



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

June 29, 2021

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Pottawattamie County, Iowa.

**FINANCIAL HIGHLIGHTS:**

The County's revenues totaled \$79,489,940 for the year ended June 30, 2020, a 3.5% increase over the prior year. Expenses for County operations for the year ended June 30, 2020 totaled \$71,785,757, a 9.1% increase over the prior year.

**AUDIT FINDINGS:**

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 92 of this report. The findings address issues such as lack of segregation of duties, the advance signing of checks by the South West Iowa Juvenile Emergency Services (SWIJES), disbursements exceeding budgeted amounts, payment of credit card processing fees and noncompliance with Chapter 554D.114 of the Code of Iowa pertaining to retaining cancelled checks. Sand provided the County with recommendations to address each of these findings.

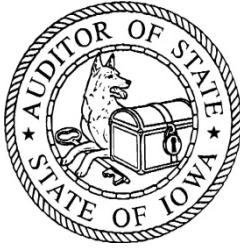
Four of the six findings discussed above are repeated from the prior year. The County Board of Supervisors and other County officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

# # #

**POTTAWATTAMIE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2020**

**Pottawattamie County**



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

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

June 24, 2021

Officials of Pottawattamie County  
Council Bluffs, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Pottawattamie County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Pottawattamie County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand  
Auditor of State

## Table of Contents

		<u>Page</u>
Officials		4
Independent Auditor's Report		5-7
Management's Discussion and Analysis		8-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Position	G	27
Statement of Revenues, Expenses and Changes in Fund Net Position	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	31
Notes to Financial Statements		32-56
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		58-59
Budget to GAAP Reconciliation		60
Notes to Required Supplementary Information – Budgetary Reporting		61
Schedule of the County's Proportionate Share of the Net Pension Liability		62-63
Schedule of County Contributions		64-65
Notes to Required Supplementary Information – Pension Liability		66
Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes		67
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	70-71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	72-73
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	74-75
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	76-77
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	78-79
Schedule of Expenditures of Federal Awards	6	80-81

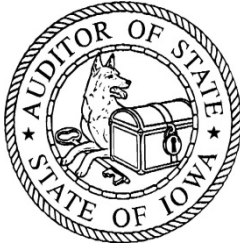
Table of Contents  
(continued)

	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	82-83
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	84-85
Schedule of Findings and Questioned Costs	86-92
Staff	93

**Pottawattamie County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marilyn Jo Drake	Board of Supervisors	Jan 2021
Tim Wichman	Board of Supervisors	Jan 2021
Scott Belt	Board of Supervisors	Jan 2023
Lynn Grobe	Board of Supervisors	Jan 2023
Justin Schultz	Board of Supervisors	Jan 2023
Melvyn Houser	County Auditor	Jan 2021
Lea Voss	County Treasurer	Jan 2023
Mark Brandenburg	County Recorder	Jan 2023
Jeffrey Danker	County Sheriff	Jan 2021
Matthew Wilber	County Attorney	Jan 2023
Penny Ravlin	County Assessor	Jan 2022



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report

To the Officials of Pottawattamie County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 15 and 58 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

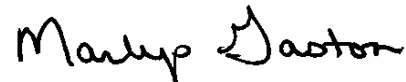
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pottawattamie County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2021 on our consideration of Pottawattamie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pottawattamie County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 24, 2021

---

---

## **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, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- Pottawattamie County's governmental activities revenues increased 3.5%, or approximately \$2,681,000, over fiscal year 2019. Charges for service decreased approximately \$609,000 while operating grants, contributions and restricted interest, capital grants, contributions and restricted interest and property and other county tax increased approximately \$518,000, \$145,000 and \$1,841,000, respectively.
- Pottawattamie County's governmental activities expenses increased 9.1%, or approximately \$5,980,000, over the prior year. Public safety and legal services, roads and transportation and administration expenses increased approximately \$1,900,000, \$2,346,000 and \$1,070,000, respectively.
- Pottawattamie County's net position at June 30, 2020 increased approximately \$7,704,000 over the June 30, 2019 balance.
- As of the close of fiscal year 2020, Pottawattamie County had ending fund balances of \$35,937,561 in the General Fund, \$911,171 in the Special Revenue, Mental Health Fund, \$1,847,751 in the Special Revenue, Rural Services Fund, \$9,552,558 in the Special Revenue, Secondary Roads Fund and \$388,251 in the Debt Service Fund.

