortized	<u>150,577,924</u>	<u>2,667,314</u>	<u>434,172</u>	<u>152,811,066</u>
Less accumulated depreciation/amortization for:				
Buildings	11,795,978	787,041	-	12,583,019
Improvements other than buildings	890,719	81,473	-	972,192
Equipment and vehicles	13,061,464	2,870,521	429,281	15,502,704
Intangibles, other	115,779	75,780	-	191,559
Infrastructure, road network	42,444,107	2,232,678	-	44,676,785
Infrastructure, other	221,757	18,005	-	239,762
Total accumulated depreciation/amortization	<u>68,529,804</u>	<u>6,065,498</u>	<u>429,281</u>	<u>74,166,021</u>
Total capital assets being depreciated/amortized, net	<u>82,048,120</u>	<u>(3,398,184)</u>	<u>4,891</u>	<u>78,645,045</u>
Governmental activities capital assets, net	<u>\$91,575,707</u>	<u>(2,342,437)</u>	<u>1,234,222</u>	<u>87,999,048</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 2,082,412
Physical health and social services	18,393
County environment and education	189,190
Roads and transportation	3,283,906
Governmental services to residents	81,059
Administration	410,538
Total depreciation/amortization expense - governmental activities	<u>\$ 6,065,498</u>

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

Fund	Description	Amount
General	Services	\$ 67,085
Special Revenue:		
Mental Health	Services	207,903
Rural Services	Services	4,796
Secondary Roads	Services	243
Nonmajor	Services	39,370
		<u>252,312</u>
Total for governmental funds		<u>\$ 319,397</u>
Agency:		
County Assessor	Collections	\$ 1,690,697
Schools		63,268,846
Community Colleges		4,206,842
Corporations		53,603,167
E911 Surcharge		1,747,861
Auto License and Use Tax		1,843,603
All other		3,885,441
Total for agency funds		<u>\$ 130,246,457</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 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	\$ 4,115,000	990,000	330,000	13,885,000	29,840	1,744,695	436,000	21,530,535
Increases	865,000	-	-	-	-	546,806	66,000	1,477,806
Decreases	455,000	990,000	330,000	2,575,000	29,840	203,185	-	4,583,025
Balance end of year	<u>\$ 4,525,000</u>	<u>-</u>	<u>-</u>	<u>11,310,000</u>	<u>-</u>	<u>2,088,316</u>	<u>502,000</u>	<u>18,425,316</u>
Due within one year	<u>\$ 635,000</u>	<u>-</u>	<u>-</u>	<u>2,640,000</u>	<u>-</u>	<u>1,317,741</u>	<u>-</u>	<u>4,592,741</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.

On April 16, 2013, the County issued \$865,000 of general obligation bonds with interest rates ranging from 0.3% to 0.9% per annum to pay costs of equipment, remodeling, reconstruction and additions or extensions to public buildings, 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			Issued April 16, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	3.00%	\$ 465,000	148,913	0.30%	\$ 170,000	5,473
2015	3.40	480,000	134,963	0.40	170,000	4,355
2016	3.80	500,000	118,643	0.50	175,000	3,675
2017	4.20	515,000	99,643	0.70	175,000	2,800
2018	4.40	540,000	78,013	0.90	175,000	1,575
2019-2020	4.60-4.75	1,160,000	82,516		-	-
Total		<u>\$ 3,660,000</u>	<u>662,691</u>		<u>\$ 865,000</u>	<u>17,878</u>

Year Ending June 30,	Totals		
	Principal	Interest	Total
2014	\$ 635,000	154,386	789,386
2015	650,000	139,318	789,318
2016	675,000	122,318	797,318
2017	690,000	102,443	792,443
2018	715,000	79,588	794,588
2019-2020	1,160,000	82,516	1,242,516
	<u>4,525,000</u>	<u>680,569</u>	<u>5,205,569</u>

During the year ended June 30, 2013, \$455,000 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.

During the year ended June 30, 2013, the \$990,000 remaining balance of the 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.

During the year ended June 30, 2013, the County paid \$370,000 to CBAA, which was \$40,000 more than the \$330,000 balance owed. The County has contacted CBAA to refund the overpayment and has recorded an accounts receivable in the financial statements for the amount due from CBAA.

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 of 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
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	3.60	735,000	26,460	3.75	1,175,000	90,423
2018		-	-	3.80	1,220,000	46,360
Total		<u>\$ 2,775,000</u>	<u>250,793</u>		<u>\$ 5,685,000</u>	<u>646,118</u>

Year Ending June 30,	Issued April 15, 2010			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
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		-	-	1,910,000	116,883	2,026,883
2018		-	-	1,220,000	46,360	1,266,360
Total		<u>\$ 2,850,000</u>	<u>121,145</u>	<u>11,310,000</u>	<u>1,018,056</u>	<u>12,328,056</u>

During the year ended June 30, 2013, \$2,575,000 of general obligation capital loan notes were retired.

