



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ April 1, 2009

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$131,426,905 for the year ended June 30, 2008, which included \$3,596,197 in tax credits from the state. The County forwarded \$105,786,465 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$25,640,440 of the local tax revenue to finance County operations, a 3.6 percent increase over the prior year. Other revenues included charges for service of \$6,924,912, operating grants, contributions and restricted interest of \$13,135,851, capital grants, contributions and restricted interest of \$6,830,626, local option sales tax of \$2,753,544, pari-mutuel and gaming wager tax of \$2,460,351, tax increment financing of \$216,869, unrestricted investment earnings of \$1,043,498 and other general revenues of \$1,912,672.

Expenses for County operations totaled \$54,316,999, a 6.9 percent increase over the prior year. Expenses included \$17,300,247 for public safety and legal services, \$12,264,766 for roads and transportation and \$10,409,728 for mental health.

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

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**POTTAWATTAMIE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2008**

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**Pottawattamie County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Melvyn Houser	Board of Supervisors	Jan 2009
Delbert King	Board of Supervisors	Jan 2009
Loren Knauss	Board of Supervisors	Jan 2011
Lynn Leaders	Board of Supervisors	Jan 2011
Roger Williams	Board of Supervisors	Jan 2011
Marilyn Jo Drake	County Auditor	Jan 2009
Judy Ann Miller	County Treasurer	Jan 2011
John F. Sciortino	County Recorder	Jan 2011
Jeffrey Danker	County Sheriff	Jan 2009
Matthew Wilber	County Attorney	Jan 2011
Steve Palm	County Assessor	Jan 2010

**Pottawattamie County**



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Independent Auditor's Report

To the Officials of Pottawattamie County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Pottawattamie County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

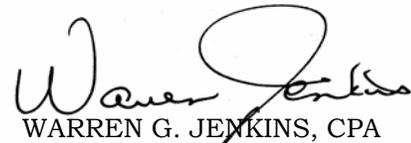
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County at June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2009, on our consideration of Pottawattamie County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 42 through 45 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pottawattamie County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets or capital assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 11, 2009

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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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Pottawattamie County's governmental activities revenue decreased 1.9%, or approximately \$1,167,000, from fiscal year 2007 (FY07). This includes increases in property and other county tax of approximately \$922,000 and operating grants, contributions and restricted interest of approximately \$1,301,000. Capital grants, contributions and restricted interest decreased approximately \$687,000 and gain on sale of land decreased approximately \$2.8 million.
- Pottawattamie County's governmental activities expenses increased 6.9%, or approximately \$3,522,000, over FY07. Mental health expenses increased \$2,165,113.
- Pottawattamie County's net assets increased approximately \$6.6 million over FY07.
- As of the close of FY08, Pottawattamie County had ending fund balances of \$12,128,803 in the General Fund, \$(477,490) in the Mental Health Fund, \$227,565 in the Rural Services Fund and \$6,776,227 in the Secondary Roads Fund.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and as other information, as follows:

*Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of the County's financial activities.

*The Government-wide Financial Statements* consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Pottawattamie County as a whole and present an overall view of the County's finances.

*The Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Pottawattamie County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Pottawattamie County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

*Notes to Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

*Required Supplementary Information* further explains and supports the financial statements with a comparison of the County's budget for the year.

*Other Supplementary Information* provides detailed information about the nonmajor governmental and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

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

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

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

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

### *The Fund Financial Statements*

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

The County has two kinds of funds:

1) *Governmental funds* account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These *governmental funds* include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a *balance sheet* and a *statement of revenues, expenditures and changes in fund balances*.

2) *Fiduciary funds* are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These *fiduciary funds* include Agency Funds that account for special assessments, emergency management services and the County Assessor, to name a few.

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

Summary reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Pottawattamie County's net assets at the end of FY08 totaled approximately \$89.9 million. This compares to FY07 at approximately \$83.3 million. The analysis that follows focuses on the changes of the net assets for our governmental activities.

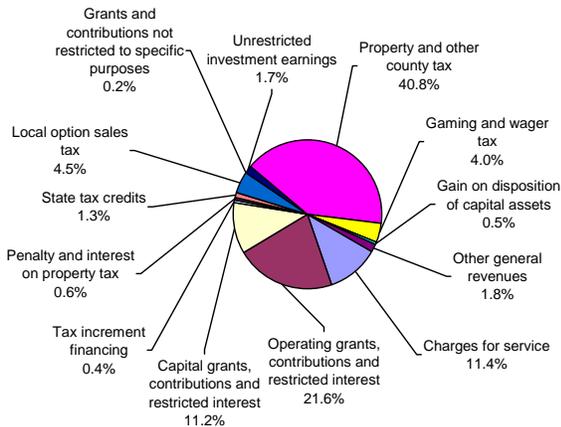
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 67,273	49,646
Capital assets	82,460	74,870
Total assets	149,733	124,516
Long-term liabilities	26,961	13,786
Other liabilities	32,825	27,385
Total liabilities	59,786	41,171
Net assets:		
Invested in capital assets, net of related debt	68,883	62,999
Restricted	11,404	11,117
Unrestricted	9,660	9,229
Total net assets	\$ 89,947	83,345

Net assets of Pottawattamie County's governmental activities increased approximately \$6.6 million from FY07. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for future spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements—increased from approximately \$9.2 million at June 30, 2007 to approximately \$9.7 million at the end of this year, an increase of 5%.

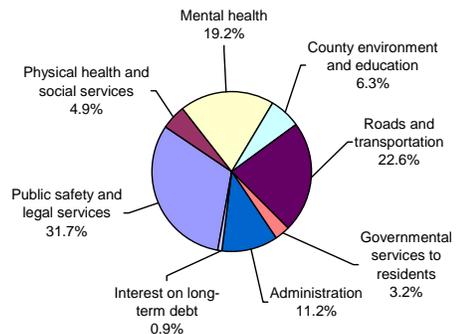
Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 6,925	6,807
Operating grants, contributions and restricted interest	13,136	11,835
Capital grants, contributions and restricted interest	6,831	7,518
General revenues:		
Property and other county tax	24,825	23,903
Tax increment financing	217	424
Penalty and interest on property tax	395	396
State tax credits	816	841
Local option sales tax	2,753	2,838
Grants and contributions not restricted to specific purposes	114	100
Unrestricted investment earnings	1,043	1,380
Gaming and wager tax	2,460	2,580
Gain on disposition of capital assets	306	469
Other general revenues	1,098	161
Special item - Gain on sale of land	-	2,834
Total revenues	60,919	62,086
Program expenses:		
Public safety and legal services	17,300	16,145
Physical health and social services	2,671	2,686
Mental health	10,410	8,245
County environment and education	3,400	3,811
Roads and transportation	12,265	11,840
Governmental services to residents	1,743	1,576
Administration	6,063	6,061
Interest on long-term debt	465	431
Total expenses	54,317	50,795
Increase in net assets	6,602	11,291
Net assets beginning of year	83,345	72,054
Net assets end of year	\$ 89,947	83,345

**Revenues by Source**



**Expenses by Program**



Pottawattamie County's net assets of governmental activities increased approximately \$6.6 million during the year. Revenues decreased approximately \$1.2 million and expenses increased approximately \$3.5 million.

Pottawattamie County's property tax levy rates increased for the rural levy by \$.0568 per \$1,000 of taxable valuation and decreased \$.08724 per \$1,000 of taxable valuation in the countywide levy. The rural assessed property valuation increased \$48,677,894 and the countywide assessed property valuation increased \$147,100,058.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$33,901,725, which is more than the \$20,105,534 combined fund balance at the end of FY07. This increase is primarily due to the receipt of grant moneys and the proceeds from the sale of general obligation capital loan notes reported in the Capital Projects Fund.

The General Fund, the operating fund for Pottawattamie County, ended FY08 with a \$12,128,803 ending balance. This was an increase from FY07's ending balance of \$9,815,771. The General Fund balance includes the gaming dollars earmarked for ongoing construction and remodeling of the courthouse and other county buildings, along with economic development and capital projects. Property valuation increased from \$3,060,511,156 in FY07 to \$3,207,611,214 in FY08. Although the combined general basic and general supplemental levy rate decreased from \$5.53383 per \$1,000 of taxable valuation in FY07 to \$5.45603 per \$1,000 of taxable valuation in FY08, property and other county tax increased due to the increase in property valuation.

Pottawattamie County continues to try to effectively manage the cost of mental health services. Mental health expenditures increased \$2,163,404, or 26%, in FY08 over FY07 due to increased services and the number of clients served. The Mental Health Fund ending balance for FY08 was a deficit of \$477,490, a decrease of \$1,640,975 from FY07. The \$1.09603 per \$1,000 of taxable valuation FY08 tax levy increased \$.01071 per \$1,000 of taxable valuation over the FY07 levy rate of \$1.08532 per \$1,000 of taxable valuation.