### **USING THIS ANNUAL REPORT**

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Pottawattamie County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide 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, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES:**

### *Government-wide Financial Statements*

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

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

### *Fund Financial Statements*

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

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) The proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally amount the County's various functions.

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

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

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Pottawattamie County's net position at the end of fiscal year 2020 totaled approximately \$152.4 million. This compares to the fiscal year 2019 balance of approximately \$144.7 million. The analysis that follows focuses on the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2020	2019
Current and other assets	\$ 105,577	102,921
Capital assets	112,815	109,843
Total assets	218,392	212,764
Deferred outflows of resources	6,630	7,161
Long-term liabilities	20,495	25,555
Other liabilities	2,315	1,592
Total liabilities	22,810	27,147
Deferred inflows of resources	49,775	48,045
Net position:		
Net investment in capital assets	110,241	105,191
Restricted	24,496	24,245
Unrestricted	17,700	15,296
Total net position	\$ 152,436	144,732

Net position of Pottawattamie County's governmental activities increased approximately \$7,704,000, or 5.3%, over the fiscal year 2019 balance.

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net category increased approximately \$5,050,000, or 4.8%, over the prior year.

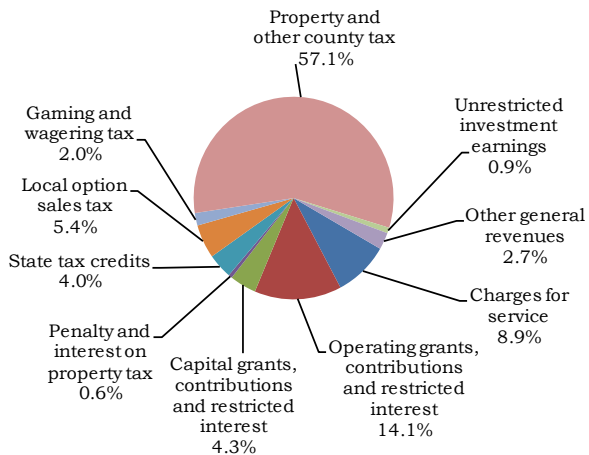
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net category increased approximately \$251,000, or 1.0%, over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a balance of approximately \$15.3 million at June 30, 2019 to approximately \$17.7 million at the end of this year. The increase is mainly due to an increased balance in the General Fund and a decrease in the net pension liability from June 30, 2019 to June 30, 2020.

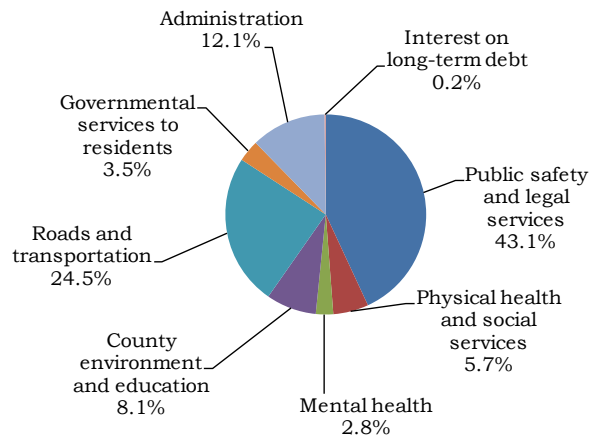
Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 7,063	7,672
Operating grants, contributions and restricted interest	11,191	10,673
Capital grants, contributions and restricted interest	3,385	3,240
General revenues:		
Property and other county tax	45,412	43,571
Penalty and interest on property tax	464	485
State tax credits	3,189	3,203
Local option sales tax	4,281	3,864
Gaming and wagering tax	1,629	2,055
Unrestricted investment earnings	736	695
Other general revenues	2,139	1,351
Total revenues	79,490	76,809
Program expenses:		
Public safety and legal services	30,965	29,065
Physical health and social services	4,103	3,677
Mental health	1,979	2,053
County environment and education	5,845	5,424
Roads and transportation	17,562	15,216
Governmental services to residents	2,515	2,576
Administration	8,678	7,608
Interest on long-term debt	138	187
Total expenses	71,786	65,806
Change in net position	7,704	11,003
Net position beginning of year	144,732	133,729
Net position end of year	\$ 152,436	144,732

