



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 19, 2010

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

The County had local tax revenue of \$139,848,248 for the year ended June 30, 2009, which included \$3,589,282 in tax credits from the state. The County forwarded \$111,812,458 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$28,035,790 of the local tax revenue to finance County operations, a 9.3 percent increase over the prior year. Other revenues included charges for service of \$9,300,347, operating grants, contributions and restricted interest of \$15,125,446, capital grants, contributions and restricted interest of \$2,190,596, local option sales tax of \$3,043,404, pari-mutuel and gaming wager tax of \$2,277,817, tax increment financing of \$234,181, unrestricted investment earnings of \$536,253 and other general revenues of \$695,104.

Expenses for County operations totaled \$60,909,074, a 12.1 percent increase over the prior year. Expenses included \$18,532,291 for public safety and legal services, \$13,443,073 for roads and transportation and \$9,095,608 for mental health. The significant increase in expenses was primarily due to road maintenance, inspection of wind turbines, legal fees for a civil rights case and salaries.

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/index.html>.

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POTTAWATTAMIE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

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Pottawattamie County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
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
(After January 2009)		
Loren Knauss	Board of Supervisors	Jan 2011
Lynn Leaders	Board of Supervisors	Jan 2011
Roger Williams	Board of Supervisors	Jan 2011
Melvyn Houser	Board of Supervisors	Jan 2013
Lynn Grobe	Board of Supervisors	Jan 2013
Marilyn Jo Drake	County Auditor	Jan 2013
Judy Ann Miller	County Treasurer	Jan 2011
John F. Sciortino	County Recorder	Jan 2011
Jeffrey Danker	County Sheriff	Jan 2013
Matthew Wilber	County Attorney	Jan 2011
Steve Palm	County Assessor	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, 2009, 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.

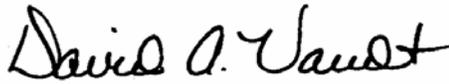
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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, 2009, 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 January 29, 2010, on our consideration of Pottawattamie County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for Retiree Health Plan on pages 7 through 13 and 46 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pottawattamie County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (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

January 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pottawattamie County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Pottawattamie County's governmental activities revenue increased .85%, or approximately \$519,000, over fiscal year 2008 (FY08). This includes increases in property and other county tax of approximately \$2,383,000, charges for services of approximately \$2,375,000 and operating grants, contributions and restricted interest of approximately \$1,989,000. Capital grants, contributions and restricted interest decreased approximately \$4,640,000 and unrestricted investment earnings decreased approximately \$507,000.
- Pottawattamie County's governmental activities expenses increased 14.6%, or approximately \$7,742,000, over the restated FY08 amount. Public safety and legal services expenses increased approximately \$1,233,000, county environment and education expenses increased approximately \$2,194,000, roads and transportation expenses increased approximately \$1,178,000, governmental services to residents expenses increased approximately \$523,000, administration expenses increased approximately \$3,198,000 and interest on long-term debt increased approximately \$556,000.
- Pottawattamie County's net assets increased approximately \$530,000 over FY08.
- As of the close of FY09, Pottawattamie County had ending fund balances of \$10,705,460 in the General Fund, \$361,697 in the Mental Health Fund, \$629,555 in the Rural Services Fund, \$4,930,404 in the Secondary Roads Fund, \$110,154 in the Debt Service Fund and \$11,210,797 in the Capital Projects Fund.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING THE COUNTY AS A WHOLE:

The Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE COUNTY BY FUNDS:

The Fund Financial Statements

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

The County has two kinds of funds:

1) *Governmental funds* account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These *governmental funds* include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial

statements provide a detailed, short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Pottawattamie County's net assets at the end of FY09 totaled approximately \$91.6 million. This compares to FY08 at approximately \$91.1 million, as restated. The analysis that follows focuses on the changes of the net assets for our governmental activities.

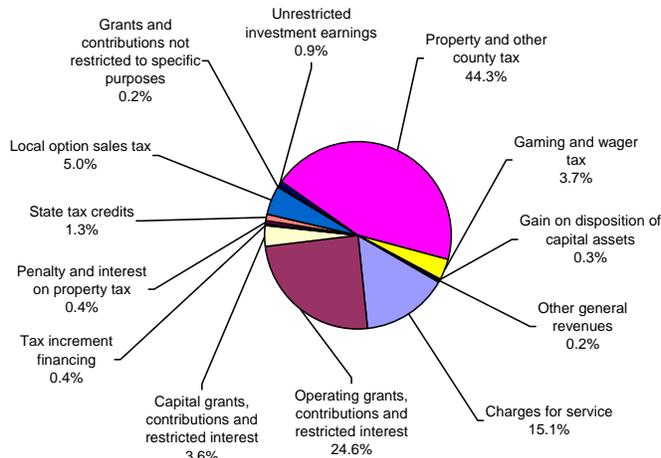
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008, (as restated)
Current and other assets	\$ 67,167	67,273
Capital assets	85,040	83,609
Total assets	<u>152,207</u>	<u>150,882</u>
Long-term liabilities	25,845	26,960
Other liabilities	34,736	32,825
Total liabilities	<u>60,581</u>	<u>59,785</u>
Net assets:		
Invested in capital assets, net of related debt	72,269	70,032
Restricted	10,643	11,404
Unrestricted	8,714	9,661
Total net assets	<u>\$ 91,626</u>	<u>91,097</u>

Net assets of Pottawattamie County's governmental activities increased approximately \$530,000 from FY08. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets since they are unavailable for future spending. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements—decreased from approximately \$9.7 million at June 30, 2008 to approximately \$8.7 million at the end of this year, a decrease of 9.8%.

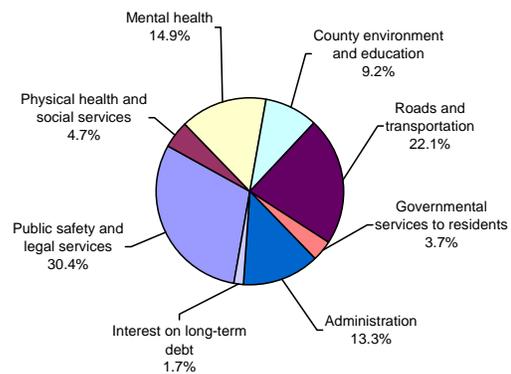
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008, (as restated)
Revenues:		
Program revenues:		
Charges for service	\$ 9,300	6,925
Operating grants, contributions and restricted interest	15,125	13,136
Capital grants, contributions and restricted interest	2,191	6,831
General revenues:		
Property and other county tax	27,208	24,825
Tax increment financing	234	217
Penalty and interest on property tax	269	395
State tax credits	828	816
Local option sales tax	3,043	2,753
Grants and contributions not restricted to specific purposes	128	114
Unrestricted investment earnings	536	1,043
Gaming and wager tax	2,278	2,460
Gain on disposition of capital assets	178	306
Other general revenues	120	1,098
Total revenues	61,438	60,919
Program expenses:		
Public safety and legal services	18,533	17,300
Physical health and social services	2,846	2,671
Mental health	9,095	10,410
County environment and education	5,594	3,400
Roads and transportation	13,443	12,265
Governmental services to residents	2,266	1,743
Administration	8,111	4,913
Interest on long-term debt	1,021	465
Total expenses	60,909	53,167
Increase in net assets	529	7,752
Net assets beginning of year	91,097	83,345
Net assets end of year	\$ 91,626	91,097

Revenues by Source



Expenses by Program



Pottawattamie County's net assets of governmental activities increased approximately \$530,000 during the year. Revenues increased approximately \$519,000 and expenses increased approximately \$7.7 million. The significant increase in expenses was primarily due to road maintenance, inspection of wind turbines, legal fees for a civil rights case and salaries.

Pottawattamie County's property tax levy rates increased \$.09904 per \$1,000 of taxable valuation for the rural services levy and increased \$.07250 per \$1,000 of taxable valuation for the countywide levy. The rural taxable property valuation increased \$94,162,937 and the countywide taxable property valuation increased \$275,667,710.