The Rural Services Fund ended FY08 with a \$227,565 balance compared to the prior year ending balance of \$333,272. Property valuation increased from \$995,040,241 in FY07 to \$1,043,718,135 in FY08. The levy rate increased from \$3.23963 per \$1,000 of taxable valuation in FY07 to \$3.29643 per \$1,000 of taxable valuation in FY08. Rural services expenditures increased \$226,197, or 22%, in FY08 over FY07. The increase in expenditures was mainly due to equipment purchases, contract services for building code services and an increase in contributions for rural library services.

The Secondary Roads Fund ended FY08 with a \$6,776,227 balance compared to the prior year ending balance of \$6,049,753. Secondary road expenditures decreased \$1,943,819 from FY07, mainly due to a significant decrease in capital projects work. The Department maintained approximately 1,500 miles of rock, dirt and paved roads during the year and continued work on construction projects.

The Debt Service Fund ended FY08 with a \$231,902 balance compared to the prior year ending balance of \$643,648. The decrease was due to an increase in expenditures for payment of debt. The increase in expenditures was primarily due to paying off the urban renewal revenue capital loan notes early in FY08.

The Capital Projects Fund ended FY08 with a \$12,815,283 balance compared to the prior year ending balance of \$2,487. The increase in the fund balance was due to the start of the E911 project with bond proceeds which have not yet been spent.

## **General Fund Budgetary Highlights**

Over the course of the year, Pottawattamie County amended the budget twice. The amendments were made in May and June 2008 and resulted in increases in budgeted disbursements of \$8,180,427. The amendments were made for anticipated additional disbursements in various departments and a change in function for various administrative projects and costs, along with a large amount of anticipated project costs.

The majority of the County's receipts were received as per the projected budget except for long-term debt proceeds for which the budget was amended. The County's receipts for intergovernmental were significantly higher than anticipated at budget time due to an increase in grant receipts, along with licenses and permits from a new source of permit revenue.

Total disbursements were \$7,582,940 less than the amended budget. The budget was amended to change the disbursement of certain funds from capital projects. The majority of those funds were not disbursed as anticipated. Other disbursements in the amendment were for Sheriff's department disbursements, increased mental health and administration disbursements, along with decreased county environment and education function disbursements. Actual disbursements were also \$3,320,220 less than budgeted for the capital projects function and the county environment and education function was \$2,751,767 less than budgeted.

The valuation of Pottawattamie County continues to steadily increase. The location of the County at the crossroads of I-80 and I-29 helps to attract business and industry which spur economic growth. Southwest Iowa Renewable Energy operates a large ethanol production plant in Lewis Township along I-29. Retail businesses continue to spur economic growth as well. Target has opened a retail business in Metro Crossing, a retail site located off I-29 in Council Bluffs. The three gaming industries are also very important to Pottawattamie County and help to spur economic growth. The County continues to use gaming dollars for tax relief for the General Fund and a capital plan supporting courthouse remodeling, land and equipment purchases and expansion of the County's economic development efforts. Also, Google is locating a large facility along Highway 92 and J.C. Penney has opened a large retail store at Marketplace, another retail site off I-80 and I-29.

Pottawattamie County continues to work toward completion of a large E911 project in an effort to improve safety for the citizens of the County. The purpose of the project is to erect, equip and remodel facilities, including seven E911 towers and the E911 area of the courthouse.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of FY08, Pottawattamie County had approximately \$82,460,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$7,590,000 over FY07, due mainly to increases in the County's road network infrastructure.

Pottawattamie County had depreciation expense of approximately \$4,555,000 in FY08 and total accumulated depreciation of approximately \$50,855,000 million on the capital assets at the end of FY08. 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 FY08, Pottawattamie County had \$25,675,000 in long-term debt outstanding compared to \$12,490,900 at the end of FY07, as shown below.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2008	2007
Urban renewal revenue capital loan notes	\$ -	620
General obligation refunding bonds	8,020	8,965
General obligation refunding notes	1,650	1,805
General obligation capital loan notes	15,245	-
Capital lease purchase agreements	-	201
Airport road agreement	760	900
<b>Total</b>	<b>\$ 25,675</b>	<b>12,491</b>

Outstanding debt increased as a result of the general obligation capital loan notes issued. Pottawattamie County's general obligation bond rating continues to carry the A1 rating assigned by Moody's Investors Service, a national rating agency. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the county's corporate limits. Pottawattamie County's outstanding general obligation debt is significantly below its constitutional debt limit of \$271 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 fiscal year 2009 budget, tax rates and fees that apply for the various County services. One of those factors is the economy.

The economy and unemployment indicators were taken into account when adopting the County budget for fiscal year 2009. Amounts available for appropriation are \$62,263,913, a decrease of \$3,129,528 from the 2008 amended budget. The decrease in the FY2009 budget is primarily due to fewer capital projects.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Pottawattamie County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pottawattamie County Auditor Marilyn Jo Drake or Deputy Auditor Donna West at the Pottawattamie County Auditor's Office, by mail at 227 S. 6<sup>th</sup> Street, Council Bluffs, Iowa 51501, or by telephone at (712) 328-5700.

**Pottawattamie County**

## **Basic Financial Statements**

**Exhibit A**

Pottawattamie County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 33,884,240
Receivables:	
Property tax:	
Delinquent	121,292
Succeeding year	27,413,000
Interest and penalty on property tax	368,429
Accounts	246,292
Accrued interest	56,451
Due from other governments	3,668,832
Inventories	1,162,408
Prepaid insurance	352,013
Capital assets - nondepreciable	15,092,958
Capital assets - depreciable (net of accumulated depreciation)	67,366,899
<b>Total assets</b>	<u>149,732,814</u>
<b>Liabilities</b>	
Accounts payable	3,556,452
Accrued interest payable	102,005
Salaries and benefits payable	529,391
Due to other governments	1,223,681
Deferred revenue:	
Succeeding year property tax	27,413,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation refunding bonds	990,000
General obligation refunding notes	160,000
Airport road agreement	20,000
General obligation capital loan notes	445,000
Compensated absences	878,661
Portion due or payable after one year:	
General obligation refunding bonds	7,030,000
General obligation refunding notes	1,490,000
Airport road agreement	740,000
General obligation capital loan notes	14,800,000
Compensated absences	407,612
<b>Total liabilities</b>	<u>59,785,802</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	68,882,946
Restricted for:	
Supplemental levy purposes	1,708,717
Secondary roads purposes	6,522,432
Debt service	137,490
Law enforcement	58,414
Closure and postclosure care	6,000
Capital projects	717,194
Other purposes	2,253,304
Unrestricted	9,660,515
<b>Total net assets</b>	<u>\$ 89,947,012</u>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 17,300,247	4,300,099	108,472	3,608,996	(9,282,680)
Physical health and social services	2,670,463	273,906	1,262,620	-	(1,133,937)
Mental health	10,409,728	61,026	5,168,029	-	(5,180,673)
County environment and education	3,400,254	497,012	1,014,228	251,896	(1,637,118)
Roads and transportation	12,264,766	104,323	5,390,228	2,969,734	(3,800,481)
Governmental services to residents	1,743,236	1,371,596	1,515	-	(370,125)
Administration	6,063,004	316,950	147,486	-	(5,598,568)
Interest on long-term debt	465,301	-	43,273	-	(422,028)
<b>Total</b>	<b>\$ 54,316,999</b>	<b>6,924,912</b>	<b>13,135,851</b>	<b>6,830,626</b>	<b>(27,425,610)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					\$ 23,631,056
Debt service					1,193,578
Tax increment financing					216,869
Penalty and interest on property tax					395,115
State tax credits					815,806
Local option sales tax					2,753,544
Grants and contributions not restricted to specific purposes					113,820
Unrestricted investment earnings					1,043,498
Pari-mutuel and gaming wager tax					2,460,351
Gain on disposition of capital assets					305,798
Miscellaneous					1,097,939
<b>Total general revenues</b>					<b>34,027,374</b>
Change in net assets					6,601,764
Net assets beginning of year					83,345,248
Net assets end of year					<b>\$ 89,947,012</b>

See notes to financial statements.