**Revenues by Source**



**Expenses by Program**



Pottawattamie County's net position of governmental activities increased approximately \$7,704,000, or 5.3%, during the year. Revenues increased approximately \$2,681,000, or 3.5%, and expenses increased approximately \$5,980,000, or 9.1%. Other general revenues increased approximately \$788,000, or 58.3%, due to \$506,413 received as a gain on the disposition of capital assets compared to no such gain reported in the prior year.

Pottawattamie County's property tax levy rates for the general basic remained consistent with fiscal year 2019, general supplemental decreased \$.039300, mental health services levy increased \$.059770 per \$1,000 of taxable valuation, and the debt service levy decreased \$0.020470 per \$1,000 of taxable valuation. The countywide taxable property valuation increased \$166,824,628, or 3.4% and the rural taxable property valuation increased \$67,611,178, or 3.8%.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$53,772,113, which is \$1,211,490 more than the combined fund balance of \$52,560,623 at the end of fiscal year 2019.

The General Fund, the operating fund for Pottawattamie County, ended fiscal year 2020 with a \$35,937,561 ending fund balance. This was an increase of \$3,277,188 over the fiscal year 2019 ending fund balance. Revenues increased approximately \$762,000, or 1.6%, from fiscal year 2019 to fiscal year 2020. Expenditures increased approximately \$3,004,000, or 7.1% from fiscal year 2019 to fiscal year 2020.

The Special Revenue, Mental Health Fund ended fiscal year 2020 with a \$911,171 balance compared to the prior year ending balance of \$485,560 an increase of \$425,611 or 87.7%. The increase in the balance was due to an increase in property and other county tax from \$1,868,428 in fiscal year 2019 to \$2,226,490 in fiscal year 2020, while expenditures remained consistent with fiscal year 2019.

The Special Revenue, Rural Services Fund ended fiscal year 2020 with a \$1,847,751 balance compared to the prior year ending balance of \$1,773,233. Rural Services Fund revenues decreased approximately \$462,000; expenditures increased \$79,000. The decrease in revenues was primarily a result of decreased licenses and permits related to wind farms.

The Special Revenue, Secondary Roads Fund ended fiscal year 2020 with a \$9,552,558 balance compared to the prior year ending balance of \$9,587,531. Secondary Roads Fund revenues increased approximately \$268,000, or 2.4%, over fiscal year 2019. Secondary Roads Fund expenditures decreased approximately \$908,000, or 5.2%, over fiscal year 2019.

The Debt Service Fund ended fiscal year 2020 with a \$388,251 balance compared to the prior year ending balance of \$1,315,016, a decrease of \$926,765 or 70.5%. The decrease was due to the general obligation bonds which were called on June 1, 2020. The U.S. Treasury Securities on deposit with escrow agent were used to call the bonds.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Pottawattamie County amended its budget two times. The first amendment was made on March 31, 2020. This amendment resulted in an increase in budgeted receipts of \$2,225,595, primarily related to additional 2019 flood revenues and Board of Health grants. It also resulted in an increase in budgeted disbursements of \$7,075,000 related additional expenses related to economic development, administrative construction and expansion and departmental equipment/vehicle purchases. The amendment also resulted in a decrease in the budgeted fund balance of \$4,835,405. The second amendment was made on June 16, 2020. This amendment resulted in an increase in budgeted receipts of \$100,000 and an increased in budgeted disbursements of \$255,000 related to physical health and social services, county



environment and education, and capital projects. The increase in expenditures were for emergency response and expenses related to COVID-19 and progression on a bike trail.