INDIVIDUAL MAJOR FUND ANALYSIS

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$30,307,656, which is less than the \$33,901,725 combined fund balance at the end of FY08. This decrease is primarily due to increased expenditures.

The General Fund, the operating fund for Pottawattamie County, ended FY09 with a \$10,705,460 ending balance. This was a decrease of \$1,423,343 from FY08's ending balance. Taxable property valuation increased from \$3,207,611,214 in FY08 to \$3,483,278,924 in FY09. Although the combined general basic and general supplemental levy rate decreased from \$5.45603 per \$1,000 of taxable valuation in FY08 to \$5.36930 per \$1,000 of taxable valuation in FY09, property and other county tax increased due to the increase in property valuation. Expenditures increased primarily due to road maintenance, inspection of wind turbines, legal fees for a civil rights case and salaries.

Pottawattamie County continues to try to effectively manage the cost of mental health services. Mental health expenditures decreased \$1,324,680, or 13%, in FY09 from FY08 due to cost cutting measures. The Mental Health Fund ending balance for FY09 was \$361,697, an increase of \$839,187 over FY08. The \$1.08529 per \$1,000 of taxable valuation FY09 tax levy decreased \$.01074 per \$1,000 of taxable valuation from the FY08 levy rate of \$1.09603 per \$1,000 of taxable valuation.

The Rural Services Fund ended FY09 with a \$629,555 balance compared to the prior year ending balance of \$227,565. Property valuation increased from \$1,043,718,135 in FY08 to \$1,137,881,072 in FY09. The levy rate increased from \$3.29643 per \$1,000 of taxable valuation in FY08 to \$3.39547 per \$1,000 of taxable valuation in FY09. Rural services expenditures increased \$776,294, or 63%, in FY09 over FY08. The increase in expenditures was mainly due to contract services for building code permits and inspections.

The Secondary Roads Fund ended FY09 with a \$4,930,404 balance compared to the prior year ending balance of \$6,776,227. Secondary road expenditures increased \$2,618,162 from FY08, mainly due to a significant increase in capital projects work. The Department maintained approximately 1,500 miles of rock, dirt and paved roads during the year and continued work on contract services for building code permits and inspections.

The Debt Service Fund ended FY09 with a \$110,154 balance compared to the prior year ending balance of \$231,902. The decrease was due to an increase in expenditures for payment of debt.

The Capital Projects Fund ended FY09 with a \$11,210,797 balance compared to the prior year ending balance of \$12,815,283. The decrease in the fund balance was due to the continuation of the E911 project.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pottawattamie County amended its budget two times. The first amendment was made in May 2009 and resulted in an increase in budgeted receipts of approximately \$1,425,000, primarily due to increased licenses and permits the County received along with additional miscellaneous receipts of \$500,000 anticipated for reimbursement of outside legal costs. The amendment also increased budgeted disbursements in total approximately \$11,694,000, with the majority being \$8,800,000 related to capital projects along with increased costs in numerous other areas as follows: approximately \$320,000 for additional public safety costs, \$660,000 for the addition of building code services for the Planning and Development Department, \$230,000 for roads and transportation associated with FEMA repairs and increased salt prices, \$1,255,000 for outside legal costs, \$100,000 for new software and technology and \$328,000 for debt service payments.

The second amendment was made in June 2009. This amendment increased budgeted disbursements approximately \$757,000, primarily for additional mental health costs and debt service interest expense.

The County's receipts were approximately \$619,000 more than budgeted. Intergovernmental receipts were approximately \$2,528,000 more than budgeted due to an increase in prisoner care revenue and FEMA reimbursements. However, use of money and property revenue decreased approximately \$617,000 due to lower interest rates on money invested, as did miscellaneous revenues, which decreased approximately \$1,021,000 since outside grant funding for certain cities in the County did not materialize as planned.

Total disbursements were \$9,961,064 less than the amended budget. Actual disbursements for the public safety and legal services, physical health and social services, county environment and education and capital projects functions were approximately \$480,000, \$541,000, \$2,788,000 and \$5,910,000, respectively, less than budgeted. These differences were due to cost cutting measures which were instituted along with the construction season spanning several fiscal years, resulting in construction project carryovers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY09, Pottawattamie County had approximately \$85,040,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$1,431,000 over the FY08 restated balance, due mainly to increases in the County's road network infrastructure.

Pottawattamie County had depreciation expense of approximately \$4,796,000 in FY09 and total accumulated depreciation of approximately \$54.8 million on the capital assets at the end of FY09. 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 FY09, Pottawattamie County had \$24,213,505 in long-term debt outstanding compared to \$25,675,000 at the end of FY08, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2009	2008
General obligation refunding bonds	\$ 7,030	8,020
General obligation refunding notes	1,490	1,650
Airport road agreement	660	760
General obligation capital loan notes	14,800	15,245
Farm to market loans	234	-
Total	\$ 24,214	25,675

Outstanding debt decreased as a result of payment on the debt. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the county's corporate limits. Pottawattamie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$352 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 2010 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 2010. Amounts available for appropriation are \$69,561,766, a decrease of \$5,152,917 from the 2009 amended budget. The decrease in the FY2010 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. 6th Street, Council Bluffs, Iowa 51501, or by telephone at (712) 328-5700.

Pottawattamie County

Basic Financial Statements

Exhibit A

Pottawattamie County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 29,667,362
Receivables:	
Property tax:	
Delinquent	107,103
Succeeding year	30,573,000
Interest and penalty on property tax	290,788
Accounts	950,050
Accrued interest	26,848
Drainage assessments	50
Due from other governments	3,978,933
Inventories	1,314,927
Prepaid insurance	257,948
Capital assets - nondepreciable	17,739,963
Capital assets - depreciable (net of accumulated depreciation)	67,300,350
Total assets	<u>152,207,322</u>
Liabilities	
Accounts payable	2,269,371
Accrued interest payable	65,979
Salaries and benefits payable	657,495
Due to other governments	1,170,021
Deferred revenue:	
Succeeding year property tax	30,573,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation refunding bonds	1,030,000
General obligation refunding notes	165,000
Airport road agreement	60,000
General obligation capital loan notes	1,510,000
Farm to market loans	59,839
Compensated absences	961,767
Portion due or payable after one year:	
General obligation refunding bonds	6,000,000
General obligation refunding notes	1,325,000
Airport road agreement	600,000
General obligation capital loan notes	13,290,000
Farm to market loans	173,666
Compensated absences	530,298
Net OPEB liability	139,500
Total liabilities	<u>60,580,936</u>
Net Assets	
Invested in capital assets, net of related debt	72,268,557
Restricted for:	
Supplemental levy purposes	1,747,888
Mental health purposes	282,154
Secondary roads purposes	6,097,032
Debt service	51,289
Capital projects	2,553
Other purposes	2,462,577
Unrestricted	8,714,336
Total net assets	<u>\$ 91,626,386</u>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2009

	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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 18,532,291	4,913,334	577,538	80,455	(12,960,964)
Physical health and social services	2,846,316	257,580	1,243,752	-	(1,344,984)
Mental health	9,095,608	115,125	6,206,926	-	(2,773,557)
County environment and education	5,594,251	1,593,819	1,723,419	179,405	(2,097,608)
Roads and transportation	13,443,073	238,566	5,290,955	1,930,731	(5,982,821)
Governmental services to residents	2,265,919	1,156,179	121	-	(1,109,619)
Administration	8,110,968	1,025,744	81,482	5	(7,003,737)
Interest on long-term debt	1,020,648	-	1,253	-	(1,019,395)
Total	\$ 60,909,074	9,300,347	15,125,446	2,190,596	(34,292,685)
General Revenues:					
Property and other county tax levied for:					
General purposes					25,307,716
Debt service					1,900,708
Tax increment financing					234,181
Penalty and interest on property tax					269,433
State tax credits					827,366
Local option sales tax					3,043,404
Grants and contributions not restricted to specific purposes					127,553
Unrestricted investment earnings					536,253
Pari-mutuel and gaming wager tax					2,277,817
Gain on disposition of capital assets					178,329
Miscellaneous					119,789
Total general revenues					34,822,549
Change in net assets					529,864
Net assets beginning of year, as restated					91,096,522
Net assets end of year					\$ 91,626,386

See notes to financial statements.