Pottawattamie County

Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments	\$ 11,346,921	1,710,068	177,911	4,886,116
Receivables:				
Property tax:				
Delinquent	83,902	16,855	12,581	-
Succeeding year	17,878,000	3,614,000	3,764,000	-
Interest and penalty on property tax	368,429	-	-	-
Accounts	168,630	6,619	3,471	29,592
Accrued interest	53,678	-	-	-
Due from other governments	1,120,505	385,582	83,601	1,294,580
Inventories	-	-	-	1,162,408
Prepaid insurance	275,219	-	-	76,794
<b>Total assets</b>	<b>\$ 31,295,284</b>	<b>5,733,124</b>	<b>4,041,564</b>	<b>7,449,490</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 345,228	1,374,859	20,588	568,674
Salaries and benefits payable	411,380	30,668	12,133	73,381
Due to other governments	41,105	1,135,706	3,607	5,445
Deferred revenue:				
Succeeding year property tax	17,878,000	3,614,000	3,764,000	-
Other	490,768	55,381	13,671	25,763
Total liabilities	19,166,481	6,210,614	3,813,999	673,263
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,805,948	-	-	-
Closure and postclosure care	-	-	6,000	-
Debt service	-	-	-	-
Law enforcement	58,414	-	-	-
Unreserved, designated for legal fees	1,000,000	-	-	-
Unreserved, reported in:				
General fund	9,264,441	-	-	-
Special revenue funds	-	(477,490)	221,565	6,776,227
Capital projects fund	-	-	-	-
Total fund balances	12,128,803	(477,490)	227,565	6,776,227
<b>Total liabilities and fund balances</b>	<b>\$ 31,295,284</b>	<b>5,733,124</b>	<b>4,041,564</b>	<b>7,449,490</b>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
231,541	13,302,747	2,228,936	33,884,240
7,954	-	-	121,292
1,904,000	-	253,000	27,413,000
-	-	-	368,429
-	-	37,980	246,292
-	-	2,773	56,451
-	714,646	69,918	3,668,832
-	-	-	1,162,408
-	-	-	352,013
2,143,495	14,017,393	2,592,607	67,272,957
-	1,202,110	44,993	3,556,452
-	-	1,829	529,391
-	-	37,818	1,223,681
1,904,000	-	253,000	27,413,000
7,593	-	55,532	648,708
1,911,593	1,202,110	393,172	33,371,232
-	-	-	1,805,948
-	-	-	6,000
231,902	-	-	231,902
-	-	-	58,414
-	-	-	1,000,000
-	-	-	9,264,441
-	-	2,199,435	8,719,737
-	12,815,283	-	12,815,283
231,902	12,815,283	2,199,435	33,901,725
2,143,495	14,017,393	2,592,607	67,272,957

**Pottawattamie County**

Pottawattamie County  
 Reconciliation of the Balance Sheet -  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2008

**Total governmental fund balances (page 19)** \$ 33,901,725

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$133,314,523 and the accumulated depreciation is \$50,854,666. 82,459,857

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 648,708

Long-term liabilities, including notes payable, bonds payable, airport road agreement payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (27,063,278)

**Net assets of governmental activities (page 16)** \$ 89,947,012

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 19,517,896	3,398,821	3,721,181	1,927,481
Interest and penalty on property tax	356,284	-	-	-
Intergovernmental	5,668,014	5,298,305	199,841	6,247,977
Licenses and permits	600	-	247,007	1,810
Charges for service	2,294,133	60,985	50,518	16,862
Use of money and property	1,062,660	-	87	450
Miscellaneous	1,521,411	41	4,110	85,738
<b>Total revenues</b>	<b>30,420,998</b>	<b>8,758,152</b>	<b>4,222,744</b>	<b>8,280,318</b>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	16,691,257	-	118,113	-
Physical health and social services	2,570,704	-	165,231	-
Mental health	-	10,399,127	-	-
County environment and education	1,874,547	-	939,999	-
Roads and transportation	-	-	-	9,713,450
Governmental services to residents	1,718,151	-	4,040	-
Administration	5,878,988	-	6,000	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,360,375
<b>Total expenditures</b>	<b>28,733,647</b>	<b>10,399,127</b>	<b>1,233,383</b>	<b>11,073,825</b>
Excess (deficiency) of revenues over (under) expenditures	1,687,351	(1,640,975)	2,989,361	(2,793,507)
<b>Other financing sources (uses):</b>				
Sale of capital assets	36,528	-	-	-
Operating transfers in	816	-	40,000	3,519,981
Operating transfers out	(694,913)	-	(3,135,068)	-
General obligation capital loan notes issued	-	-	-	-
Discount on capital loan notes	-	-	-	-
Special item - sale of land	1,283,250	-	-	-
<b>Total other financing sources (uses)</b>	<b>625,681</b>	<b>-</b>	<b>(3,095,068)</b>	<b>3,519,981</b>
Net change in fund balances	2,313,032	(1,640,975)	(105,707)	726,474
Fund balances beginning of year	9,815,771	1,163,485	333,272	6,049,753
Fund balances end of year	\$ 12,128,803	(477,490)	227,565	6,776,227

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,191,328	-	492,223	30,248,930
-	-	-	356,284
37,612	3,541,367	428,567	21,421,683
-	-	-	249,417
-	-	18,792	2,441,290
43,273	35,710	65,879	1,208,059
-	-	818,796	2,430,096
<u>1,272,213</u>	<u>3,577,077</u>	<u>1,824,257</u>	<u>58,355,759</u>
-	-	37,111	16,846,481
-	-	1,305	2,737,240
-	-	-	10,399,127
-	-	1,514,034	4,328,580
-	-	-	9,713,450
-	-	6,419	1,728,610
-	-	-	5,884,988
2,116,214	-	-	2,116,214
-	5,909,165	-	7,269,540
<u>2,116,214</u>	<u>5,909,165</u>	<u>1,558,869</u>	<u>61,024,230</u>
<u>(844,001)</u>	<u>(2,332,088)</u>	<u>265,388</u>	<u>(2,668,471)</u>
-	-	-	36,528
433,071	-	279,000	4,272,868
(816)	-	(442,071)	(4,272,868)
-	15,245,000	-	15,245,000
-	(100,116)	-	(100,116)
-	-	-	1,283,250
<u>432,255</u>	<u>15,144,884</u>	<u>(163,071)</u>	<u>16,464,662</u>
(411,746)	12,812,796	102,317	13,796,191
643,648	2,487	2,097,118	20,105,534
<u>231,902</u>	<u>12,815,283</u>	<u>2,199,435</u>	<u>33,901,725</u>

Pottawattamie County

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

Year ended June 30, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ 13,796,191

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

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

Expenditures for capital assets	\$ 9,361,637	
Capital assets contributed by the Iowa Department of Transportation and others	2,513,269	
Depreciation expense	<u>(4,554,542)</u>	7,320,364

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. 269,270

The governmental funds report the proceeds from the sale of land as a special item which increases financial resources. (1,283,250)

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	6,468	
Other	<u>(262,531)</u>	(256,063)

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

Issued	(15,245,000)	
Repaid	<u>2,060,900</u>	(13,184,100)

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	8,439	
Interest on long-term debt	<u>(69,087)</u>	<u>(60,648)</u>

**Change in net assets of governmental activities (page 17)** \$ 6,601,764

See notes to financial statements.

Pottawattamie County  
 Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2008

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 6,241,097
Other County officials	94,773
Receivables:	
Property tax:	
Delinquent	474,495
Succeeding year	103,272,000
Accounts	80,663
Special assessments	5,875,975
Drainage assessments	9,123
Due from other governments	269,556
Prepaid items	46,417
<b>Total assets</b>	<b>116,364,099</b>

**Liabilities**

Accounts payable	29,752
Stamped warrants payable	980
Salaries and benefits payable	37,186
Due to other governments	110,842,709
Trusts payable	5,333,841
Compensated absences	119,631
<b>Total liabilities</b>	<b>116,364,099</b>

<b>Net assets</b>	<b>\$ -</b>
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See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2007