The County's receipts were \$2,842,928, or 3.5% less than the budgeted amount. Total disbursements were \$14,229,915 less than the amended budget. Actual disbursements for the roads and transportation, county environment and education, and capital projects functions were \$6,107,626, \$3,271,226, and \$2,677,623, respectively, less than budgeted. The difference in expenditures was primarily due to projects being delayed due to flooding and COVID.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2020, Pottawattamie County had approximately \$112,815,000 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2,972,000, or 2.7%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2020	2019
Land	\$ 7,130	6,930
Intangibles, not amortized	4,185	4,185
Construction in progress	8,379	8,695
Buildings and improvements	22,457	23,369
Equipment and vehicles	16,514	16,048
Intangibles, amortized	899	867
Infrastructure	53,251	49,748
Total	\$ 112,815	109,843

Pottawattamie County had depreciation/amortization expense of \$7,316,048 in fiscal year 2020 and total accumulated depreciation/amortization of approximately \$111.6 million on the capital assets at the end of fiscal year 2020. 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 fiscal year 2020, Pottawattamie County had \$3,320,000 of long-term debt outstanding compared to \$7,190,000 outstanding at the end of fiscal year 2019, as shown below.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2020	2019
General obligation bonds	\$ -	1,370
General obligation capital loan notes	3,320	5,820
Total	\$ 3,320	7,190

Outstanding debt decreased as a result of making scheduled debt payments in fiscal year 2020. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Pottawattamie County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$456 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 2021 budget, tax rates and fees which apply for the various County services. One of those factors is the economy. Unemployment in the County as of April 2020 stands at 10.9% versus 1.8% a year ago. This compares with the State's unemployment rate of 11.0% and the national rate of 14.7%.

Inflation in the State was comparable to the national Consumer Price Index at the close of the fiscal year. The Midwest Region of the Department of Labor, of which Iowa is a member, CPI rate increase was 1.3% for fiscal year 2020, through the month of September, compared with the national rate of 1.4%.

The economy and unemployment indicators were taken into account when adopting the County budget for fiscal year 2021. Budgeted expenditures for fiscal year 2021 are \$90,604,448, a decrease of \$503,155 from the fiscal year 2020 final budget.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**Pottawattamie County**

## **Basic Financial Statements**

Pottawattamie County  
Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 54,358,121
Receivables:	
Property tax:	
Delinquent	860,398
Succeeding year	45,455,000
Interest and penalty on property tax	1,204,451
Accounts	280,613
Drainage assessments	50
Due from other governments	2,491,450
Inventories	648,951
Prepaid items	277,964
Capital assets not being depreciated/amortized	19,694,059
Capital assets net of accumulated depreciation/amortization	93,120,944
<b>Total assets</b>	<b>218,392,001</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	5,911,996
OPEB related deferred outflows	717,579
<b>Total deferred outflows of resources</b>	<b>6,629,575</b>
<b>Liabilities</b>	
Accounts payable	1,172,398
Accrued interest payable	5,615
Salaries and benefits payable	972,324
Due to other governments	164,431
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	815,000
Compensated absences	1,655,699
OPEB liability	182,635
Portion due or payable after one year:	
General obligation capital loan notes	2,505,000
Compensated absences	752,798
Net pension liability	12,505,127
OPEB liability	2,078,795
<b>Total liabilities</b>	<b>22,809,822</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	45,455,000
Pension related deferred inflows	4,320,498
<b>Total deferred inflows of resources</b>	<b>49,775,498</b>
<b>Net Position</b>	
Net investment in capital assets	110,241,128
Restricted for:	
Supplemental levy purposes	7,115,297
Mental health purposes	866,268
Rural services purposes	1,810,659
Secondary roads purposes	9,225,571
Debt service	435,040
Capital projects	455,268
Other purposes	4,587,426
Unrestricted	17,699,599
<b>Total net position</b>	<b>\$ 152,436,256</b>

See notes to financial statements.