Farm to Market Loans

The County loaned the City of Minden proceeds from the County’s farm to market funds held by the Iowa Department of Transportation (IDOT) for the City’s share of paving projects costs paid by the County. As the County receives payments on the loans from the City of Minden, the County repays the IDOT. The interest free loans were due through fiscal year 2013. The County paid the remaining balance of \$29,840 due from the City of Minden to the IDOT during the year ended June 30, 2013.

**(7) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% 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, 2013, 2012 and 2011 were \$2,211,570, \$2,040,898 and \$1,805,934, respectively, equal to the required contributions for each year.

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

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their dependents. There are 408 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, 2013, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 73,000
Interest on net OPEB obligation	20,000
Adjustment to annual required contribution	<u>(27,000)</u>
Annual OPEB cost	66,000
Contributions made	<u>-</u>
Increase in net OPEB obligation	66,000
Net OPEB obligation beginning of year	<u>436,000</u>
Net OPEB obligation end of year	<u>\$ 502,000</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, 2013.

For the year ended June 30, 2013, 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 79,910	0.0%	\$ 357,000
2012	79,000	0.0	436,000
2013	66,000	0.0	502,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$536,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$536,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$21,345,000 and the ratio of the UAAL to covered payroll was 2.5%. As of June 30, 2013, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 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 6%. 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 range from \$575 to \$1,357 per month for retirees less than age 65. All coverage ceases when the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation, if elected. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

The County is a member 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 679 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 at a level determined by the Board not to exceed 300% of 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, 2013 were \$525,172.

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 \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington 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, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% 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 \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Employee Health Insurance Plan**

The County self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and County contributions and is administered by Employee Benefit Systems (EBS) under an agreement which is subject to automatic renewal. The County self funds up to \$4,000 per individual or \$8,000 per family, with employees contributing the first \$750 and \$1,500, respectively. Administrative service fees and premiums are paid monthly from the County's operating funds to a separate account administered by EBS. During the year ended June 30, 2013, the County paid \$5,569,857 to the account.

**(11) Economic Development Agreements**

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 which began 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, 2013, the County's grant payments totaled \$192,560, bringing the cumulative principal and interest paid to \$2,743,980. The County is funding the economic development grant from gaming and wagering tax. The economic development payments to be made by the County under the agreement are conditioned upon an annual appropriation 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 of \$520,000 to the developer on June 1, 2010 through June 1, 2013 and a final payment of \$320,000 on June 1, 2014. The City of Shelby has agreed to construct and transfer ownership of a water storage facility to the developer. The City incurred \$575,000 in reimbursable costs to construct the water storage facility, which were paid in full as of June 30, 2011. During the year ended June 30, 2013, the County's payments totaled \$496,143, bringing the cumulative total to \$2,056,143.



**(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, 2013:

Additions:

Reimbursements from Counties:

Pottawattamie County	\$ 1,003,685	
Shelby County	32,355	
Harrison County	63,358	
Cass County	72,504	
Audubon County	18,465	
Mills County	56,070	
Montgomery County	87,070	
Fremont County	46,360	
Page County	30,152	\$ 1,410,019
State direct receiving grant		35,735
State reimbursement		249,172
Interest on investments		1,230
Iowa detention facility expense reimbursement		47,685
Adult waived juvenile fees		1,160
Miscellaneous		24,598
Total additions		<u>1,769,599</u>

Deductions:

Salaries	771,474	
Employee benefits	315,428	
Commodities and nutrition services	45,481	
Office supplies	14,122	
Communications and transportation	4,222	
Professional services	12,442	
Utilities	22,233	
Building repair and maintenance	46,835	
Insurance	60,968	
Refunds to counties	402,453	
Miscellaneous	4,011	1,699,669
Net		<u>69,930</u>
Balance beginning of year		814,407
Balance end of year		<u>\$ 884,337</u>

**(13) Voluntary Termination Benefit Program for the County Assessor's Office**

A voluntary termination benefit program has been established for County Assessor employees. The program allows 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:

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

The final calculated dollar value will be credited to the employee's Sick Leave Upon Retirement account. Each month, the County Assessor's Office will pay 100% of the employer'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 retiree's Sick Leave Upon Retirement balance is exhausted, the employee is eligible for Medicare or 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 \$170,038 has been recorded in the Agency, County Assessor Fund for this benefit program.

For the year ended June 30, 2013, one employee received benefits totaling \$14,187 during the year 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 year.

The total closure care costs for the County as of June 30, 2013 have been estimated at \$5,556. The County has restricted \$7,500 at June 30, 2013 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, 2013, the County applied credits of \$147,592, bringing the total credits applied to \$593,340. The amount to be applied in future years is \$448,639.

**(17) Subsequent Event**

On December 3, 2013, the County issued \$1,290,000 of general obligation bonds for building upgrades. The bonds shall bear interest payable December 1, 2014 and semiannually thereafter on the first of December and June in each year at rates ranging from 1.55% to 2.40% per annum. The first principal payment is payable on June 1, 2015.