**(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 that 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 this foundation have been displayed as a nonmajor governmental fund.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Pottawattamie County Assessor's Conference Board, Pottawattamie County Emergency Management Commission, Pottawattamie County Joint E911 Service Board and Southwest Iowa Juvenile Emergency Services Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	10 - 50
Infrastructure	10 - 100
Equipment	3 - 20
Vehicles	5 - 15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the debt service function. Also, disbursements in one department exceeded the amount appropriated and certain departments exceeded the amounts appropriated prior to appropriation amendments.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2008 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 County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Debt Service	\$ 816
Special Revenue:		
Rural Services	General	40,000
Secondary Roads	General	384,913
	Special Revenue:	
	Rural Services	3,135,068
Flood and Erosion	General	270,000
District Enhancement Area East	Special Revenue:	
	Soil Conservation District East	9,000
Debt Service	Urban Renewal Revenue	433,071
Total		<u>\$ 4,272,868</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, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,559,199	926,973	-	8,486,172
Construction in progress	5,016,353	9,562,384	7,971,951	6,606,786
Total capital assets not being depreciated	<u>12,575,552</u>	<u>10,489,357</u>	<u>7,971,951</u>	<u>15,092,958</u>
Capital assets being depreciated:				
Buildings	31,720,009	547,428	-	32,267,437
Improvements other than buildings	1,114,725	310,660	-	1,425,385
Equipment and vehicles	13,952,716	1,408,452	873,974	14,487,194
Infrastructure, road network	61,988,824	7,424,523	-	69,413,347
Infrastructure, other	628,202	-	-	628,202
Total capital assets being depreciated	<u>109,404,476</u>	<u>9,691,063</u>	<u>873,974</u>	<u>118,221,565</u>
Less accumulated depreciation for:				
Buildings	8,320,629	649,257	-	8,969,886
Improvements other than buildings	549,941	59,640	-	609,581
Equipment and vehicles	7,174,235	1,631,132	809,681	7,995,686
Infrastructure, road network	30,933,266	2,196,508	-	33,129,774
Infrastructure, other	131,734	18,005	-	149,739
Total accumulated depreciation	<u>47,109,805</u>	<u>4,554,542</u>	<u>809,681</u>	<u>50,854,666</u>
Total capital assets being depreciated, net	<u>62,294,671</u>	<u>5,136,521</u>	<u>64,293</u>	<u>67,366,899</u>
Governmental activities capital assets, net	<u>\$ 74,870,223</u>	<u>15,625,878</u>	<u>8,036,244</u>	<u>82,459,857</u>

Assets acquired for the communication towers project of \$365,937 in the fiscal year ended June 30, 2007 were previously capitalized as completed, but were reclassified this year as construction in progress since they were a part of the overall project.

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 716,423
Physical health and social services	26,647
Mental health	1,515
County environment and education	140,389
Roads and transportation	3,307,633
Governmental services to residents	49,410
Administration	312,525
Total depreciation expense - governmental activities	<u>\$ 4,554,542</u>

Equipment includes assets acquired under capital leases with a book value of \$282,120.

On January 26, 2006, the County entered into an agreement to sell a parcel of land to Southwest Iowa Renewable Energy, LLC for a total sales price of \$3,458,250. The County received \$2,175,000 on the closing date in July 2006, which was reported as a special item in the Statement of Revenues, Expenditures and Changes in Fund Balances for the year ended June 30, 2007. The balance of \$1,283,250 was due 180 days after ethanol production begins at the facility or January 31, 2008, whichever occurs first. Payment was received and is reported as revenue in the fund financial statements for the year ended June 30, 2008. The total gain on the sale of the land was \$2,833,815 and was reported as a special item in the Statement of Activities for the year ended June 30, 2007.

**(5) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 41,105
Special Revenue:		
Mental Health	Services	1,135,706
Rural Services	Services	3,607
Secondary Roads	Services	5,445
Nonmajor	Services	37,818
		<u>1,182,576</u>
Total for governmental funds		<u>\$ 1,223,681</u>
Agency:		
County Assessor	Collections	\$ 1,631,929
Schools		53,020,308
Community Colleges		2,858,023
Corporations		47,429,763
Auto License and Use Tax		1,514,143
E911 Surcharge		1,482,744
All other		2,905,799
Total for agency funds		<u>\$ 110,842,709</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Urban								Total
	Renewal Revenue Capital Loan Notes	General Obligation Refunding Bonds	General Obligation Refunding Notes	Capital Lease Purchase Agreements	Airport Road Agreement	General Obligation Capital Loan Notes	Compensated Absences		
Balance beginning of year	\$ 620,000	8,965,000	1,805,000	200,900	900,000	-	1,294,712	13,785,612	
Increases	-	-	-	-	-	15,245,000	1,279,771	16,524,771	
Decreases	620,000	945,000	155,000	200,900	140,000	-	1,288,210	3,349,110	
Balance end of year	\$ -	8,020,000	1,650,000	-	760,000	15,245,000	1,286,273	26,961,273	
Due within one year	\$ -	990,000	160,000	-	20,000	445,000	878,661	2,493,661	

Urban Renewal Revenue Capital Loan Notes

During the year ended June 30, 2000, the County issued \$1,470,000 of urban renewal revenue capital loan notes to finance economic development at Oakland Foods. The notes were payable from the taxes from urban renewal districts established in certain areas of the County. During the year ended June 30, 2008, the urban renewal revenue capital loan notes outstanding balance of \$620,000 was paid in full.

The County was in compliance with the revenue note provisions during the year ended June 30, 2008.

### General Obligation Refunding Bonds

On December 1, 2003, the County issued \$1,575,000 of general obligation refunding bonds with interest rates ranging from 2.00% to 3.15% per annum.

On January 1, 2004, the County issued \$9,140,000 of general obligation refunding bonds with interest rates ranging from 1.75% to 3.70% per annum. Annual debt service requirements to maturity for the general obligation refunding bonds are as follows:

Year Ending June 30,	Issued December 1, 2003			Issued January 1, 2004			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2009	2.80%	\$ 215,000	29,397	3.15%	\$ 775,000	234,600	990,000	263,997
2010	2.80	225,000	23,377	3.15	805,000	210,188	1,030,000	233,565
2011	3.00	270,000	17,078	3.15	830,000	184,830	1,100,000	201,908
2012	3.30	285,000	8,977	3.25	860,000	158,685	1,145,000	167,662
2013		-	-	3.30	885,000	130,735	885,000	130,735
2014-2016		-	-	3.30-3.70	2,870,000	208,780	2,870,000	208,780
Total		\$ 995,000	78,829		\$ 7,025,000	1,127,818	8,020,000	1,206,647

During the year ended June 30, 2008, \$945,000 of general obligation refunding bonds were retired.

### General Obligation Refunding Notes

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

Year Ending June 30,	Issued May 3, 2005		
	Interest Rates	Principal	Interest
2009	4.00%	\$ 160,000	60,860
2010	3.25	165,000	54,460
2011	3.25	165,000	49,098
2012	3.35	170,000	43,570
2013	3.60	180,000	37,705
2014-2017	3.70-4.00	810,000	80,615
Total		\$ 1,650,000	326,308

During the year ended June 30, 2008, \$155,000 of general obligation refunding notes were retired.

### Capital Lease Purchase Agreements

During the year ended June 30, 2007, the County entered into capital lease purchase agreements to acquire three trucks. Lease payments of \$200,900 were due on October 23, 2007, including interest at 5.77% per annum, which was paid in full during the year ended June 30, 2008.

### Airport Road Agreement

Pottawattamie County and the Council Bluffs Airport Authority (CBAA) entered into a 28E agreement on February 23, 2004 relating to airport improvements, including road improvements. The County was to reimburse CBAA 25% of the final cost of the road

improvements, which were completed in July 2005. However, the County and CBAA were unable to reach an agreement on the amount due by the County for these improvements at the time of completion.

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

The County paid a total of \$140,000 to CBAA during the year ended June 30, 2008, leaving a balance owed of \$760,000 at June 30, 2008.

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 sewer 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 communication equipment and systems. 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			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2009	3.20%	\$ 445,000	285,923	3.00%	\$ -	327,352	445,000	613,275
2010	3.20	570,000	176,375	3.00	940,000	327,353	1,510,000	503,728
2011	3.25	590,000	158,135	3.00	970,000	299,152	1,560,000	457,287
2012	3.30	610,000	138,960	3.10	995,000	270,053	1,605,000	409,013
2013	3.35	635,000	118,830	3.15	1,030,000	239,207	1,665,000	358,037
2014-2018	3.40-3.60	2,775,000	250,793	3.40-3.80	5,685,000	646,118	8,460,000	896,911
Total		\$ 5,625,000	1,129,016		\$ 9,620,000	2,109,235	15,245,000	3,238,251

During the year ended June 30, 2008, none of the general obligation capital loan notes were retired.

**(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 3.90% of their annual covered salary and the County is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$1,273,950, \$1,159,421 and \$1,122,844, respectively, equal to the required contributions for each year.

## **(8) Risk Management**

Pottawattamie County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2008 were \$429,203.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members

withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$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.

**(9) Jointly Governed Organization**

Pottawattamie 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, 2008:

Additions:

Reimbursements from Counties:

Pottawattamie County	\$ 792,669	
Shelby County	36,893	
Harrison County	61,679	
Cass County	41,343	
Audubon County	27,166	
Mills County	66,491	
Montgomery County	62,352	
Fremont County	52,210	
Page County	28,977	\$ 1,169,780
National school lunch program		9,184
School breakfast program		6,225
Interest on investments		14,985
State direct receiving grant		36,000
Iowa detention facility expense reimbursement		220,408
Adult waived juvenile fees		21,120
Miscellaneous		4,708
Total additions		<u>1,482,410</u>

Deductions:

Salaries	679,155	
Employee benefits	223,527	
Commodities and nutrition services	37,827	
Office supplies	18,064	
Communications and transportation	4,637	
Professional services	11,698	
Utilities	26,669	
Building repair and maintenance	32,573	
Insurance	52,475	
Refunds to counties	341,455	1,428,080
Net		54,330
Balance beginning of year		<u>710,677</u>
Balance end of year		<u>\$ 765,007</u>

**(10) Litigation**

The County is involved in several lawsuits as of June 30, 2008. The probability of loss, if any, is undeterminable.