Pottawattamie County

Statement of Activities

Year ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 30,965,497	3,738,388	362,512	-	(26,864,597)
Physical health and social services	4,103,309	203,545	1,792,119	-	(2,107,645)
Mental health	1,979,210	-	-	-	(1,979,210)
County environment and education	5,845,107	888,550	645,996	523,372	(3,787,189)
Roads and transportation	17,562,196	257,710	8,355,374	2,861,370	(6,087,742)
Governmental services to residents	2,514,795	1,700,279	-	-	(814,516)
Administration	8,677,667	274,031	34,676	-	(8,368,960)
Interest on long-term debt	137,976	-	-	-	(137,976)
Total	\$ 71,785,757	7,062,503	11,190,677	3,384,742	(50,147,835)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					42,536,355
Debt service					2,876,139
Penalty and interest on property tax					464,384
State tax credits					3,188,970
Local option sales tax					4,281,173
Gaming and wagering tax					1,629,165
Unrestricted investment earnings					736,335
Gain on disposition of capital assets					506,413
Miscellaneous					1,633,084
Total general revenues					57,852,018
Change in net position					7,704,183
Net position beginning of year					144,732,073
Net position end of year					\$ 152,436,256

See notes to financial statements.

Pottawattamie County

Balance Sheet  
Governmental Funds

June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 35,547,701	915,448	1,792,193	8,494,530
Component unit	-	-	-	-
Receivables:				
Property tax:				
Delinquent	676,576	44,168	78,740	-
Succeeding year	34,903,000	2,237,000	5,791,000	-
Interest and penalty on property tax	1,204,451	-	-	-
Accounts	259,223	-	8,734	12,656
Drainage assessments	-	-	-	-
Due from other governments	810,082	-	70,160	1,365,191
Inventories	-	-	-	648,951
Prepaid items	277,964	-	-	-
<b>Total assets</b>	<b>\$ 73,678,997</b>	<b>3,196,616</b>	<b>7,740,827</b>	<b>10,521,328</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 391,492	-	34,287	607,121
Salaries and benefits payable	789,154	26,558	31,409	125,203
Due to other governments	34,229	-	308	127,005
Total liabilities	1,214,875	26,558	66,004	859,329
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	34,903,000	2,237,000	5,791,000	-
Other	1,623,561	21,887	36,072	109,441
Total deferred inflows of resources	36,526,561	2,258,887	5,827,072	109,441
Fund balances:				
Nonspendable:				
Inventories	-	-	-	648,951
Prepaid items	277,964	-	-	-
Restricted for:				
Supplemental levy purposes	6,882,141	-	-	-
Mental health purposes	-	911,171	-	-
Rural services purposes	-	-	1,840,251	-
Secondary roads purposes	-	-	-	8,903,607
Drainage warrants/drainage improvement certificates	-	-	-	-
Conservation land acquisition/capital improvements	421,337	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	51,218	-	7,500	-
Assigned for:				
Property tax relief	937,857	-	-	-
County Attorney's Office	254,601	-	-	-
Land purchase	5,446,738	-	-	-
Conservation structures	98,768	-	-	-
Unassigned	21,566,937	-	-	-
Total fund balances	35,937,561	911,171	1,847,751	9,552,558
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 73,678,997</b>	<b>3,196,616</b>	<b>7,740,827</b>	<b>10,521,328</b>

See notes to financial statements.

Debt Service	Nonmajor	Total
379,741	4,182,474	51,312,087
-	866,109	866,109
60,914	-	860,398
2,524,000	-	45,455,000
-	-	1,204,451
-	-	280,613
-	50	50
-	246,017	2,491,450
-	-	648,951
-	-	277,964
<u>2,964,655</u>	<u>5,294,650</u>	<u>103,397,073</u>
-	139,498	1,172,398
-	-	972,324
-	2,889	164,431
-	142,387	2,309,153
2,524,000	-	45,455,000
<u>52,404</u>	<u>17,442</u>	<u>1,860,807</u>
<u>2,576,404</u>	<u>17,442</u>	<u>47,315,807</u>
-	-	648,951
-	-	277,964
-	-	6,882,141
-	-	911,171
-	-	1,840,251
-	-	8,903,607
-	10,754	10,754
-	-	421,337
388,251	-	388,251
-	1,184,154	1,184,154
-	3,939,913	3,998,631
-	-	937,857
-	-	254,601
-	-	5,446,738
-	-	98,768
-	-	21,566,937
<u>388,251</u>	<u>5,134,821</u>	<u>53,772,113</u>
<u>2,964,655</u>	<u>5,294,650</u>	<u>103,397,073</u>