Pottawattamie County

Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 10,533,700	1,418,708	596,431	3,510,722
Receivables:				
Property tax:				
Delinquent	72,407	14,636	12,830	-
Succeeding year	18,469,000	4,597,000	3,666,000	-
Interest and penalty on property tax	290,788	-	-	-
Accounts	425,948	174,455	-	295,575
Loans	-	-	-	233,505
Accrued interest	26,545	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	8,233	-	-	-
Due from other governments	1,343,957	45,321	76,890	2,062,392
Inventories	-	-	-	1,314,927
Prepaid insurance	257,948	-	-	-
Total assets	\$ 31,428,526	6,250,120	4,352,151	7,417,121
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,338,956	158,723	26,364	658,156
Salaries and benefits payable	503,154	38,867	14,565	88,749
Due to other funds	-	-	-	-
Due to other governments	31,104	1,078,614	2,883	4,552
Deferred revenue:				
Succeeding year property tax	18,469,000	4,597,000	3,666,000	-
Other	380,852	15,219	12,784	1,735,260
Total liabilities	20,723,066	5,888,423	3,722,596	2,486,717
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,861,931	-	-	-
Closure care	-	-	7,500	-
Debt service	-	-	-	-
Law enforcement	59,515	-	-	-
Loans receivable	-	-	-	233,505
Unreserved, designated for legal fees	250,000	-	-	-
Unreserved, reported in:				
General fund	8,534,014	-	-	-
Special revenue funds	-	361,697	622,055	4,696,899
Capital projects fund	-	-	-	-
Total fund balances	10,705,460	361,697	629,555	4,930,404
Total liabilities and fund balances	\$ 31,428,526	6,250,120	4,352,151	7,417,121

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
110,038	11,292,130	2,205,633	29,667,362
7,230	-	-	107,103
3,159,000	-	682,000	30,573,000
-	-	-	290,788
-	-	54,072	950,050
-	-	-	233,505
-	-	303	26,848
-	-	50	50
-	-	-	8,233
-	-	216,868	3,745,428
-	-	-	1,314,927
-	-	-	257,948
3,276,268	11,292,130	3,158,926	67,175,242
-	81,333	5,839	2,269,371
-	-	12,160	657,495
-	-	8,233	8,233
-	-	52,868	1,170,021
3,159,000	-	682,000	30,573,000
7,114	-	38,237	2,189,466
3,166,114	81,333	799,337	36,867,586
-	-	-	1,861,931
-	-	-	7,500
110,154	-	-	110,154
-	-	-	59,515
-	-	-	233,505
-	-	-	250,000
-	-	-	8,534,014
-	-	2,359,589	8,040,240
-	11,210,797	-	11,210,797
110,154	11,210,797	2,359,589	30,307,656
3,276,268	11,292,130	3,158,926	67,175,242

Pottawattamie County

Pottawattamie County

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

June 30, 2009

Total governmental fund balances (page 19) \$ 30,307,656

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 \$139,852,388 and the accumulated depreciation is \$54,812,075. 85,040,313

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 2,189,466

Long-term liabilities, including notes payable, bonds payable, airport road agreement payable, farm to market loans payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (25,911,049)

Net assets of governmental activities (page 16) \$ 91,626,386

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 20,220,138	3,626,595	4,202,710	2,127,511
Interest and penalty on property tax	344,333	-	-	-
Intergovernmental	6,239,234	6,355,157	214,196	5,766,410
Licenses and permits	475	-	1,292,441	7,950
Charges for service	2,274,226	115,125	50,976	154,859
Use of money and property	566,735	-	-	-
Miscellaneous	1,047,307	181	12,359	84,757
Total revenues	<u>30,692,448</u>	<u>10,097,058</u>	<u>5,772,682</u>	<u>8,141,487</u>
Expenditures:				
Operating:				
Public safety and legal services	17,917,754	-	122,769	-
Physical health and social services	2,200,053	-	164,606	-
Mental health	-	9,074,447	-	-
County environment and education	1,746,259	-	1,718,562	-
Roads and transportation	-	-	-	10,813,416
Governmental services to residents	1,876,004	-	3,740	-
Administration	7,803,198	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	2,878,571
Total expenditures	<u>31,543,268</u>	<u>9,074,447</u>	<u>2,009,677</u>	<u>13,691,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(850,820)</u>	<u>1,022,611</u>	<u>3,763,005</u>	<u>(5,550,500)</u>
Other financing sources (uses):				
Sale of capital assets	73,016	-	-	62,000
Operating transfers in	296,549	-	-	3,642,677
Operating transfers out	(942,088)	(183,424)	(3,361,015)	-
Total other financing sources (uses)	<u>(572,523)</u>	<u>(183,424)</u>	<u>(3,361,015)</u>	<u>3,704,677</u>
Net change in fund balances	(1,423,343)	839,187	401,990	(1,845,823)
Fund balances beginning of year	12,128,803	(477,490)	227,565	6,776,227
Fund balances end of year	<u>\$ 10,705,460</u>	<u>361,697</u>	<u>629,555</u>	<u>4,930,404</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,901,187	-	694,179	32,772,320
-	-	-	344,333
55,004	-	700,149	19,330,150
-	-	-	1,300,866
-	-	17,465	2,612,651
1,253	27,452	72,473	667,913
-	-	1,727,511	2,872,115
1,957,444	27,452	3,211,777	59,900,348
-	-	26,375	18,066,898
-	-	458,771	2,823,430
-	-	-	9,074,447
-	-	2,562,677	6,027,498
-	-	-	10,813,416
-	-	26,724	1,906,468
-	-	-	7,803,198
2,651,674	-	-	2,651,674
-	1,583,833	-	4,462,404
2,651,674	1,583,833	3,074,547	63,629,433
(694,230)	(1,556,381)	137,230	(3,729,085)
-	-	-	135,016
572,482	65,020	314,703	4,891,431
-	(113,125)	(291,779)	(4,891,431)
572,482	(48,105)	22,924	135,016
(121,748)	(1,604,486)	160,154	(3,594,069)
231,902	12,815,283	2,199,435	33,901,725
110,154	11,210,797	2,359,589	30,307,656

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, 2009

Net change in fund balances - Total governmental funds (page 23) \$ (3,594,069)

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	\$ 6,130,842	
Capital assets contributed by Homeland Security	53,008	
Depreciation expense	<u>(4,796,217)</u>	1,387,633

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. 43,313

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	(8,494)	
Other	<u>1,549,252</u>	1,540,758

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 repayments exceeded issues, as follows:

Issued	(293,344)	
Repaid	<u>1,754,839</u>	1,461,495

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	(205,792)	
Interest on long-term debt	36,026	
Net OPEB liability	<u>(139,500)</u>	<u>(309,266)</u>

Change in net assets of governmental activities (page 17) \$ 529,864

See notes to financial statements.

Pottawattamie County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets

Cash and pooled investments:	
County Treasurer	\$ 7,036,385
Other County officials	2,500
Receivables:	
Property tax:	
Delinquent	402,624
Succeeding year	109,481,000
Accounts	83,718
Special assessments	5,029,155
Drainage assessments	10,187
Due from other governments	276,026
Prepaid items	49,293
Total assets	122,370,888

Liabilities

Accounts payable	16,881
Stamped warrants payable	3,720
Salaries and benefits payable	43,967
Due to other governments	117,270,748
Trusts payable	4,896,750
Compensated absences	138,822
Total liabilities	122,370,888

Net assets	\$ -
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See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2009

(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 the Foundation are reported as a Special Revenue Fund.