**(11) Economic Development Agreement**

The County entered into an economic development agreement with the City of Council Bluffs and three local foundations to develop the Bass Pro Shop project.

The County has agreed to make an economic development grant to the project, not to exceed \$2,639,478, with interest at 4% per annum. The grant will be paid on a semi-annual basis over a period of thirteen years beginning in fiscal year 2005. The first grant payment was made to a local foundation for costs incurred preparing the project site for construction. All remaining grant payments are required to be paid to a trust account established by the City to be used to pay principal and interest on debt incurred by the City to fund the project. During the year ended June 30, 2008, the County's grant payments totaled \$336,980, bringing the cumulative total to \$1,781,180. The County is funding the economic development grant from pari-mutuel and gaming wager tax.

The economic development payments to be made by the County under the agreement are conditioned upon and subject to an annual appropriation of funds by the Board of Supervisors. The grant is not a general obligation or indebtedness of the County.

**(12) Conduit Debt**

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

**(13) Capital Project**

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

The County has entered into construction contracts totaling \$7,663,401. As of June 30, 2008, costs of \$5,364,381 had been paid on the contracts. The remaining \$2,299,020 will be paid as work on these projects progresses.

**(14) Deficit Fund Balances**

The Special Revenue, Mental Health and the Conservation Land Acquisition Funds had deficit fund balances of \$477,490 and \$4,416, respectively, at June 30, 2008. The deficits will be eliminated through increases in property tax, intergovernmental and miscellaneous revenues. Pottawattamie County will not approve claims for payment when cash balances are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants or loans from other County funds.

**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, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 30,232,359	-	30,232,359
Interest and penalty on property tax	324,774	-	324,774
Intergovernmental	19,860,924	-	19,860,924
Licenses and permits	251,241	-	251,241
Charges for service	2,382,095	-	2,382,095
Use of money and property	1,245,160	905	1,244,255
Miscellaneous	2,347,360	101,015	2,246,345
Total receipts	<u>56,643,913</u>	<u>101,920</u>	<u>56,541,993</u>
<b>Disbursements:</b>			
Public safety and legal services	16,778,915	-	16,778,915
Physical health and social services	2,700,341	-	2,700,341
Mental health	8,948,647	-	8,948,647
County environment and education	4,266,564	44,900	4,221,664
Roads and transportation	9,392,598	-	9,392,598
Governmental services to residents	1,714,935	-	1,714,935
Administration	5,847,457	-	5,847,457
Debt service	2,116,964	-	2,116,964
Capital projects	6,088,980	-	6,088,980
Total disbursements	<u>57,855,401</u>	<u>44,900</u>	<u>57,810,501</u>
Excess (deficiency) of receipts over (under) disbursements	(1,211,488)	57,020	(1,268,508)
Other financing sources, net	16,467,826	-	16,467,826
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	15,256,338	57,020	15,199,318
Balance beginning of year	18,627,902	33,793	18,594,109
Balance end of year	<u>\$ 33,884,240</u>	<u>90,813</u>	<u>33,793,427</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
30,468,693	30,468,693	(236,334)
329,000	329,000	(4,226)
17,385,645	19,062,855	798,069
57,850	732,850	(481,609)
2,495,845	2,495,845	(113,750)
1,233,320	1,233,320	10,935
2,681,200	2,681,200	(434,855)
54,651,553	57,003,763	(461,770)
16,700,747	17,085,998	307,083
3,297,407	3,297,407	597,066
8,793,904	8,948,904	257
7,224,255	6,973,431	2,751,767
10,077,000	10,077,000	684,402
1,845,189	1,916,189	201,254
5,172,691	5,992,691	145,234
1,692,621	1,692,621	(424,343)
2,409,200	9,409,200	3,320,220
57,213,014	65,393,441	7,582,940
(2,561,461)	(8,389,678)	7,121,170
-	24,850,773	(8,382,947)
(2,561,461)	16,461,095	(1,261,777)
14,554,912	18,265,013	329,096
11,993,451	34,726,108	(932,681)

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Pottawattamie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 56,643,913	1,711,846	58,355,759
Expenditures	57,855,401	3,168,829	61,024,230
Net	(1,211,488)	(1,456,983)	(2,668,471)
Other financing sources, net	16,467,826	(3,164)	16,464,662
Beginning fund balances	18,627,902	1,477,632	20,105,534
Ending fund balances	\$ 33,884,240	17,485	33,901,725

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$8,180,427. The budget amendment is 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, 2008, disbursements exceeded the amount budgeted in the debt service function. Also, disbursements in one department exceeded the amount appropriated and certain departments exceeded the amounts appropriated prior to appropriation amendments.

**Pottawattamie County**

**Other Supplementary Information**

Pottawattamie County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

	Special Revenue								
	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West	Conservation Foundation	Industrial Develop- ment Site	Flood and Erosion
<b>Assets</b>									
Cash and pooled investments	\$ 45,525	77,413	10,754	4,386	258,079	336,369	80,059	200,187	195,886
Receivables:									
Succeeding year property tax	-	-	-	-	-	-	-	-	-
Accounts	-	-	50	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	2,132	-
Due from other governments	-	-	-	-	27,405	27,405	-	-	-
<b>Total assets</b>	<b>\$ 45,525</b>	<b>77,413</b>	<b>10,804</b>	<b>4,386</b>	<b>285,484</b>	<b>363,774</b>	<b>80,059</b>	<b>202,319</b>	<b>195,886</b>
<b>Liabilities and Fund Equity</b>									
Liabilities:									
Accounts payable	\$ 3,293	1,107	-	-	3,434	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-	-	-	1,829
Due to other governments	-	-	-	-	-	-	-	-	-
Deferred revenue:									
Succeeding year property tax	-	-	-	-	-	-	-	-	-
Other	-	-	50	-	-	-	-	-	-
Total liabilities	3,293	1,107	50	-	3,434	-	-	-	1,829
Fund equity:									
Unreserved fund balances, reported in:									
Special revenue funds	42,232	76,306	10,754	4,386	282,050	363,774	80,059	202,319	194,057
<b>Total liabilities and fund equity</b>	<b>\$ 45,525</b>	<b>77,413</b>	<b>10,804</b>	<b>4,386</b>	<b>285,484</b>	<b>363,774</b>	<b>80,059</b>	<b>202,319</b>	<b>195,886</b>

See accompanying independent auditor's report.

Urban Renewal Revenue	Bent Tree Water- line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinquent Fine Collect	Special Law Enforce- ment	Hitchcock Nature Area	District Enhance- ment Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Restoration Initiative - Hitchcock	Total
631,497	67,028	7,886	-	1,787	12,898	68,069	37,887	68,417	5,000	119,809	2,228,936
253,000	-	-	-	-	-	-	-	-	-	-	253,000
-	-	112	-	-	-	-	-	-	37,818	-	37,980
641	-	-	-	-	-	-	-	-	-	-	2,773
-	-	-	14,042	1,066	-	-	-	-	-	-	69,918
<b>885,138</b>	<b>67,028</b>	<b>7,998</b>	<b>14,042</b>	<b>2,853</b>	<b>12,898</b>	<b>68,069</b>	<b>37,887</b>	<b>68,417</b>	<b>42,818</b>	<b>119,809</b>	<b>2,592,607</b>
-	-	-	90	-	-	-	-	17,351	-	19,718	44,993
-	-	-	-	-	-	-	-	-	-	-	1,829
-	-	-	-	-	-	-	-	-	37,818	-	37,818
253,000	-	-	-	-	-	-	-	-	-	-	253,000
-	-	-	-	-	-	-	-	55,482	-	-	55,532
253,000	-	-	90	-	-	-	-	72,833	37,818	19,718	393,172
632,138	67,028	7,998	13,952	2,853	12,898	68,069	37,887	(4,416)	5,000	100,091	2,199,435
<b>885,138</b>	<b>67,028</b>	<b>7,998</b>	<b>14,042</b>	<b>2,853</b>	<b>12,898</b>	<b>68,069</b>	<b>37,887</b>	<b>68,417</b>	<b>42,818</b>	<b>119,809</b>	<b>2,592,607</b>