**Pottawattamie County**

Pottawattamie County

Reconciliation of the Balance Sheet –  
Governmental Funds to the Statement of Net Position

June 30, 2020

<b>Total governmental fund balances (page 21)</b>		\$ 53,772,113
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>		
		112,815,003
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 \$224,430,152 and the accumulated depreciation/amortization is \$111,615,149.		
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		1,860,807
The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		2,179,925
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 6,629,575	
Deferred inflows of resources	<u>(4,320,498)</u>	2,309,077
Long-term liabilities, including notes payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(20,500,669)</u>
<b>Net position of governmental activities (page 18)</b>		<u>\$ 152,436,256</u>

See notes to financial statements.

Pottawattamie County

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

Year ended June 30, 2020

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 35,778,860	2,226,490	5,935,851	-
Local option sales tax	-	-	642,176	2,996,820
Interest and penalty on property tax	257,363	-	-	-
Intergovernmental	8,035,094	166,776	372,721	8,346,682
Licenses and permits	388	-	325,126	38,775
Charges for service	3,131,350	-	63,995	-
Use of money and property	723,397	-	-	-
Miscellaneous	635,685	-	2,528	224,811
<b>Total revenues</b>	<b>48,562,137</b>	<b>2,393,266</b>	<b>7,342,397</b>	<b>11,607,088</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	27,981,082	-	510,243	-
Physical health and social services	3,953,549	-	214,476	-
Mental health	-	1,967,655	-	-
County environment and education	2,993,232	-	1,525,990	-
Roads and transportation	282	-	-	15,234,374
Governmental services to residents	2,309,935	-	5,620	-
Administration	8,228,620	-	11,550	-
Debt service	-	-	-	-
Capital projects	-	-	-	1,407,687
<b>Total expenditures</b>	<b>45,466,700</b>	<b>1,967,655</b>	<b>2,267,879</b>	<b>16,642,061</b>
Excess (deficiency) of revenues over (under) expenditures	3,095,437	425,611	5,074,518	(5,034,973)
<b>Other financing sources (uses):</b>				
Transfers in	167,751	-	-	5,000,000
Transfers out	-	-	(5,000,000)	-
Proceeds of capital assets sales	14,000	-	-	-
<b>Total other financing sources (uses)</b>	<b>181,751</b>	<b>-</b>	<b>(5,000,000)</b>	<b>5,000,000</b>
Change in fund balances	3,277,188	425,611	74,518	(34,973)
Fund balances beginning of year	32,660,373	485,560	1,773,233	9,587,531
Fund balances end of year	\$ 35,937,561	911,171	1,847,751	9,552,558

See notes to financial statements.

Debt Service	Nonmajor	Total
2,844,069	-	46,785,270
-	642,177	4,281,173
-	-	257,363
214,558	659,755	17,795,586
-	-	364,289
-	15,324	3,210,669
28,689	38,967	791,053
-	1,089,415	1,952,439
3,087,316	2,445,638	75,437,842
-	138,706	28,630,031
-	-	4,168,025
-	-	1,967,655
-	971,084	5,490,306
-	-	15,234,656
-	32,147	2,347,702
-	-	8,240,170
4,014,081	-	4,014,081
-	2,740,039	4,147,726
4,014,081	3,881,976	74,240,352
(926,765)	(1,436,338)	1,197,490
-	533	5,168,284
-	(168,284)	(5,168,284)
-	-	14,000
-	(167,751)	14,000
(926,765)	(1,604,089)	1,211,490
1,315,016	6,738,910	52,560,623
388,251	5,134,821	53,772,113