**(18) Prior Period Restatement**

For the year ended June 30, 2013, the beginning net position in the Statement of Activities and the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position increased to include an Internal Service Fund not previously reported. The cash and cash equivalents beginning balance in the Statement of Cash Flows also increased. The restatement is as follows:

	<u>Statement of Activities</u>	<u>Internal Service Fund</u>	<u>Statement of Cash Flows</u>
Balances at June 30, 2012, as previously reported	\$ 95,977,826	-	-
Previously unreported Internal Service Fund	<u>1,087,232</u>	<u>1,087,232</u>	<u>1,087,232</u>
Balances at July 1, 2012, as restated	<u>\$ 97,065,058</u>	<u>1,087,232</u>	<u>1,087,232</u>

**Pottawattamie County**

**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, 2013

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 40,843,652	-	40,843,652
Interest and penalty on property tax	376,694	-	376,694
Intergovernmental	17,040,305	-	17,040,305
Licenses and permits	261,706	-	261,706
Charges for service	2,756,128	-	2,756,128
Use of money and property	196,498	8,513	187,985
Miscellaneous	2,286,070	72,828	2,213,242
Total receipts	<u>63,761,053</u>	<u>81,341</u>	<u>63,679,712</u>
<b>Disbursements:</b>			
Public safety and legal services	21,338,391	-	21,338,391
Physical health and social services	3,406,672	-	3,406,672
Mental health	6,487,768	-	6,487,768
County environment and education	7,010,209	46,290	6,963,919
Roads and transportation	12,611,554	-	12,611,554
Governmental services to residents	2,107,484	-	2,107,484
Administration	7,099,929	-	7,099,929
Debt service	3,637,204	-	3,637,204
Capital projects	4,275,537	-	4,275,537
Total disbursements	<u>67,974,748</u>	<u>46,290</u>	<u>67,928,458</u>
Excess (deficiency) of receipts over (under) disbursements	(4,213,695)	35,051	(4,248,746)
Other financing, sources, net	<u>861,800</u>	-	<u>861,800</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,351,895)	35,051	(3,386,946)
Balance beginning of year	<u>23,094,933</u>	<u>163,865</u>	<u>22,931,068</u>
Balance end of year	<u>\$ 19,743,038</u>	<u>198,916</u>	<u>19,544,122</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
41,280,862	41,280,862	(437,210)
304,500	304,500	72,194
28,720,719	28,945,719	(11,905,414)
214,850	214,850	46,856
2,431,975	2,431,975	324,153
241,806	241,806	(53,821)
3,354,981	3,504,981	(1,291,739)
<u>76,549,693</u>	<u>76,924,693</u>	<u>(13,244,981)</u>
21,663,898	21,988,898	650,507
3,546,519	3,794,319	387,647
11,506,284	11,506,284	5,018,516
14,394,271	14,594,271	7,630,352
12,627,855	12,627,855	16,301
2,348,981	2,348,981	241,497
6,527,018	7,232,018	132,089
3,838,946	3,838,946	201,742
6,770,000	8,220,000	3,944,463
<u>83,223,772</u>	<u>86,151,572</u>	<u>18,223,114</u>
(6,674,079)	(9,226,879)	4,978,133
-	-	861,800
(6,674,079)	(9,226,879)	5,839,933
<u>19,939,240</u>	<u>19,939,240</u>	<u>2,991,828</u>
<u>13,265,161</u>	<u>10,712,361</u>	<u>8,831,761</u>

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Pottawattamie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 63,761,053	(320,243)	63,440,810
Expenditures	67,974,748	(1,792,842)	66,181,906
Net	(4,213,695)	1,472,599	(2,741,096)
Other financing sources, net	861,800	-	861,800
Beginning fund balances	23,094,933	154,516	23,249,449
Ending fund balances	\$ 19,743,038	1,627,115	21,370,153

See accompanying independent auditor's report.



Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$2,927,800. 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, 2013, disbursements did not exceed the amounts budgeted.

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)
2010	July 1, 2008	-	\$ 1,589	1,589	0.00%	\$ 19,763	8.00%
2011	July 1, 2010	-	509	509	0.00	20,642	2.50
2012	July 1, 2010	-	509	509	0.00	20,582	2.50
2013	July 1, 2012	-	536	536	0.00	21,345	2.50

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

See accompanying independent auditor's report.