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

Year ended June 30, 2008

	Special								
	Resource Enhance- ment and Protection	County Recorder's Records Management	County Recorder's Electronic Transaction Fee	Drainage Districts	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West	Conservation Foundation	Industrial Develop- ment Site
Revenues:									
Property and other county tax	\$ -	-	-	-	-	137,677	137,677	-	-
Intergovernmental	341,242	-	-	-	1,180	-	-	-	-
Charges for service	-	18,792	-	-	-	-	-	-	-
Use of money and property	603	1,515	-	-	-	-	-	905	43,795
Miscellaneous	-	-	-	-	-	-	-	95,488	-
Total revenues	<u>341,845</u>	<u>20,307</u>	<u>-</u>	<u>-</u>	<u>1,180</u>	<u>137,677</u>	<u>137,677</u>	<u>96,393</u>	<u>43,795</u>
Expenditures:									
Operating:									
Public safety and legal services	-	-	-	-	-	-	-	-	-
Physical health and social services	-	-	-	-	1,305	-	-	-	-
County environment and education	311,528	-	-	-	-	119,720	92,113	44,900	-
Governmental services to residents	-	5,754	665	-	-	-	-	-	-
Total expenditures	<u>311,528</u>	<u>5,754</u>	<u>665</u>	<u>-</u>	<u>1,305</u>	<u>119,720</u>	<u>92,113</u>	<u>44,900</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,317</u>	<u>14,553</u>	<u>(665)</u>	<u>-</u>	<u>(125)</u>	<u>17,957</u>	<u>45,564</u>	<u>51,493</u>	<u>43,795</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	(9,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>30,317</u>	<u>14,553</u>	<u>(665)</u>	<u>-</u>	<u>(125)</u>	<u>8,957</u>	<u>45,564</u>	<u>51,493</u>	<u>43,795</u>
Fund balances beginning of year	<u>11,915</u>	<u>61,753</u>	<u>665</u>	<u>10,754</u>	<u>4,511</u>	<u>273,093</u>	<u>318,210</u>	<u>28,566</u>	<u>158,524</u>
Fund balances end of year	<u>\$ 42,232</u>	<u>76,306</u>	<u>-</u>	<u>10,754</u>	<u>4,386</u>	<u>282,050</u>	<u>363,774</u>	<u>80,059</u>	<u>202,319</u>

See accompanying independent auditor's report.

Revenue												
Flood and Erosion	Urban Renewal Revenue	Bent Tree Water-line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinq Fine Collection	Special Law Enforce-ment	Hitchcock Nature Area	District Enhance-ment Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Restoration Initiative - Hitchcock	Total
-	216,869	-	-	-	-	-	-	-	-	-	-	492,223
-	4,423	1,100	-	32,688	2,853	11,898	7,388	-	25,795	-	-	428,567
-	-	-	-	-	-	-	-	-	-	-	-	18,792
-	19,061	-	-	-	-	-	-	-	-	-	-	65,879
-	-	-	4,148	10,390	-	-	117,286	-	1,371	518,373	71,740	818,796
-	240,353	1,100	4,148	43,078	2,853	11,898	124,674	-	27,166	518,373	71,740	1,824,257
-	-	-	-	37,111	-	-	-	-	-	-	-	37,111
-	-	-	-	-	-	-	-	-	-	-	-	1,305
115,237	-	-	230	-	-	-	152,309	2,312	34,052	518,373	123,260	1,514,034
-	-	-	-	-	-	-	-	-	-	-	-	6,419
115,237	-	-	230	37,111	-	-	152,309	2,312	34,052	518,373	123,260	1,558,869
(115,237)	240,353	1,100	3,918	5,967	2,853	11,898	(27,635)	(2,312)	(6,886)	-	(51,520)	265,388
270,000	-	-	-	-	-	-	-	9,000	-	-	-	279,000
-	(433,071)	-	-	-	-	-	-	-	-	-	-	(442,071)
270,000	(433,071)	-	-	-	-	-	-	9,000	-	-	-	(163,071)
154,763	(192,718)	1,100	3,918	5,967	2,853	11,898	(27,635)	6,688	(6,886)	-	(51,520)	102,317
39,294	824,856	65,928	4,080	7,985	-	1,000	95,704	31,199	2,470	5,000	151,611	2,097,118
194,057	632,138	67,028	7,998	13,952	2,853	12,898	68,069	37,887	(4,416)	5,000	100,091	2,199,435

Pottawattamie County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	2,976	622,304	802,395	43,742	820,487
Other County officials	92,273	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	769	6,047	243,913	13,281	207,276
Succeeding year	-	188,000	1,119,000	51,974,000	2,801,000	46,402,000
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 92,273</b>	<b>191,745</b>	<b>1,747,351</b>	<b>53,020,308</b>	<b>2,858,023</b>	<b>47,429,763</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	7,048	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	17,036	-	-	-
Due to other governments	60,703	191,745	1,631,929	53,020,308	2,858,023	47,429,763
Trusts payable	31,570	-	-	-	-	-
Compensated absences	-	-	91,338	-	-	-
<b>Total liabilities</b>	<b>\$ 92,273</b>	<b>191,745</b>	<b>1,747,351</b>	<b>53,020,308</b>	<b>2,858,023</b>	<b>47,429,763</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	
	7,615	86,066	70,070	489,527	1,376,542	1,514,143	405,230	6,241,097
	-	-	-	2,500	-	-	-	94,773
	3,155	-	-	-	-	-	54	474,495
	775,000	-	-	-	-	-	13,000	103,272,000
	-	-	-	35	80,628	-	-	80,663
	-	643,774	5,232,201	-	-	-	-	5,875,975
	-	-	-	-	-	-	9,123	9,123
	-	-	-	231,027	30,022	-	8,507	269,556
	-	-	-	41,918	-	-	4,499	46,417
	785,770	729,840	5,302,271	765,007	1,487,192	1,514,143	440,413	116,364,099
	-	-	-	14,850	4,448	-	3,406	29,752
	-	-	-	-	-	-	980	980
	-	-	-	19,041	-	-	1,109	37,186
	785,770	729,840	-	711,614	1,482,744	1,514,143	426,127	110,842,709
	-	-	5,302,271	-	-	-	-	5,333,841
	-	-	-	19,502	-	-	8,791	119,631
	785,770	729,840	5,302,271	765,007	1,487,192	1,514,143	440,413	116,364,099

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

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 117,758	192,316	1,612,728	48,870,077	2,717,114	43,173,254
Additions:						
Property and other county tax	-	189,146	1,134,158	51,918,465	2,811,795	46,167,306
E911 surcharge	-	-	-	-	-	-
State tax credits	-	6,882	27,968	1,527,345	85,707	1,105,812
Intergovernmental	-	-	-	-	-	-
Office fees and collections	1,851,813	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	3,440,009	-	-	-	-	-
Miscellaneous	-	66	2,271	27,009	1,407	26,409
Total additions	<u>5,291,822</u>	<u>196,094</u>	<u>1,164,397</u>	<u>53,472,819</u>	<u>2,898,909</u>	<u>47,299,527</u>
Deductions:						
Agency remittances:						
To other funds	1,124,649	-	-	-	-	-
To other governments	762,711	196,665	1,029,774	49,322,588	2,758,000	43,043,018
Trusts paid out	3,429,947	-	-	-	-	-
Total deductions	<u>5,317,307</u>	<u>196,665</u>	<u>1,029,774</u>	<u>49,322,588</u>	<u>2,758,000</u>	<u>43,043,018</u>
Balances end of year	<u>\$ 92,273</u>	<u>191,745</u>	<u>1,747,351</u>	<u>53,020,308</u>	<u>2,858,023</u>	<u>47,429,763</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	
	691,458	627,264	6,197,540	710,677	1,220,003	1,564,561	-	426,436	108,121,186
	774,620	-	-	-	-	-	10,584	103,006,074	
	-	-	-	-	596,148	-	-	596,148	
	25,564	-	-	-	-	-	1,113	2,780,391	
	-	-	-	1,462,717	-	-	130,039	1,592,756	
	-	-	-	-	-	-	26,544	1,878,357	
	-	-	-	-	-	18,760,072	-	18,760,072	
	-	596,829	572,210	-	-	-	18,090	1,187,129	
	-	-	-	-	-	-	2,851,305	6,293,989	
	136	-	-	19,693	30,531	-	-	306,959	
	800,320	596,829	572,210	1,482,410	626,679	18,760,072	2,851,305	388,482	136,401,875
	-	-	-	230,577	-	507,837	-	-	1,863,063
	706,008	494,253	-	105,636	359,490	18,302,653	-	375,485	117,456,281
	-	-	1,467,479	1,091,867	-	-	2,851,305	-	8,840,598
	706,008	494,253	1,467,479	1,428,080	359,490	18,810,490	2,851,305	375,485	128,159,942
	785,770	729,840	5,302,271	765,007	1,487,192	1,514,143	-	439,433	116,363,119