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 programs. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

The County’s investments at June 30, 2009 are as follows:

Type	Fair Value	Maturity
Repurchase agreement	\$ 7,000,000	July 2009
Repurchase agreement	7,000,000	August 2009
Repurchase agreement	<u>6,000,000</u>	September 2009
Total	<u>\$ 20,000,000</u>	

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

The County’s \$20,000,000 investment in repurchase agreements is held in the name of the County and underlying securities (totaling \$20,000,000) are held by an authorized custodian of the County.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Capital Projects	\$ 113,125
	Special Revenue:	
	Mental Health	183,424
		<u>296,549</u>
Special Revenue:		
Secondary Roads	General	281,662
	Special Revenue:	
	Rural Services	3,361,015
		<u>3,642,677</u>
Juvenile Crime Grant	General	<u>2,636</u>
WIC	General	<u>19,897</u>
Conservation Local Option Tax	General	<u>85,120</u>
West SWCD Structures	General	<u>15,000</u>
East SWCD Structures	General	<u>10,000</u>
Soil Conservation District East	Special Revenue:	
	District Enhancement Area	
	East	<u>25,223</u>
Flood and Erosion	General	<u>135,000</u>
Restoration Initiative - Hitchcock	Special Revenue:	
	Conservation Local Option Tax	<u>21,827</u>
Debt Service	General	327,753
	Special Revenue:	
	Urban Renewal Revenue	244,729
		<u>572,482</u>
Capital Projects	General	<u>65,020</u>
Total		<u>\$ 4,891,431</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, 2009 was as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,486,172	-	-	8,486,172
Construction in progress	7,756,296	4,629,072	3,131,577	9,253,791
Total capital assets not being depreciated	<u>16,242,468</u>	<u>4,629,072</u>	<u>3,131,577</u>	<u>17,739,963</u>
Capital assets being depreciated:				
Buildings	32,267,437	1,296,963	-	33,564,400
Improvements other than buildings	1,425,385	27,136	-	1,452,521
Equipment and vehicles	14,487,194	1,549,074	924,313	15,111,955
Infrastructure, road network	69,413,347	1,942,000	-	71,355,347
Infrastructure, other	628,202	-	-	628,202
Total capital assets being depreciated	<u>118,221,565</u>	<u>4,815,173</u>	<u>924,313</u>	<u>122,112,425</u>
Less accumulated depreciation for:				
Buildings	8,969,886	678,921	-	9,648,807
Improvements other than buildings	609,581	68,045	-	677,626
Equipment and vehicles	7,995,686	1,725,321	838,808	8,882,199
Infrastructure, road network	33,129,774	2,305,925	-	35,435,699
Infrastructure, other	149,739	18,005	-	167,744
Total accumulated depreciation	<u>50,854,666</u>	<u>4,796,217</u>	<u>838,808</u>	<u>54,812,075</u>
Total capital assets being depreciated, net	<u>67,366,899</u>	<u>18,956</u>	<u>85,505</u>	<u>67,300,350</u>
Governmental activities capital assets, net	<u>\$ 83,609,367</u>	<u>4,648,028</u>	<u>3,217,082</u>	<u>85,040,313</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 789,741
Physical health and social services	18,599
Mental health	1,515
County environment and education	167,202
Roads and transportation	3,475,985
Governmental services to residents	49,410
Administration	<u>293,765</u>
Total depreciation expense - governmental activities	<u>\$ 4,796,217</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 31,104
Special Revenue:		
Mental Health	Services	1,078,614
Rural Services	Services	2,883
Secondary Roads	Services	4,552
Nonmajor	Services	52,868
		<u>1,138,917</u>
Total for governmental funds		<u>\$ 1,170,021</u>
Agency:		
County Assessor	Collections	\$ 1,648,121
Schools		56,686,627
Community Colleges		3,412,535
Corporations		49,331,455
E911 Surcharge		1,493,862
Auto License and Use Tax		1,669,640
All other		3,028,508
Total for agency funds		<u>\$ 117,270,748</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Refunding Bonds	General Obligation Refunding Notes	Airport Road Agreement	General Obligation Capital Loan Notes	Farm to Market Loans	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 8,020,000	1,650,000	760,000	15,245,000	-	1,286,273	-	26,961,273
Increases	-	-	-	-	293,344	1,403,588	139,500	1,836,432
Decreases	990,000	160,000	100,000	445,000	59,839	1,197,796	-	2,952,635
Balance end of year	<u>\$ 7,030,000</u>	<u>1,490,000</u>	<u>660,000</u>	<u>14,800,000</u>	<u>233,505</u>	<u>1,492,065</u>	<u>139,500</u>	<u>25,845,070</u>
Due within one year	<u>\$ 1,030,000</u>	<u>165,000</u>	<u>60,000</u>	<u>1,510,000</u>	<u>59,839</u>	<u>961,767</u>	<u>-</u>	<u>3,786,606</u>

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			Interest					
	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total
2010	2.80%	\$ 225,000	23,377	3.15%	\$ 805,000	210,188	1,030,000	233,565	1,263,565
2011	3.00	270,000	17,078	3.15	830,000	184,830	1,100,000	201,908	1,301,908
2012	3.30	285,000	8,977	3.15	860,000	158,685	1,145,000	167,662	1,312,662
2013		-	-	3.25	885,000	130,735	885,000	130,735	1,015,735
2014		-	-	3.30	920,000	101,530	920,000	101,530	1,021,530
2015-2016		-	-	3.50-3.70	1,950,000	107,250	1,950,000	107,250	2,057,250
Total		\$ 780,000	49,432		\$ 6,250,000	893,218	7,030,000	942,650	7,972,650

During the year ended June 30, 2009, \$990,000 of general obligation refunding bonds were retired.

General Obligation Refunding Notes

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

Year Ending June 30,	Issued May 3, 2005			
	Interest			
	Rates	Principal	Interest	Total
2010	4.00%	\$ 165,000	54,460	219,460
2011	3.25	165,000	49,098	214,098
2012	3.25	170,000	43,570	213,570
2013	3.35	180,000	37,705	217,705
2014	3.60	190,000	31,225	221,225
2015-2017	3.80-4.00	620,000	49,390	669,390
Total		\$ 1,490,000	265,448	1,755,448

During the year ended June 30, 2009, \$160,000 of general obligation refunding notes were retired.

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 \$100,000 to CBAA during the year ended June 30, 2009, leaving a balance owed of \$660,000 at June 30, 2009.

General Obligation Capital Loan Notes

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

One June 1, 2008, the County issued \$9,620,000 of general obligation capital loan notes with interest rates ranging from 3.00% to 3.80% per annum to purchase communication equipment to be used by peace officers and emergency services community equipment and systems. 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	Total
2010	3.20%	\$ 570,000	176,375	3.00%	\$ 940,000	327,353	1,510,000	503,728	2,013,728
2011	3.25	590,000	158,135	3.00	970,000	299,152	1,560,000	457,287	2,017,287
2012	3.30	610,000	138,960	3.10	995,000	270,053	1,605,000	409,013	2,014,013
2013	3.35	635,000	118,830	3.15	1,030,000	239,207	1,665,000	358,037	2,023,037
2014	3.40	655,000	97,558	3.40	1,060,000	206,763	1,715,000	304,321	2,019,321
2015-2018	3.50-3.60	2,120,000	153,235	3.55-3.80	4,625,000	439,355	6,745,000	592,590	7,337,590
Total		\$ 5,180,000	843,093		\$ 9,620,000	1,781,883	14,800,000	2,624,976	17,424,976

During the year ended June 30, 2009, \$445,000 of general obligation capital loan notes were retired.

Farm to Market Loans

The County loaned the Cities of Avoca and Minden proceeds from the County's farm to market funds held by the Iowa Department of Transportation (IDOT) for the cities' share of paving projects costs paid by the County. As the County receives payments on the loans from the cities, the County repays the IDOT. The interest free loans are due through fiscal years 2012 and 2013 for the Cities of Avoca and Minden, respectively. The unpaid balances at June 30, 2009 for the Cities of Avoca and Minden are \$114,147 and \$119,358, respectively, and are reported in the Special Revenue, Secondary Roads Fund.