**Supplementary Information**

Pottawattamie County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2013

	Special					
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Con- servation District East
<b>Assets</b>						
Cash, cash equivalents and pooled investments	\$ 266,169	28,890	48,173	10,754	7,899	249,821
Receivables:						
Succeeding year property tax	-	-	-	-	-	-
Accounts	-	-	-	50	-	2,300
Due from other governments	25,835	-	1,475	25,866	-	25,835
<b>Total assets</b>	<b>\$ 292,004</b>	<b>28,890</b>	<b>49,648</b>	<b>36,670</b>	<b>7,899</b>	<b>277,956</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 3,651	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	-	25,916	-	-
Total liabilities	3,651	-	-	25,916	-	-
Fund balances:						
Restricted for:						
Drainage warrants/drainage improvement certificates	-	-	-	10,754	-	-
Capital projects	-	-	-	-	-	-
Other purposes	288,353	28,890	49,648	-	7,899	277,956
Total fund balances	288,353	28,890	49,648	10,754	7,899	277,956
<b>Total liabilities and fund balances</b>	<b>\$ 292,004</b>	<b>28,890</b>	<b>49,648</b>	<b>36,670</b>	<b>7,899</b>	<b>277,956</b>

See accompanying independent auditor's report.

Revenue									
Soil Conservation District West	Conservation Foundation	Urban Renewal Revenue	Animal Shelter Donations	County Attorney Drug Forfeiture	Special Law Enforcement	District Enhancement Area East	Community Improvement To Increase Economic Stability	Capital Projects	Total
179,069	188,162	323	27,676	382,707	384,247	51	11,350	702,339	2,487,630
-	-	681,000	-	-	-	-	-	-	681,000
-	-	-	-	-	-	-	60,884	40,000	103,234
25,835	-	-	-	27,228	102,178	-	-	-	234,252
204,904	188,162	681,323	27,676	409,935	486,425	51	72,234	742,339	3,506,116
-	-	-	835	16,464	-	-	-	55,030	75,980
-	-	-	-	1,620	-	-	37,750	-	39,370
-	-	681,000	-	-	-	-	-	-	681,000
-	-	-	-	85	-	-	-	-	26,001
-	-	681,000	835	18,169	-	-	37,750	55,030	822,351
-	-	-	-	-	-	-	-	-	10,754
-	-	-	-	-	-	-	-	687,309	687,309
204,904	188,162	323	26,841	391,766	486,425	51	34,484	-	1,985,702
204,904	188,162	323	26,841	391,766	486,425	51	34,484	687,309	2,683,765
204,904	188,162	681,323	27,676	409,935	486,425	51	72,234	742,339	3,506,116

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

Year ended June 30, 2013

	Special						
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Con- serva- tion District East	Soil Con- serva- tion District West
Revenues:							
Property and other county tax	\$ -	-	-	-	-	-	-
Local option sales tax	158,744	-	-	-	-	158,744	158,744
Intergovernmental	-	88,928	-	-	117	-	-
Charges for service	-	-	18,354	-	-	-	-
Use of money and property	-	70	66	-	-	-	-
Miscellaneous	100,000	-	-	-	-	-	-
Total revenues	258,744	88,998	18,420	-	117	158,744	158,744
Expenditures:							
Operating:							
Public safety and legal services	-	-	-	-	-	-	-
Physical health and social services	-	-	-	-	560	-	-
County environment and education	93,475	82,693	-	-	-	103,935	92,897
Capital projects	-	-	-	-	-	-	-
Total expenditures	93,475	82,693	-	-	560	103,935	92,897
Excess (deficiency) of revenues over (under) expenditures	165,269	6,305	18,420	-	(443)	54,809	65,847
Other financing sources (uses):							
Operating transfers out	-	-	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-
Discount on general obligation bonds issued	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	165,269	6,305	18,420	-	(443)	54,809	65,847
Fund balances beginning of year	123,084	22,585	31,228	10,754	8,342	223,147	139,057
Fund balances end of year	\$ 288,353	28,890	49,648	10,754	7,899	277,956	204,904

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 Enhance-ment Area East	Community Improvement To Increase Economic Stability	Capital Projects	Total
-	496,143	-	-	-	-	-	-	-	496,143
-	-	-	-	-	-	-	-	-	476,232
-	-	-	89,741	420,001	-	-	-	-	598,787
-	-	-	-	-	-	-	-	-	18,354
8,513	314	-	-	-	-	-	-	3,186	12,149
72,828	-	13,035	-	-	14,325	-	805,034	23,674	1,028,896
81,341	496,457	13,035	89,741	420,001	14,325	-	805,034	26,860	2,630,561
-	-	-	98,525	64,040	-	-	-	-	162,565
-	-	-	-	-	-	-	-	-	560
46,290	497,138	6,682	-	-	26,620	2,547	908,306	-	1,860,583
-	-	-	-	-	-	-	-	3,118,099	3,118,099
46,290	497,138	6,682	98,525	64,040	26,620	2,547	908,306	3,118,099	5,141,807
35,051	(681)	6,353	(8,784)	355,961	(12,295)	(2,547)	(103,272)	(3,091,239)	(2,511,246)
-	-	-	-	-	-	-	-	(1,004,895)	(1,004,895)
-	-	-	-	-	-	-	-	865,000	865,000
-	-	-	-	-	-	-	-	(3,200)	(3,200)
-	-	-	-	-	-	-	-	(143,095)	(143,095)
35,051	(681)	6,353	(8,784)	355,961	(12,295)	(2,547)	(103,272)	(3,234,334)	(2,654,341)
153,111	1,004	20,488	400,550	130,464	12,295	2,598	137,756	3,921,643	5,338,106
188,162	323	26,841	391,766	486,425	-	51	34,484	687,309	2,683,765