Pottawattamie County  
 Schedule of Revenues By Source and Expenditures By Function -  
 All Governmental Funds  
 For the Last Nine Years

	2008	2007	2006	2005	Modified 2004
<b>Revenues:</b>					
Property and other county tax	\$ 30,248,930	29,750,484	28,511,268	26,568,821	25,112,918
Interest and penalty on property tax	356,284	367,473	324,973	424,956	319,773
Intergovernmental	21,421,683	19,200,492	14,796,318	14,894,659	15,286,787
Licenses and permits	249,417	79,260	77,036	80,369	81,539
Charges for service	2,441,290	2,329,394	2,474,318	2,357,948	2,961,916
Use of money and property	1,208,059	1,517,486	1,199,544	785,044	352,015
Fines, forfeitures and defaults	-	-	-	-	-
Miscellaneous	2,430,096	1,815,332	1,979,269	1,027,912	1,263,788
<b>Total</b>	<b>\$ 58,355,759</b>	<b>55,059,921</b>	<b>49,362,726</b>	<b>46,139,709</b>	<b>45,378,736</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 16,846,481	15,730,880	15,344,223	14,629,633	13,554,635
Physical health and social services	2,737,240	2,661,811	2,726,533	2,573,703	2,449,827
Mental health	10,399,127	8,235,723	7,583,258	7,208,328	7,266,366
County environment and education	4,328,580	4,546,987	4,597,686	2,815,719	2,613,891
Roads and transportation	9,713,450	9,896,065	9,090,186	7,654,396	8,916,835
Governmental services to residents	1,728,610	1,505,405	2,007,331	1,387,910	1,345,719
Administration	5,884,988	6,613,224	4,967,738	5,769,591	4,948,132
Debt service	2,116,214	1,654,668	1,848,183	1,978,668	1,900,241
Capital projects	7,269,540	3,121,579	1,602,230	1,368,193	1,803,575
<b>Total</b>	<b>\$ 61,024,230</b>	<b>53,966,342</b>	<b>49,767,368</b>	<b>45,386,141</b>	<b>44,799,221</b>

See accompanying independent auditor's report.

Accrual Basis			
2003	2002	2001	2000
23,754,832	21,958,824	20,993,555	20,104,555
284,825	290,890	253,539	237,271
15,499,143	15,783,786	15,809,815	18,472,170
71,929	76,834	59,905	110,065
2,184,911	2,191,613	2,102,604	2,002,230
353,651	586,955	1,325,140	1,074,895
-	87,214	79,100	26,339
684,433	824,062	508,229	579,753
<b>42,833,724</b>	<b>41,800,178</b>	<b>41,131,887</b>	<b>42,607,278</b>
12,419,508	11,534,828	10,777,226	9,503,567
2,752,435	2,433,614	2,454,465	2,031,026
7,276,003	7,720,098	7,486,497	7,291,045
1,991,358	1,800,478	1,437,882	2,618,285
7,829,915	7,662,124	8,439,884	10,013,741
1,224,597	1,207,924	1,018,643	1,090,992
5,935,402	5,804,890	4,473,172	3,449,166
1,593,806	1,576,937	1,576,418	2,091,182
2,746,406	3,821,070	1,809,795	5,808,148
<b>43,769,430</b>	<b>43,561,963</b>	<b>39,473,982</b>	<b>43,897,152</b>

**Schedule 6**

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553		\$ 6,192
National School Lunch Program	10.555		9,184
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5887A052	103,205
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A052	315,451
			<u>418,656</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		44,229
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1191-05-52	1,434
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grant	16.523	35-JD05-F606	6,030
Juvenile Accountability Incentive Block Grant	16.523	35-JD06-F707	12,696
			<u>18,726</u>
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CJJP-05-B6-001	14,304
Governor's Office of Drug Control Policy:			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	06-OJJPD01	4,330
Iowa Department of Human Rights:			
Title V Delinquency Prevention Program	16.548	CJJP-05-B6-001	852
City of Omaha:			
Public Safety Partnership and Community Policing Grants	16.710	2004INWX0013	3,541,367
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO78(146)--8J-78	137,212
Highway Planning and Construction	20.205	BROS-CO78(151)--8J-78	293,908
Highway Planning and Construction	20.205	BROS-CO78(153)--8J-78	165,118
Metropolitan Area Planning Agency:			
Highway Planning and Construction	20.205	541-300	48,062
			<u>644,300</u>

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 07-02,Task14	<u>10,816</u>
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>2,352</u>
U.S. Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Nonpoint Source Implementation Grants	66.460		<u>20,228</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5888BT20	5,000
Visiting Nurse Association:			
Public Health Emergency Preparedness	93.069	5888BT04	<u>26,027</u> <u>31,027</u>
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556		<u>43,965</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>48,035</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>11,696</u>
Foster Care - Title IV-E	93.658		<u>28,047</u>
Adoption Assistance	93.659		<u>6,679</u>
State Children's Insurance Program	93.767		<u>397</u>
Medical Assistance Program	93.778		<u>60,978</u>
Social Services Block Grant	93.667		<u>31,507</u>
Social Services Block Grant	93.667		<u>408,085</u> <u>439,592</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1705-DR-IA	417,503
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	<u>143,026</u> <u>560,529</u>

**Schedule 6**

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	2007 EMPG	7,287
Emergency Management Performance Grants	97.042	2008 EMPG	17,005
			<u>24,292</u>
 Pre Disaster Mitigation	 97.047	 PDMC-OL-07-IA-2005-008	 <u>30,148</u>
Homeland Security Grant Program	97.067	2005-GE-T5-0056 (HSGP)	24,587
Homeland Security Grant Program	97.067	2005-GE-T5-0056 (CCP)	2,441
Homeland Security Grant Program	97.067	2005-GE-T5-0056 (Equipment)	16,471
Homeland Security Grant Program	97.067	2005-GE-T6-0065-004 (Equipment)	11,849
City of Des Moines:			
Homeland Security Grant Program	97.067	0001-EOD-2005 (Equipment)	1,207
Homeland Security Grant Program	97.067	2006-GE-T6-0054-0029	43,416
			<u>99,971</u>
 Total			 <u><u>\$ 6,122,326</u></u>

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Pottawattamie County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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

David A. Vaudt, 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 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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 11, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pottawattamie County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Pottawattamie County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Pottawattamie County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Pottawattamie County's financial statements that is more than inconsequential will not be prevented or detected by Pottawattamie County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Pottawattamie County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pottawattamie County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

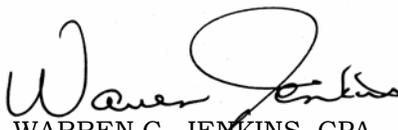
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Pottawattamie County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Pottawattamie County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pottawattamie County and other parties to whom Pottawattamie County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Pottawattamie County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 11, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

**Pottawattamie County**



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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Officials of Pottawattamie County:

Compliance

We have audited the compliance of Pottawattamie County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Pottawattamie County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Pottawattamie County's management. Our responsibility is to express an opinion on Pottawattamie County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pottawattamie County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pottawattamie County's compliance with those requirements.

In our opinion, Pottawattamie County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Pottawattamie County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Pottawattamie County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However as discussed below, we identified certain deficiencies in internal control over compliance we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

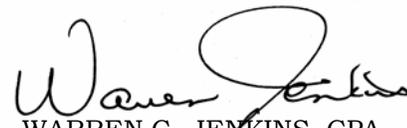
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-08 and III-B-08 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-08 and III-B-08 to be material weaknesses.

Pottawattamie County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Pottawattamie County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Pottawattamie County and other parties to whom Pottawattamie County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 11, 2009

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, including material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose 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 16.710 – Public Safety Partnership and Community Policing Grants.
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Financial Reporting – Material amounts of receivables and payables were not recorded in the County’s financial statements. Also, some payables were recorded but should not have been. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County’s financial statements.

Responses –

County Auditor – The County will implement procedures to ensure all receivables and payables are identified and included in the County’s financial statements.

Board of Supervisors – The Board has already begun to work with the County Auditor to tighten up the County’s financial statements on a routine basis.

County Sheriff – We will review current procedures and implement changes as necessary.

Southwest Iowa Juvenile Emergency Services – In the future I will be sure to check all July/August receipts for new accruals.

Conclusion – Responses accepted.

II-B-08 Board of Supervisors – One warrant was written and held at year end. This matter was resolved for audit purposes.