The following is a schedule of the payments to be received by the County under the agreements in effect at June 30, 2009:

Year ending June 30,	City of Avoca	City of Minden	Total
2010	\$ 38,049	29,839	67,888
2011	38,049	29,839	67,888
2012	38,049	29,839	67,888
2013	-	29,841	29,841
Total	\$ 114,147	119,358	233,505

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$1,496,653, \$1,273,950 and \$1,159,421, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Pottawattamie County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their dependents. There are 433 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 200,300
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>200,300</u>
Contributions made	<u>(60,800)</u>
Increase in net OPEB obligation	139,500
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u>\$ 139,500</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$60,800 to the medical plan. Plan members eligible for benefits contributed \$3,400, or 5.3% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 200,300	30.4%	\$ 139,500

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,589,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,589,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$20,606,000 and the ratio of the UAAL to covered payroll was 7.7%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the Actuary's Pension Handbook and applying the termination factors using the Scale T-9 tables.

Projected claim costs of the medical plan are \$953 per month for retirees less than age 65 and \$1,049 per month for spouses less than age 65. All coverage ceases when the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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 577 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, 2009 were \$398,170.

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 by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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.

(10) 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, 2009:

Additions:

Reimbursements from Counties:

Pottawattamie County	\$ 833,586	
Shelby County	37,925	
Harrison County	56,209	
Cass County	50,512	
Audubon County	30,492	
Mills County	56,209	
Montgomery County	67,928	
Fremont County	57,131	
Page County	29,135	\$ 1,219,127
State of Iowa meal reimbursement		15,395
State direct receiving grant		36,000
Interest on investments		1,286
Federal detainee reimbursement		13,200
Iowa detention facility expense reimbursement		186,411
Adult waived juvenile fees		72,600
Miscellaneous		12,164
		1,556,183

Deductions:

Salaries	694,116	
Employee benefits	233,100	
Commodities and nutrition services	38,275	
Office supplies	19,585	
Communications and transportation	5,175	
Professional services	10,853	
Utilities	23,388	
Building repair and maintenance	25,634	
Insurance	53,270	
Refunds to counties	412,398	
Miscellaneous	1,602	1,517,396
Net		38,787
Balance beginning of year		765,007
		\$ 803,794
Balance end of year		

(11) Litigation

In December 2009, Pottawattamie County reached an out of court settlement with two plaintiffs in a civil rights case. The County has agreed to pay the plaintiffs a total of \$12,000,000 which will be covered by insurance. Pottawattamie County will be responsible for defense costs or fees incurred in connection with the claim, except to the extent the insurers have already paid those costs or fees. As of June 30, 2009, Pottawattamie County has recorded a payable of \$750,000 for legal fees in the General Fund and has designated an additional \$250,000 of the General Fund balance for legal fees.

Also, the County is involved in several other lawsuits as of June 30, 2009. The probability of loss, if any, is undeterminable.

(12) Economic Development Agreement

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

The County has agreed to make an economic development grant to the project, not to exceed \$2,639,478, with interest at 4% per annum. The grant will be paid on a semi-annual basis over a period of thirteen years beginning in fiscal year 2005. The first grant payment was made to a local foundation for costs incurred preparing the project site for construction. All remaining grant payments are required to be paid to a trust account established by the City to be used to pay principal and interest on debt incurred by the City to fund the project. During the year ended June 30, 2009, the County's grant payments totaled \$192,560, bringing the cumulative total to \$1,973,740. 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.

(13) 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.

(14) Construction Contract Commitments

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 \$12,025,179. As of June 30, 2009, costs of \$5,364,381 had been paid on the contracts. The remaining \$6,660,798 will be paid as work on these projects progresses.

(15) Subsequent Event

In November 2009, the County approved the issuance of \$5,000,000 of general obligation taxable bonds for the E911 communication project.

(16) Transfer Station Closure Care

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

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

The total closure care costs for the County as of June 30, 2009 have been estimated at \$5,032. The County has reserved \$7,500 at June 30, 2009 in the Special Revenue, Rural Services Fund to cover these costs.

(17) Restatement

Beginning capital assets and net assets have been restated to include construction in progress not reported in the prior year ending balances. The restatement increased the beginning balances, as follows:

	<u>Capital Assets</u>	<u>Net Assets</u>
Balances at June 30, 2008, as previously reported	\$ 82,459,857	89,947,012
Previously unreported construction in progress	<u>1,149,510</u>	<u>1,149,510</u>
Balances at July 1, 2008, as restated	<u>\$ 83,609,367</u>	<u>91,096,522</u>

Pottawattamie County

Required Supplementary Information

Pottawattamie County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 32,768,621	-	32,768,621
Interest and penalty on property tax	347,074	-	347,074
Intergovernmental	20,040,285	-	20,040,285
Licenses and permits	1,300,935	-	1,300,935
Charges for service	2,415,687	-	2,415,687
Use of money and property	700,545	2,001	698,544
Miscellaneous	3,050,663	160,126	2,890,537
Total receipts	<u>60,623,810</u>	<u>162,127</u>	<u>60,461,683</u>
Disbursements:			
Public safety and legal services	17,980,660	-	17,980,660
Physical health and social services	2,841,847	-	2,841,847
Mental health	10,339,476	-	10,339,476
County environment and education	6,031,748	87,069	5,944,679
Roads and transportation	10,991,103	-	10,991,103
Governmental services to residents	1,907,566	-	1,907,566
Administration	6,779,187	-	6,779,187
Debt service	2,651,676	-	2,651,676
Capital projects	5,317,425	-	5,317,425
Total disbursements	<u>64,840,688</u>	<u>87,069</u>	<u>64,753,619</u>
Excess (deficiency) of receipts over (under) disbursements	(4,216,878)	75,058	(4,291,936)
Balance beginning of year	<u>33,884,240</u>	<u>90,813</u>	<u>33,793,427</u>
Balance end of year	<u>\$ 29,667,362</u>	<u>165,871</u>	<u>29,501,491</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
32,761,730	32,761,730	6,891
330,000	330,000	17,074
17,512,225	17,512,225	2,528,060
367,650	1,297,650	3,285
2,718,375	2,713,660	(297,973)
1,315,525	1,315,525	(616,981)
3,411,760	3,911,760	(1,021,223)
58,417,265	59,842,550	619,133
18,100,714	18,461,053	480,393
3,382,691	3,382,691	540,844
9,739,500	10,339,500	24
8,072,076	8,732,311	2,787,632
10,818,777	11,048,777	57,674
2,032,764	2,032,764	125,198
5,480,818	6,836,218	57,031
2,209,030	2,653,826	2,150
2,427,543	11,227,543	5,910,118
62,263,913	74,714,683	9,961,064
(3,846,648)	(14,872,133)	10,580,197
17,425,976	33,170,728	622,699
13,579,328	18,298,595	11,202,896

Pottawattamie County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 60,623,810	(723,462)	59,900,348
Expenditures	64,840,688	(1,211,255)	63,629,433
Net	(4,216,878)	487,793	(3,729,085)
Other financing sources, net	-	135,016	135,016
Beginning fund balances	33,884,240	17,485	33,901,725
Ending fund balances	\$ 29,667,362	640,294	30,307,656

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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 \$12,450,770. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted. However, disbursements for certain departments exceeded the amounts appropriated prior to appropriation amendments.

Pottawattamie County

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$ 1,589	1,589	0.00%	\$ 20,606	7.70%

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

Other Supplementary Information

Pottawattamie County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2009

	Special Revenue											
	Juvenile Crime Grant	WIC	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	West SWCD Structures	East SWCD Structures	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West	Conservation Foundation
Assets												
Cash and pooled investments	\$ 2,636	2,913	38,959	48,433	65,395	10,754	15,000	10,000	5,583	218,368	353,818	155,117
Receivables:												
Succeeding year property tax	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	1,773	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	50	-	-	-	-	-	-
Due from other governments	-	35,812	24,718	-	-	-	-	-	-	24,719	24,719	-
Total assets	\$ 2,636	38,725	63,677	48,433	67,168	10,804	15,000	10,000	5,583	243,087	378,537	155,117
Liabilities and Fund Equity												
Liabilities:												
Accounts payable	\$ -	2,808	2,999	-	-	-	-	-	-	-	-	-
Salaries and benefits payable	-	8,848	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	8,233	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	569	-	-	-	-	-	-	-	-	-	-
Deferred revenue:												
Succeeding year property tax	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	50	-	-	-	-	-	-
Total liabilities	-	20,458	2,999	-	-	50	-	-	-	-	-	-
Fund equity:												
Unreserved fund balances,												
reported in:												
Special revenue funds	2,636	18,267	60,678	48,433	67,168	10,754	15,000	10,000	5,583	243,087	378,537	155,117
Total liabilities and fund equity	\$ 2,636	38,725	63,677	48,433	67,168	10,804	15,000	10,000	5,583	243,087	378,537	155,117

See accompanying independent auditor's report.