Pottawattamie County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	2,572	562,201	755,846	52,842	643,167
Other County officials	275,155	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	-	5,000	225,000	15,000	167,000
Succeeding year	-	259,000	1,423,000	62,288,000	4,139,000	52,793,000
Accounts	2,418	-	496	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 277,573</b>	<b>261,572</b>	<b>1,990,697</b>	<b>63,268,846</b>	<b>4,206,842</b>	<b>53,603,167</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	6,682	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	35,951	-	-	-
Due to other governments	245,195	261,572	1,690,697	63,268,846	4,206,842	53,603,167
Trusts payable	32,378	-	-	-	-	-
Compensated absences	-	-	257,367	-	-	-
<b>Total liabilities</b>	<b>\$ 277,573</b>	<b>261,572</b>	<b>1,990,697</b>	<b>63,268,846</b>	<b>4,206,842</b>	<b>53,603,167</b>

See accompanying independent auditor's report.



Townships	City Special Assessments	Special Assessments	SWI Juvenile Emergency Services Board	E911 Surcharge	Auto License and Use Tax	Other	Total	
	7,902	119,104	9,249	574,508	1,606,954	1,843,603	271,219	6,449,167
	-	-	-	2,500	-	-	-	277,655
	3,000	-	-	-	-	-	-	415,000
	1,040,000	-	-	-	-	16,000	121,958,000	
	-	-	-	57,554	-	347	60,815	
	-	1,029,057	834,366	-	-	-	1,863,423	
	-	-	-	-	-	552,776	552,776	
	-	-	-	257,916	88,671	-	106,691	453,278
	-	-	-	49,413	-	-	4,250	53,663
	1,050,902	1,148,161	843,615	884,337	1,753,179	1,843,603	951,283	132,083,777
	-	-	-	7,161	5,318	-	1,115	20,276
	-	-	-	-	-	-	542,246	542,246
	-	-	-	37,727	-	-	6,150	79,828
	1,050,902	1,148,161	-	802,832	1,747,861	1,843,603	376,779	130,246,457
	-	-	843,615	-	-	-	5,639	881,632
	-	-	-	36,617	-	-	19,354	313,338
	1,050,902	1,148,161	843,615	884,337	1,753,179	1,843,603	951,283	132,083,777

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

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 284,350	263,029	1,847,774	65,968,768	4,875,387	56,648,066
Additions:						
Property and other county tax	-	241,710	1,337,885	58,303,402	3,844,177	49,356,710
E911 surcharge	-	-	-	-	-	-
State tax credits	-	7,507	37,432	1,740,548	127,557	1,210,570
Intergovernmental	-	-	-	-	-	-
Office fees and collections	2,124,131	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,049,893	-	-	-	-	-
Miscellaneous	-	56	2,831	29,995	1,926	31,206
Total additions	<u>3,174,024</u>	<u>249,273</u>	<u>1,378,148</u>	<u>60,073,945</u>	<u>3,973,660</u>	<u>50,598,486</u>
Deductions:						
Agency remittances:						
To other funds	1,173,306	-	-	-	-	-
To other governments	861,044	250,730	1,235,225	62,773,867	4,642,205	53,643,385
Trusts paid out	1,146,451	-	-	-	-	-
Total deductions	<u>3,180,801</u>	<u>250,730</u>	<u>1,235,225</u>	<u>62,773,867</u>	<u>4,642,205</u>	<u>53,643,385</u>
Balances end of year	<u>\$ 277,573</u>	<u>261,572</u>	<u>1,990,697</u>	<u>63,268,846</u>	<u>4,206,842</u>	<u>53,603,167</u>

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
1,040,218	1,245,856	1,239,878	814,407	1,655,908	1,862,956	-	461,597	138,208,194
979,082	-	-	-	-	-	-	14,998	114,077,964
-	-	-	-	685,443	-	-	-	685,443
31,179	-	-	-	-	-	-	380	3,155,173
-	-	-	1,769,599	-	-	-	347,190	2,116,789
-	-	-	-	-	-	-	-	2,124,131
-	-	-	-	-	22,660,880	-	-	22,660,880
-	853,002	393,992	-	-	-	-	430,747	1,677,741
-	-	-	-	-	-	3,342,639	4,848	4,397,380
-	-	-	-	-	-	-	3,424	69,438
1,010,261	853,002	393,992	1,769,599	685,443	22,660,880	3,342,639	801,587	150,964,939
-	-	-	288,109	-	738,412	-	-	2,199,827
999,577	950,697	790,255	114,344	588,172	21,941,821	-	854,147	149,645,469
-	-	-	1,297,216	-	-	3,342,639	-	5,786,306
999,577	950,697	790,255	1,699,669	588,172	22,680,233	3,342,639	854,147	157,631,602
1,050,902	1,148,161	843,615	884,337	1,753,179	1,843,603	-	409,037	131,541,531