Recommendation – Warrants should not be written and held prior to receiving goods and services since this can weaken the control the Board has over disbursements.

Response – The Board will communicate with all department heads holding warrants is against the state code and best accounting practices and must end immediately.

Conclusion – Response accepted.

II-C-08 County Sheriff Civil Account – Reconciliations between book and bank balances were not properly prepared during the year ended June 30, 2008.

The County Sheriff’s Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending book balances.

Recommendation – The civil account bank reconciliations, including outstanding check listings, should be prepared at the end of each month and reconciled to the book balance. All variances between book and bank balances should be investigated and resolved in a timely manner.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

The County Sheriff's Office should prepare a year-to-date spreadsheet of receipts and disbursements which should reconcile to the beginning and ending book balances.

Response – Civil was using two software programs and trying to combine them. There is only one program now. Any monies received from the old system will go back into the new system. Book and bank balances are now being reconciled. Year-to-date amounts should now be available for next year.

Conclusion – Response accepted.

II-D-08 Information Systems – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – We acknowledge the above item of concern, agree with the recommendation, and are currently working to address the item to ensure compliance with the recommendation. Pottawattamie County Information Technologies is committed to address and rectify any appropriate outside audit conclusions to ensure security, stability and data assurance with Pottawattamie County Electronic Data Processing Systems.

Conclusion – Response accepted.

II-E-08 Revenues – Certain state warrants received by various County offices (County Auditor, County Engineer, County Attorney and Public Health, including WIC moneys) were not remitted to the County Treasurer on a timely basis for deposit.

Recommendation – The County offices should ensure all funds are receipted intact and deposited on a timely basis with the County Treasurer.

Responses –

County Auditor – Pottawattamie County is advising all offices to deposit (intact) all funds received on a timely basis with the County Treasurer.

County Attorney – Warrants are received in our office on an infrequent basis. However, to ensure that they are deposited in a timely manner, we will calendar the event bi-monthly.

Public Health – Procedures did not change after the merger of agencies and the over-all process has improved. Our action plan/process is as follows: once a check is received in our Council Bluffs office, the Council Bluffs office will notify the accounting manager when the check arrives. Then, arrangements will be made to get the check picked up, processed and remitted to the County Treasurer within 4 business days.

Conclusion – Responses accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-F-08 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, 2008, certain employees tested had vacation balances in excess of the maximum carryover at the employee’s anniversary date. In addition, certain employees tested had a compensatory time balance 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 union contracts.

Response – The County will work with our Human Resources Department to end the practice of excess vacation and compensation time in all employee groups.

Conclusion – Response accepted.

II-G-08 County Recorder – Reconciliations between book and bank balances were not properly prepared and were not reviewed by an independent reviewer during the year ended June 30, 2008.

Also, accounts receivable collections were not recorded and deposited timely.

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

Recommendation – The bank reconciliations, including outstanding check listings, should be prepared at the end of each month and reconciled to the book balance. All variances between book and bank balances should be investigated and resolved in a timely manner. An independent reviewer should review the bank reconciliation and document their review.

Also, receipts should be issued and deposited intact on a timely basis.

In addition, the County Recorder’s Office should prepare a year-to-date spreadsheet of receipts and disbursements which should reconcile to the beginning and ending book balances.

Response – I will review each month's bank statement and document my review.

We now receipt and deposit all monies collected when received.

We will work on preparing a spreadsheet program detailing receipts and disbursements.

Conclusion – Response acknowledged. Reconciliation between the bank balance and the book balance should be properly documented each month.

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 16.710: Public Safety Partnership and Community Policing Grants**  
**Pass through Agency Number: 2004INWX0013**  
**Federal Award Year: 2004**  
**U.S. Department of Justice**  
**Passed through the City of Omaha**

III-A-08 Equipment Management Policy and Procedure – The County has not adopted an equipment policy and procedure manual.

Recommendation – The County should develop an equipment policy and procedure manual for the management and disposition of equipment purchased with federal funds.

Response – The County Auditor and County Treasurer will work to develop an equipment policy and procedure manual for the management and disposition of equipment purchased with federal funds.

Conclusion – Response accepted.

**CFDA Number 16.710: Public Safety Partnership and Community Policing Grants**  
**Pass through Agency Number: 2004INWX0013**  
**Federal Award Year: 2004**  
**U.S. Department of Justice**  
**Passed through the City of Omaha**

**CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)**  
**Pass through Agency Numbers: FEMA 1705-DR-IA and FEMA 1763-DR-IA**  
**Federal Award Year: 2007 and 2008**  
**U.S. Department of Homeland Security**  
**Passed through the Iowa Department of Public Defense**

III-B-08 Procurement Policy and Procedure Manual – The County does not have a written procurement procedure policy required for federal programs.

Recommendation – Federal regulation 28 CFR 66.36 requires grantees and subgrantees to use procurement procedures which reflect applicable State and local laws and regulations, provided the procedures conform to applicable Federal law. Paragraph 13 of the Federal regulation specifies grantees are to have written selection procedures for procurement transactions.

Response – The County will develop a written procurement procedure policy which conforms to applicable federal law.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the debt service function. Also, disbursements in one department exceeded the amount appropriated and certain departments exceeded the amounts appropriated prior to appropriation amendments.

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

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

Response – Pottawattamie County will amend its budget in accordance with Chapter 331.435 Code of Iowa and not allow disbursements to exceed budget.

We will also cease allowing disbursements to exceed appropriations.

Conclusion – Response accepted.

IV-B-08 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

Recommendation – Publication of minutes should include the complete text of resolutions adopted by the Board.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – The County will explore the cost and viability of publishing minutes that include the complete text of any resolutions adopted by the Board.

Conclusion – Response acknowledged. The County should comply with the Code of Iowa.

IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-08 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-08 Solid Waste Fees – During the year ended June 30, 2008, the County retained \$6,000 of the solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.

IV-J-08 Deficit Balances – The Special Revenue, Flood and Erosion and County Attorney Drug Forfeiture Funds had deficit cash balances during the year ended June 30, 2008, which appears to violate Chapter 331.476 of the Code of Iowa.

The Special Revenue, Mental Health and Conservation Land Acquisition Funds had deficit fund balances (on a modified accrual basis) of \$477,490 and \$4,416, respectively, at June 30, 2008.

Recommendation – Claims should not be approved for payment when cash balances are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other county funds or other formal short-term debt instruments or obligations.

The County should investigate alternatives to eliminate the deficit fund balances in order to return these funds to a sound financial position.

Response – Pottawattamie County will not approve claims for payment when cash balances are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants or loans from other County funds. The deficits will be eliminated through increases in property tax, intergovernmental and miscellaneous revenues.

Conclusion – Response accepted.

IV-K-08 County Sheriff – Chapter 331.902 of the Code of Iowa requires the Sheriff to file a quarterly report with the Board of Supervisors and pay the fees collected to the County Treasurer at least quarterly.

Recommendation – To comply with the Code of Iowa, fees collected should be determined, reported and remitted at least quarterly to the County Treasurer.

Response – We experienced some problems due to the change in software this year. These problems have been addressed and we will be in compliance from now on.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-L-08 Prisoner Room and Board – For the ended June 30, 2008, the County was not billing for room and board fees as required by the policy adopted by the Board of Supervisors.

Recommendation – The County should be billing individuals for room and board fees as required based on the Board of Supervisors action under Chapter 356.7 of the Code of Iowa.

Response – We are in the process of changing our procedures of billing for room and board fees. This process will include the County Attorney and should be in place shortly.

Conclusion – Response accepted.

IV-M-08 County Recorder – Chapter 331.902 of the Code of Iowa requires the Recorder to file a quarterly report with the Board of Supervisors and pay the fees collected to the County Treasurer at least quarterly.

Recommendation – To comply with the Code of Iowa, fees collected should be determined, reported and remitted at least quarterly to the County Treasurer.

Response – We will give the report to the County Board monthly effective July 1, 2009.

Conclusion – Response accepted.

IV-N-07 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, 2008 for the East County Extension Office and the West County Extension Office did not exceed the amounts budgeted.

IV-O-08 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2008, except as follows:

<u>Office</u>	<u>Depository</u>	<u>Maximum Authorized Deposit</u>
County Treasurer	US Bank	\$ 2,000,000

Recommendation – A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board in a timely manner.

Response – We have increased the depository limit to \$3,000,000.

Conclusion – Response accepted.

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Pottawattamie County

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Nancy F. Curtis, CPA, Senior Auditor II  
Michael J. Hackett, Senior Auditor  
Michael R. Field, Staff Auditor  
Daniel L. Durbin, CPA, Staff Auditor  
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Sara L. Roling, Assistant Auditor  
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Andrew E. Nielsen, CPA  
Deputy Auditor of State