Industrial Development Site	Flood and Erosion	Urban Renewal Revenue	Bent Tree Water-line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinquent Fine Collection	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Total
222,194	214,367	631,396	67,028	9,520	14,234	4,476	24,753	12,804	9,965	62,920	5,000	2,205,633
-	-	682,000	-	-	-	-	-	-	-	-	-	682,000
-	-	-	-	-	-	-	-	-	-	-	52,299	54,072
86	-	217	-	-	-	-	-	-	-	-	-	303
-	-	-	-	-	-	-	-	-	-	-	-	50
-	-	-	-	-	105,922	-	-	-	-	978	-	216,868
222,280	214,367	1,313,613	67,028	9,520	120,156	4,476	24,753	12,804	9,965	63,898	57,299	3,158,926
-	-	-	-	-	32	-	-	-	-	-	-	5,839
-	2,301	-	-	-	-	-	-	1,011	-	-	-	12,160
-	-	-	-	-	-	-	-	-	-	-	-	8,233
-	-	-	-	-	-	-	-	-	-	-	52,299	52,868
-	-	682,000	-	-	-	-	-	-	-	-	-	682,000
-	-	-	-	-	-	-	-	-	-	38,187	-	38,237
-	2,301	682,000	-	-	32	-	-	1,011	-	38,187	52,299	799,337
222,280	212,066	631,613	67,028	9,520	120,124	4,476	24,753	11,793	9,965	25,711	5,000	2,359,589
222,280	214,367	1,313,613	67,028	9,520	120,156	4,476	24,753	12,804	9,965	63,898	57,299	3,158,926

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

Year ended June 30, 2009

	Special Revenue											
	Juvenile Crime Grant	WIC	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	West SWCD Structures	East SWCD Structures	Juvenile Diversion	Soil Con- servation District East	Soil Con- servation District West	Conservation Foundation
Revenues:												
Property and other county tax	\$ -	-	156,068	-	-	-	-	-	-	151,965	151,965	-
Intergovernmental	-	456,758	-	-	-	-	-	1,580	-	-	-	-
Charges for service	-	-	-	-	17,465	-	-	-	-	-	-	-
Use of money and property	-	-	-	44,787	121	-	-	-	-	-	-	2,001
Miscellaneous	-	-	25,519	-	-	-	-	-	-	-	-	160,126
Total revenues	-	456,758	181,587	44,787	17,586	-	-	-	1,580	151,965	151,965	162,127
Expenditures:												
Operating:												
Public safety and legal services	-	-	-	-	-	-	-	-	-	-	-	-
Physical health and social services	-	458,388	-	-	-	-	-	-	383	-	-	-
County environment and education	-	-	184,202	38,586	-	-	-	-	-	216,151	137,202	87,069
Governmental services to residents	-	-	-	-	26,724	-	-	-	-	-	-	-
Total expenditures	-	458,388	184,202	38,586	26,724	-	-	-	383	216,151	137,202	87,069
Excess (deficiency) of revenues over (under) expenditures	-	(1,630)	(2,615)	6,201	(9,138)	-	-	-	1,197	(64,186)	14,763	75,058
Other financing sources (uses):												
Operating transfers in	2,636	19,897	85,120	-	-	-	15,000	10,000	-	25,223	-	-
Operating transfers out	-	-	(21,827)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,636	19,897	63,293	-	-	-	15,000	10,000	-	25,223	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,636	18,267	60,678	6,201	(9,138)	-	15,000	10,000	1,197	(38,963)	14,763	75,058
Fund balances beginning of year	-	-	-	42,232	76,306	10,754	-	-	4,386	282,050	363,774	80,059
Fund balances end of year	\$ 2,636	18,267	60,678	48,433	67,168	10,754	15,000	10,000	5,583	243,087	378,537	155,117

See accompanying independent auditor's report.

Industrial Development Site	Flood and Erosion	Urban Renewal Revenue	Bent Tree Water-line	Animal Shelter Donations	County Attorney Drug Forfeiture	County Attorney Delinquent Fine Collection	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Conservation Land Acquisition	Community Improvement To Increase Economic Stability	Restoration Initiative - Hitchcock	Total
-	-	234,181	-	-	-	-	-	-	-	-	-	-	694,179
-	-	4,420	-	-	132,547	1,623	11,855	18,194	-	73,172	-	-	700,149
-	-	-	-	-	-	-	-	-	-	-	-	-	17,465
19,961	-	5,603	-	-	-	-	-	-	-	-	-	-	72,473
-	-	-	-	5,250	-	-	-	-	-	1,724	1,318,199	216,693	1,727,511
19,961	-	244,204	-	5,250	132,547	1,623	11,855	18,194	-	74,896	1,318,199	216,693	3,211,777
-	-	-	-	-	26,375	-	-	-	-	-	-	-	26,375
-	-	-	-	-	-	-	-	-	-	-	-	-	458,771
-	116,991	-	-	3,728	-	-	-	74,470	2,699	44,769	1,318,199	338,611	2,562,677
-	-	-	-	-	-	-	-	-	-	-	-	-	26,724
-	116,991	-	-	3,728	26,375	-	-	74,470	2,699	44,769	1,318,199	338,611	3,074,547
19,961	(116,991)	244,204	-	1,522	106,172	1,623	11,855	(56,276)	(2,699)	30,127	-	(121,918)	137,230
-	135,000	-	-	-	-	-	-	-	-	-	-	21,827	314,703
-	-	(244,729)	-	-	-	-	-	-	(25,223)	-	-	-	(291,779)
-	135,000	(244,729)	-	-	-	-	-	-	(25,223)	-	-	21,827	22,924
19,961	18,009	(525)	-	1,522	106,172	1,623	11,855	(56,276)	(27,922)	30,127	-	(100,091)	160,154
202,319	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
222,280	212,066	631,613	67,028	9,520	120,124	4,476	24,753	11,793	9,965	25,711	5,000	-	2,359,589

Pottawattamie County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
Assets						
Cash and pooled investments:						
County Treasurer	\$ 193,116	3,648	681,522	859,376	46,342	742,740
Other County officials	-	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	641	4,530	214,251	11,193	168,715
Succeeding year	-	192,000	1,092,000	55,613,000	3,355,000	48,420,000
Accounts	4,236	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	50	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 197,352	196,289	1,778,102	56,686,627	3,412,535	49,331,455
Liabilities						
Accounts payable	\$ -	-	2,456	-	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	20,308	-	-	-
Due to other governments	166,960	196,289	1,648,121	56,686,627	3,412,535	49,331,455
Trusts payable	30,392	-	-	-	-	-
Compensated absences	-	-	107,217	-	-	-
Total liabilities	\$ 197,352	196,289	1,778,102	56,686,627	3,412,535	49,331,455

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
11,856	79,080	461,261	554,013	1,397,190	1,669,640	336,601	7,036,385
-	-	-	2,500	-	-	-	2,500
3,247	-	-	-	-	-	47	402,624
795,000	-	-	-	-	-	14,000	109,481,000
-	-	-	23	79,459	-	-	83,718
-	624,058	4,405,097	-	-	-	-	5,029,155
-	-	-	-	-	-	10,187	10,187
-	-	-	202,976	26,523	-	46,477	276,026
-	-	-	44,282	-	-	5,011	49,293
810,103	703,138	4,866,358	803,794	1,503,172	1,669,640	412,323	122,370,888
-	-	-	5,075	9,310	-	40	16,881
-	-	-	-	-	-	3,720	3,720
-	-	-	22,698	-	-	961	43,967
810,103	703,138	-	757,515	1,493,862	1,669,640	394,503	117,270,748
-	-	4,866,358	-	-	-	-	4,896,750
-	-	-	18,506	-	-	13,099	138,822
810,103	703,138	4,866,358	803,794	1,503,172	1,669,640	412,323	122,370,888