Pottawattamie County

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

For the Last Ten Years

	2013	2012	2011	2010
<b>Revenues:</b>				
Property and other county tax	\$ 37,694,564	36,691,020	35,723,484	32,789,867
Local option sales tax	3,174,885	3,057,227	3,235,122	2,670,586
Interest and penalty on property tax	376,744	318,477	414,271	351,370
Intergovernmental	17,335,587	17,905,091	19,562,312	21,344,671
Licenses and permits	261,812	187,760	208,229	274,843
Charges for service	2,695,884	2,737,391	2,541,245	2,472,731
Use of money and property	193,326	264,844	333,615	366,219
Miscellaneous	1,708,008	1,666,853	1,168,054	1,748,258
<b>Total</b>	<b>\$ 63,440,810</b>	<b>62,828,663</b>	<b>63,186,332</b>	<b>62,018,545</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 21,367,688	20,699,015	19,690,040	19,163,904
Physical health and social services	3,472,444	3,197,434	3,115,222	3,084,140
Mental health	5,229,934	11,276,784	9,446,510	9,007,878
County environment and education	6,494,809	5,668,115	5,674,072	5,450,475
Roads and transportation	12,574,966	11,503,354	10,438,155	11,023,675
Governmental services to residents	2,110,519	1,889,398	1,689,187	1,764,682
Administration	7,031,198	6,685,534	5,939,596	6,268,178
Debt service	4,642,100	3,826,036	3,832,133	9,647,748
Capital projects	3,258,248	2,790,082	3,054,456	10,667,991
<b>Total</b>	<b>\$ 66,181,906</b>	<b>67,535,752</b>	<b>62,879,371</b>	<b>76,078,671</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
29,728,916	27,495,386	26,912,334	25,299,088	24,020,368	22,581,335
3,043,404	2,753,544	2,838,150	3,212,180	2,548,453	2,531,583
344,333	356,284	367,473	324,973	424,956	319,773
19,330,150	21,421,683	19,200,492	14,796,318	14,894,659	15,286,787
1,300,866	249,417	79,260	77,036	80,369	81,539
2,612,651	2,441,290	2,329,394	2,474,318	2,357,948	2,961,916
667,913	1,208,059	1,517,486	1,199,544	785,044	352,015
2,872,115	2,430,096	1,815,332	1,979,269	1,027,912	1,263,788
59,900,348	58,355,759	55,059,921	49,362,726	46,139,709	45,378,736
18,066,898	16,846,481	15,730,880	15,344,223	14,629,633	13,554,635
2,823,430	2,737,240	2,661,811	2,726,533	2,573,703	2,449,827
9,074,447	10,399,127	8,235,723	7,583,258	7,208,328	7,266,366
6,027,498	4,328,580	4,546,987	4,597,686	2,815,719	2,613,891
10,813,416	9,713,450	9,896,065	9,090,186	7,654,396	8,916,835
1,906,468	1,728,610	1,505,405	2,007,331	1,387,910	1,345,719
7,803,198	5,884,988	6,613,224	4,967,738	5,769,591	4,948,132
2,651,674	2,116,214	1,654,668	1,848,183	1,978,668	1,900,241
4,462,404	7,269,540	3,121,579	1,602,230	1,368,193	1,803,575
63,629,433	61,024,230	53,966,342	49,767,368	45,386,141	44,799,221

**Schedule 6**

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Direct:			
U.S. Department of the Interior: National Wildlife Refuge Fund	15.659		\$ 1,234
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5882A052	141,455
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5882A091	11,036
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5883A052	352,615
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5883A091	23,341
			<u>528,447</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		69,549
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		507
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12-OT-003	157,972
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		26,990
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO78(161)-8J-78	3,726
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT378	76,303

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2013

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		326
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		16,033
Foster Care - Title IV-E	93.658		24,187
Adoption Assistance	93.659		6,739
Social Services Block Grant	93.667		21,031
Children's Health Insurance Program	93.767		267
Medical Assistance Program	93.778		69,383
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-1998-DRIA	347,759
Hazard Mitigation Grant	97.039	DR-1763-0044-01	30,000
Hazard Mitigation Grant	97.039	HMPG-DR-1998-004-01	784,033
			814,033
Emergency Management Performance Grants	97.042	EMPG-73-PT-78	39,000
Homeland Security Grant Program	97.067	2010-SS-T00031-03	1,829 *
Homeland Security Grant Program	97.067	EMW-2012-55-00028-04	7,069
			8,898
Total indirect			2,211,150
Total			\$ 2,212,384

\* Noncash award

**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**

Mary Mosiman, CPA  
Auditor of State

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Pottawattamie County:

We have audited 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, the 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, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pottawattamie County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pottawattamie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-13 through II-G-13 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, 2013 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 the Findings


Pottawattamie County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Pottawattamie County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

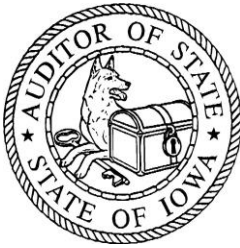
  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2014

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

**Pottawattamie County**



**OFFICE OF AUDITOR OF STATE**  
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Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Officials of Pottawattamie County:

Report on Compliance for Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2013. Pottawattamie County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Pottawattamie County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal programs. However, our audit does not provide a legal determination of Pottawattamie County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pottawattamie County complied, in all material respects, with the types of compliance 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, 2013.


## Report on Internal Control Over Compliance


The management of Pottawattamie County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pottawattamie County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2014

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

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

- (a) Unmodified 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 unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
  - CFDA Number 97.039 – Hazard Mitigation Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-13 Financial Reporting – Material amounts of bank balances, capital assets, revenues 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 bank balances, capital assets, revenues and receivables are identified and included or, if appropriate, not included in the County’s financial statements.

Response – Grant funds were inadvertently recorded as LOST funds. The County will monitor reports to ensure both revenues and receivables are reported properly. The County is now purchasing supplemental insurance and these balances will be reported. We will notify our auditors of any future bank balances which need to be included for report purposes. A new capital asset system and software is being implemented and the County will continue to ensure assets are properly reported.

Conclusion – Response accepted.

II-B-13 County Sheriff – The County Sheriff’s Jail Division does not prepare and review year-to-date spreadsheets of receipts and disbursements which are reconciled to the beginning and ending book balances of the jail accounts.

The County Sheriff’s Civil Division does not prepare year-to-date spreadsheets of receipts and disbursements. No reconciliations to beginning and ending book balances were prepared and no independent review was evident for the summary prepared.

Recommendation – The County Sheriff’s Jail Division should prepare year-to-date spreadsheets of receipts and disbursements for the inmate account. The beginning balances plus receipts minus disbursements should reconcile to the ending book balances. This reconciliation should be reviewed and approved by an independent employee, which should be documented by the reviewer’s signature or initials and the date of the review.

The County Sheriff’s Civil Division should implement procedures to ensure all activity for the civil account is properly reported and reconciled to ending book balances. This reconciliation should be reviewed and approved by an independent employee, with the review being documented by the reviewer’s signature or initials and the date of the review.

Responses –

Jail – The Jail Division has been preparing monthly spreadsheets of receipts and disbursements for the inmate account since November. The Jail Division will start a year-to-date spreadsheet of receipts and disbursements for the inmate account per the auditor’s request, which show the beginning balances plus receipts minus disbursements reconciling to the ending book balances. The reconciliation will be reviewed and approved by Jail administrative staff.



Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Civil – The Civil Division of the Sheriff's Office now prepares a report called Bank Statement on Hand Reconciliation, requested by the auditor, which shows the beginning and ending monthly book balances and is reviewed by an independent employee which is initialed and dated the day of the review. We cannot prepare a spreadsheet as the software company did not provide that form. It would be cost prohibitive to have the program modified.

Conclusions – Responses accepted.

II-C-13 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, 2013, 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 – A new County software system upgrade has been converted. Implementation of this software will assist us in adhering to the policies.

Conclusion – Response accepted.

II-D-13 Credit Cards – The County has credit cards for use by various employees while on County business. The County's employee handbook addresses the use of credit cards while on County business. The following items were noted:

- (1) The credit card policy states, "Employees are prohibited from using county credit cards for personal expenses, unless prior authorization is granted from your Department Head." The credit card policy should not allow for personal use of County credit cards.
- (2) The employee handbook states, "Meals shall only be reimbursed if an employee is required to stop for substantial sleep or rest to perform their jobs." For two claims tested relating to the Emergency Management Department, meals were purchased for travel which did not include an overnight stay.
- (3) The employee handbook states, "Employees shall submit itemized receipts to the Department Head or designee for all credit card purchases." For seven of 20 claims tested from various County departments, an itemized receipt was not submitted as required by County policy.

Recommendation – The County should amend its credit card policy to prohibit personal use of County credit cards. The County should ensure credit card purchases are in compliance with its policy and are properly supported by itemized receipts.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Response – No personal expenditures are paid by the County. However, we will address the policy to determine if appropriate changes need to be made. We will continue to require proper documentation for expenditures prior to payment and be more diligent in obtaining those receipts in a timely manner.

Conclusion – Response accepted.

- II-E-13 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. 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. During the year ended June 30, 2013, the County made a final payment of \$370,000 to CBAA, which was \$40,000 more than the County owed.

Recommendation – The County should work with the CBAA to collect the \$40,000 overpayment. In addition, the County should develop policies and procedures to ensure the proper payments are made on outstanding debt.

Response – Collection of the \$40,000 overpayment was addressed, collected and credited to the proper funds immediately following the discovery of the error. The clerical error was corrected and newly upgraded software has allowed more definitive reports to maintain those schedules.