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpora- tions
Assets and Liabilities						
Balances beginning of year	\$ 92,273	191,745	1,747,351	53,020,308	2,858,023	47,429,763
Additions:						
Property and other county tax	-	193,553	1,099,938	55,448,412	3,360,621	48,132,912
E911 surcharge	-	-	-	-	-	-
State tax credits	-	6,135	27,586	1,543,152	82,598	1,089,415
Intergovernmental	-	-	-	-	-	-
Office fees and collections	1,636,134	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	3,350,140	-	-	-	-	-
Miscellaneous	250	62	816	25,571	1,377	27,531
Total additions	4,986,524	199,750	1,128,340	57,017,135	3,444,596	49,249,858
Deductions:						
Agency remittances:						
To other funds	950,896	-	-	-	-	-
To other governments	580,022	195,206	1,097,589	53,350,816	2,890,084	47,348,166
Trusts paid out	3,350,527	-	-	-	-	-
Total deductions	4,881,445	195,206	1,097,589	53,350,816	2,890,084	47,348,166
Balances end of year	\$ 197,352	196,289	1,778,102	56,686,627	3,412,535	49,331,455

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	
	785,770	729,840	5,302,271	765,007	1,487,192	1,514,143	-	439,433	116,363,119
	800,699	-	-	-	-	-	14,407	109,050,542	
	-	-	-	-	649,132	-	-	649,132	
	12,946	-	-	-	-	-	84	2,761,916	
	-	-	-	1,556,183	-	-	257,745	1,813,928	
	-	-	-	-	-	-	17,465	1,653,599	
	-	-	-	-	-	18,608,521	-	18,608,521	
	-	522,330	516,877	-	-	-	10,334	1,049,541	
	-	-	-	-	-	2,169,212	680,543	6,199,895	
	116	-	-	-	-	-	33,260	88,983	
	813,761	522,330	516,877	1,556,183	649,132	18,608,521	2,169,212	1,013,838	141,876,057
	-	-	-	276,091	-	554,872	-	-	1,781,859
	789,428	549,032	-	131,350	633,152	17,898,152	-	1,044,668	126,507,665
	-	-	952,790	1,109,955	-	-	2,169,212	-	7,582,484
	789,428	549,032	952,790	1,517,396	633,152	18,453,024	2,169,212	1,044,668	135,872,008
	810,103	703,138	4,866,358	803,794	1,503,172	1,669,640	-	408,603	122,367,168

Pottawattamie County

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

For the Last Ten Years

	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 32,772,320	30,248,930	29,750,484	28,511,268
Interest and penalty on property tax	344,333	356,284	367,473	324,973
Intergovernmental	19,330,150	21,421,683	19,200,492	14,796,318
Licenses and permits	1,300,866	249,417	79,260	77,036
Charges for service	2,612,651	2,441,290	2,329,394	2,474,318
Use of money and property	667,913	1,208,059	1,517,486	1,199,544
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	2,872,115	2,430,096	1,815,332	1,979,269
Total	\$ 59,900,348	58,355,759	55,059,921	49,362,726
Expenditures:				
Operating:				
Public safety and legal services	\$ 18,066,898	16,846,481	15,730,880	15,344,223
Physical health and social services	2,823,430	2,737,240	2,661,811	2,726,533
Mental health	9,074,447	10,399,127	8,235,723	7,583,258
County environment and education	6,027,498	4,328,580	4,546,987	4,597,686
Roads and transportation	10,813,416	9,713,450	9,896,065	9,090,186
Governmental services to residents	1,906,468	1,728,610	1,505,405	2,007,331
Administration	7,803,198	5,884,988	6,613,224	4,967,738
Debt service	2,651,674	2,116,214	1,654,668	1,848,183
Capital projects	4,462,404	7,269,540	3,121,579	1,602,230
Total	\$ 63,629,433	61,024,230	53,966,342	49,767,368

See accompanying independent auditor's report.

Modified Accrual Basis					
2005	2004	2003	2002	2001	2000
26,568,821	25,112,918	23,754,832	21,958,824	20,993,555	20,104,555
424,956	319,773	284,825	290,890	253,539	237,271
14,894,659	15,286,787	15,499,143	15,783,786	15,809,815	18,472,170
80,369	81,539	71,929	76,834	59,905	110,065
2,357,948	2,961,916	2,184,911	2,191,613	2,102,604	2,002,230
785,044	352,015	353,651	586,955	1,325,140	1,074,895
-	-	-	87,214	79,100	26,339
1,027,912	1,263,788	684,433	824,062	508,229	579,753
46,139,709	45,378,736	42,833,724	41,800,178	41,131,887	42,607,278
14,629,633	13,554,635	12,419,508	11,534,828	10,777,226	9,503,567
2,573,703	2,449,827	2,752,435	2,433,614	2,454,465	2,031,026
7,208,328	7,266,366	7,276,003	7,720,098	7,486,497	7,291,045
2,815,719	2,613,891	1,991,358	1,800,478	1,437,882	2,618,285
7,654,396	8,916,835	7,829,915	7,662,124	8,439,884	10,013,741
1,387,910	1,345,719	1,224,597	1,207,924	1,018,643	1,090,992
5,769,591	4,948,132	5,935,402	5,804,890	4,473,172	3,449,166
1,978,668	1,900,241	1,593,806	1,576,937	1,576,418	2,091,182
1,368,193	1,803,575	2,746,406	3,821,070	1,809,795	5,808,148
45,386,141	44,799,221	43,769,430	43,561,963	39,473,982	43,897,152

Schedule 6

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Direct:			
U.S Department of Agriculture:			
Natural Resources Conservation Service:			
Watershed Protection and Flood Prevention	10.904	69-6114-8-23	\$ 753,881
U.S. Department of the Interior:			
Historic Preservation Fund Grants-in-Aid	15.904	H64900050518	10,000
Total direct			<u>763,881</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553		6,178
National School Lunch Program	10.555		9,208
			<u>15,386</u>
Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A052	109,867
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5889A052	353,975
			<u>463,842</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Supplemental Nutrition Program	10.561		53,005
Iowa Department of Agriculture and Land Stewardship:			
WIC Farmers' Market Nutrition Program (FMNP)	10.572		1,206
Hungry Canyons Alliance:			
Soil and Water Conservation	10.902	HC-2005 (4)	47,200
Soil and Water Conservation	10.902	HC-2007 (1)	46,140
			<u>93,340</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grants	16.523	JJYD-JB-F09-04	36,000
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CJJP-05-B6-001	9,000
Governor's Office of Drug Control Policy:			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	06-OJJPDP01	3,868
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO78(151)--8J-78	130,429
Highway Planning and Construction	20.205	BROS-CO78(134)--8J-78	367,772
Metropolitan Area Planning Agency:			
Highway Planning and Construction	20.205	541-300	50,000
			<u>548,201</u>

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Health and Human Services:			
Visiting Nurse Association:			
Public Health Emergency Preparedness	93.069	B889BT20	5,000
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556	PSSFP-05-05-FT	15,000
Promoting Safe and Stable Families	93.556	PSSFP5-09-035A	35,000
			<u>50,000</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		49,298
Refugee and Entrant Assistance - State Administered	93.566		84
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		13,922
Foster Care - Title IV-E	93.658		29,145
Adoption Assistance	93.659		7,092
State Children's Insurance Program	93.767		402
Medical Assistance Program	93.778		64,370
Social Services Block Grant	93.667		32,310
Social Services Block Grant	93.667		385,720
			<u>418,030</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	32,670
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	243,863
			<u>276,533</u>
Emergency Management Performance Grants	97.042	2008 EMPG	27,517
Emergency Management Performance Grants	97.042	2009 EMPG	25,962
			<u>53,479</u>
Homeland Security Grant Program	97.067	2005-GE-T5-0056 (HSGP)	4,775
City of Des Moines:			
Homeland Security Grant Program	97.067	2006-GE-T6-0065-009	5,082
Homeland Security Grant Program	97.067	2007-GE-T6-0065-009	58,278
			<u>68,135</u>
Total indirect			2,259,338
Total			<u>\$ 3,023,219</u>

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

See accompanying independent auditor's report.