Conclusion – Response accepted.

- II-F-13 County Recorder – The County Recorder prepares a monthly list of receipts. However, the list does not reconcile to monthly deposits.

Recommendation – The County Recorder should develop policies and procedures to ensure the listing of monthly receipts reconciles to monthly deposits.

Response – We will review the policies and procedures and try to reconcile the monthly receipts to monthly deposits.

Conclusion – Response accepted.

- II-G-13 Sam's Club Membership – The County participates in the Southwest Iowa Juvenile Emergency Services Board (SWIJES), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. During the fiscal year ended June 30, 2013, SWIJES purchased individual Sam's Club memberships for its employees rather than purchasing one membership. In addition, a spouse of an employee was given a personal membership at no additional cost to SWIJES.

Recommendation – SWIJES should develop policies and procedures related to the purchase of memberships, including obtaining one membership rather than individual memberships and only allowing membership for employees.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Response – The Sam’s Club membership is used to purchase facility supplies (food, cleaning supplies, etc.). The renewal date for the membership is in July and was renewed when the former Director was still employed. The former Director had his wife added to his card, which was a free option provided by Sam’s Club. Once the former Director resigned, he and his wife were removed from the membership and the facility began the practice to not allow family members on the membership. Currently, we have three administrative staff on the membership. It is necessary to have all three on the membership since any one of the three may need to make the run for supplies. Sam’s Club requires each individual have their own card with a picture of the person on the back, making it impossible to have just one card for the facility.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2013

**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, 2013

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

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted.

IV-B-13 Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid to	Purpose	Amount
American National Bank	Visa gift card for retirement	\$ 295
Corums	Plants for funeral service	136
Sam's Club	Cookie trays, coffee and silverware for breakroom	105
HyVee	Food and supplies for swearing in reception	60
Feuring Promotions, Inc.	Jacket given away at holiday party	48
Midwest Sports	Retirement gift	41
Gibbs Rental	Balloon bouquet for retirement party	15

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

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

Response – The County will endeavor to determine and document the public purpose served by these expenditures prior to authorization for further payments. The County shall work with the Human Resources director to address future policy.

Conclusion – Response accepted.

IV-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

IV-D-13 Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Kay Mocha, Director of Planning And Zoning, Husband owns Mocha and Sons Construction	Road repair, per bid	\$ 71,302
Jeremy Meyers, Building and Grounds employee	Mowing- Building and Grounds	500
Carolyn Stender, Auditor’s Office employee, Wife of Robert Stender	Tool sharpening - Buildings and Grounds	12

In accordance with Chapter 331.342(2)(J) of the Code of Iowa, the transactions for mowing and tool sharpening do not appear to represent a conflict of interest since the total transactions with the individual were less than \$1,500 during the fiscal year. The road repair by Mocha and Sons Construction does not appear to represent a conflict of interest since it was entered into through complete bid.

IV-E-13 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 coverage is adequate for current operations.

IV-F-13 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

The County’s publications of Board proceedings include 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.

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

Response – Pottawattamie County will continue to publish the Board minutes adopted by the Board with resolutions included in context.

Conclusion – Response acknowledged. The County should include the complete text of resolutions in the publication of minutes as required by the Code of Iowa.

IV-G-13 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.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- IV-H-13 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-13 Solid Waste Fees – During the year ended June 30, 2013, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.
- IV-J-13 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 care are at June 30, 2013 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.
- IV-K-13 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, 2013 did not exceed the amount budgeted.

During its September 2011 meeting, the East County Extension Council authorized a bank loan for \$20,000. Chapter 176A of Code of does not specifically allow the Agriculture Extension Council to enter into debt agreements.

Recommendation – The East County Extension Council should comply with Chapter 176A of the Code of Iowa. The Council should consult legal counsel to determine the disposition of this matter.

Response – The Extension Council paid \$19,927 on October 16, 2012 to close the line of credit. No additional advances have occurred since that date and the line of credit account with the bank has been closed.

Conclusion – Response accepted.

- IV-L-13 Conservation Credit Card Processing – The County made payments of \$1,510 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.” 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.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Response – Staff will contact credit card processor to inquire if current machines can compute a percentage. User fees will be reviewed by the Conservation Board this winter and fee options will be addressed at that time.

Conclusion – Response accepted.

IV-M-13 Tax Increment Financing (TIF) – The Urban Renewal Annual Report was not approved by the Board of Supervisors or filed by December 1, 2012 as required.

Recommendation – The County should develop procedures to ensure the Urban Renewal Annual Report is approved and filed timely.

Response – The Urban Renewal Annual Report is a shared report with the City of Shelby. The first year was a cooperative effort with the Department of Management (DOM) to achieve participation from both the City and Pottawattamie County. We were advised by the DOM the report would be accepted, without penalty, at such time both entities were able to approve the report. The report was filed December 20, 2012.

Conclusion – Response accepted.



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Pottawattamie County

Staff

This audit was performed by:

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