Pottawattamie County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

State Capitol Building
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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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated January 29, 2010. 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-09 is a material weakness.

Compliance and Other Matters

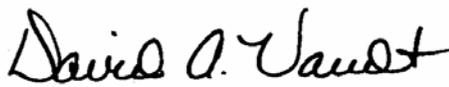
As part of obtaining reasonable assurance about whether Pottawattamie County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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, 2009 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

January 29, 2010

**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



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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, 2009. 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, 2009.

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.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

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

January 29, 2010

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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) No material weaknesses in internal control over major programs were noted.
- (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 10.904 – Watershed Protection and Flood Prevention
 - CFDA Number 20.205 – Highway Planning and Construction
 - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Financial Reporting – Material amounts of receivables, payables and capital assets were not recorded in the County’s financial statements. Also, some payables and capital assets were recorded but should not have been. Adjustments were subsequently made by the County to properly include/remove these amounts in/from the financial statements.

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

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

Conclusion – Response accepted.

II-B-09 Accounting Procedures Manual – An office procedure and standardized accounting manual has not been developed for the County Assessor’s Office. This manual should provide the following benefits:

- (1) Aid to training additional or replacement personnel.
- (2) Help achieve uniformity in accounting and in the application of policies and procedures.
- (3) Save supervisory time by recording decisions so they will not have to be made each time the same, or similar, situation arises.

Recommendation – An office procedure and accounting manual should be developed for the County Assessor’s Office.

Response – An office procedure and accounting manual has now been prepared for the County Assessor’s Office.

Conclusion – Response accepted.

II-C-09 County Assessor Disbursements – The warrants for County Assessor’s Office disbursements are prepared and signed by the County Auditor. However, after signing, the warrants are returned to the County Assessor’s Office rather than being mailed by the County Auditor’s Office.

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

Response – The County Assessor’s Office will designate a person, other than the preparer, to receive and mail out the warrants from the County Auditor’s Office.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

II-D-09 County Engineer – Checks for repayment of farm to market loans from two cities totaling \$59,839 were received by the County Engineer and endorsed over to the Iowa Department of Transportation (IDOT) without being receipted or disbursed in the County records. These checks were subsequently recorded and the amounts are included in the financial statements.

Recommendation – All checks received should be recorded as a receipt by the County Treasurer. Collections and subsequent disbursements should be reflected in the County's accounting system and should be included in the County's annual budget and financial report.

Response – The Cities could have deposited the funds to the farm to market fund with the IDOT, however we would not have known of the deposit except on a quarterly report. The Secondary Roads Department asked to receive the checks so we had documentation the payments were being made; however, we thought the checks were best deposited in the fund from which the expenditures were made.

We will include the farm to market loan repayments as a revenue and expenditure in the Special Revenue, Secondary Roads Fund.

Conclusion – Response accepted.

II-E-09 Revenues – Certain state warrants received by the County Attorney's Office were not remitted to the County Treasurer timely for deposit.

Recommendation – The County Attorney's Office should ensure all funds are receipted intact and deposited timely with the County Treasurer.

Response – We will make deposits of all collections to the County Treasurer every other Friday.

Conclusion – Response accepted.

II-F-09 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, 2009, certain employees had vacation balances in excess of the maximum carryover at the employee's anniversary date. In addition, certain employees had compensatory time balances exceeding the maximum allowable carryover.

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

Response – The County will endeavor to limit the carryover of employee's vacation and compensatory time hours as prescribed by County policy and union contracts.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- II-G-09 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, 2009.

Also, accounts receivable listings were not maintained at the end of each month throughout the year ended June 30, 2009.

In addition, the County Recorder's office does not obtain a year-to-date listing 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, an accounts receivable listing should be maintained at the end of each month. The beginning balance, current month payments and new charges should be reconciled to the ending balance.

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

Response – We are currently reconciling and maintaining accounts receivable listings. We are also developing a spreadsheet to maintain monthly receipts and disbursements (including year-to-date totals) in order to reconcile monthly and yearly book and bank balances.

Conclusion – Response accepted.

- II-H-09 Tax Increment Financing – The County Auditor does not prepare a work paper reconciliation for each TIF District to reconcile the TIF tax remitted with the amount of debt certified.

Recommendation – The County should prepare a work paper reconciliation for each city to reconcile the yearly TIF tax remitted with the amount of debt certified.

Response – Pottawattamie County will use the new DOM reports to reconcile the yearly TIF tax remitted with the amount of debt certified.

Conclusion – Response accepted.

- II-I-09 County Sheriff – The County Sheriff's Civil Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending book balances.

Recommendation – The County Sheriff's Civil Office should prepare a year-to-date spreadsheet of receipts and disbursements. The beginning balance plus receipts minus disbursements should reconcile to the ending book balances.

Response – The Civil division's current CivilServe SoftCode program cannot create the spreadsheet that you are recommending. We will check with our I.T. contact.

Conclusion – Response accepted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted. However, the disbursements for certain departments exceeded the amounts appropriated prior to appropriation amendments.

Recommendation – 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, by Board Resolution, increase or decrease appropriations before disbursements are allowed to exceed the appropriation.

Conclusion – Response accepted.

IV-B-09 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-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-09 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-09 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.

Response – Pottawattamie County will endeavor to have the minutes of our Board meetings include the complete text of resolutions adopted by the Board.

Conclusion – Response accepted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- IV-G-09 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-09 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-09 Solid Waste Fees – During the year ended June 30, 2009, the County retained \$7,500 of the solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.
- IV-J-09 Deficit Balances – The Special Revenue, WIC Fund and the Capital Project, GO Capital Loan, Series 2008 Fund had deficit cash balances during the year ended June 30, 2009, which appears to violate Chapter 331.476 of the Code of Iowa.

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 investigate alternatives to eliminate the deficit fund balances.

Conclusion – Response accepted.

- IV-K-09 Prisoner Room and Board – During the year ended June 30, 2009, room and board fees were not billed as required by Board of Supervisors policy.

Recommendation – The County should bill individuals for room and board fees as required by Board of Supervisors policy and Chapter 356.7 of the Code of Iowa.

Response – The County had contracted with a private company for billing and collecting prisoner room and board fees. The program ended when the company ended their services. The County re-implemented collections of these monies effective January 2010. Jail staff, in conjunction with the County Attorney’s Office and the County Clerk’s Office, will act to collect these fees.

Conclusion – Response accepted.

- IV-L-09 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, 2009 for the East County Extension Office exceeded the amount budgeted. West County Extension Office disbursements for the year ended June 30, 2009 did not exceed the amount budgeted.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Recommendation – The budget should be amended as required by Chapter 24.9 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – The Extension Council reviewed the budget in early April and it appeared a budget amendment would not be necessary. The fact actual disbursements did exceed the amount budgeted was an oversight. We looked at overall budget net balance figure for June 30, 2009 but did not actually look at the total disbursement figure on the report when it was completed. For the 2009-2010 budget year and years beyond, the office manager and the Extension Council will not only review the budget in April but will also make a detailed projection of expected disbursements through the end of the fiscal year to determine if a budget amendment is necessary and, if so, will follow the appropriate process to file a budget amendment prior to exceeding the original budget disbursement total.

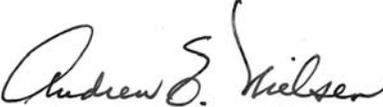
Conclusion – Response accepted.

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 D. Eckard, Staff Auditor
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