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, 2020

**Change in fund balances - Total governmental funds (page 25)** \$ 1,211,490

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

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

Expenditures for capital assets	\$ 6,665,852	
Capital assets contributed by others	3,115,978	
Depreciation/amortization expense	<u>(7,316,048)</u>	2,465,782

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as a increase in financial resources. 506,413

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	257,516	
Other	<u>181,818</u>	439,334

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 3,870,000

The current year County share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as deferred outflows of resources in the Statement of Net Position. 2,829,399

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	(232,567)	
Interest on long-term debt	6,105	
Pension expense	(3,494,750)	
OPEB expense	<u>(67,741)</u>	(3,788,953)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 170,718

**Change in net position of governmental activities (page 19)** \$ 7,704,183

See notes to financial statements.

Pottawattamie County  
Statement of Net Position  
Proprietary Fund  
June 30, 2020

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 770,751
Cash held by health plan trustee	<u>1,409,174</u>
	<u>\$ 2,179,925</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 2,179,925</u>

See notes to financial statements.

**Exhibit H**

---

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

Year ended June 30, 2020

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 8,673,451
Miscellaneous		<u>254,996</u>
Total operating revenues		8,928,447
Operating expenses:		
Medical claims	\$ 1,521,443	
Administrative and other fees	179,864	
Insurance premiums	<u>7,059,430</u>	<u>8,760,737</u>
Operating income		167,710
Non-operating revenues:		
Interest income		<u>3,008</u>
Net income		170,718
Net position beginning of year		<u>2,009,207</u>
Net position end of year		<u><u>\$ 2,179,925</u></u>

See notes to financial statements.

Pottawattamie County

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2020

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 8,673,451
Cash received from miscellaneous operations	254,996
Cash paid for medical claims	(1,521,443)
Cash paid for administrative and other fees	(179,864)
Cash paid for insurance premiums	<u>(7,059,430)</u>
Net cash provided by operating activities	167,710
Cash flows from investing activities:	
Interest on investments	<u>3,008</u>
Net increase in cash and cash equivalents	170,718
Cash and cash equivalents beginning of year	<u>2,009,207</u>
Cash and cash equivalents end of year	<u>\$ 2,179,925</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income and net cash provided by operating activities	<u>\$ 167,710</u>

See notes to financial statements.



**Pottawattamie County**

Pottawattamie County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 18,462,897
Other County officials	241,486
Receivables:	
Property tax:	
Delinquent	3,355,544
Succeeding year	145,066,000
Accounts	24,393
Special assessments	978,701
Drainage assessments	4,056,045
Due from other governments	541,605
Prepaid items	40,553
	<u>172,767,224</u>

**Total assets**

**Liabilities**

Accounts payable	527,147
Stamped warrants payable	3,618,534
Salaries and benefits payable	70,554
Due to other governments	167,985,470
Trusts payable	28,197
Compensated absences	537,322
	<u>172,767,224</u>

**Total liabilities**

<b>Net position</b>	<u>\$ -</u>
---------------------	-------------

See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2020

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

Pottawattamie County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Pottawattamie County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

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

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

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Pottawattamie County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which 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 911 Service Board and Southwest Iowa Juvenile Emergency Services Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources 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 1.5% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and 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 more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles - Right of way	50,000
Intangibles - Other	100,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Infrastructure	10 - 100
Buildings and improvements	10 - 50
Intangibles - Other	2 - 50
Equipment	3 - 20
Vehicles	3 - 15



Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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.

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, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Pottawattamie County’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the debt service function.

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

The County's deposits in banks at June 30, 2020 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 ensure 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.

At June 30, 2020, the Conservation Foundation had the following investments:

<u>Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Conservation Foundation: Vanguard Mutual Funds	<u>\$ 335,939</u>	<u>400,654</u>

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in 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, but the maturities shall be consistent with the needs and use of the County.

Fair Value Measurement – The Conservation Foundation use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the mutual fund of \$400,654 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 5,000,000
Soil Conservation District East	District Enhancement Area East	533
General Fund	Capital Projects	167,751
Total		<u>\$ 5,168,284</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, 2020 was as follows:

	Beginning Balance of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 6,929,923	200,000	-	7,129,923
Intangibles, road network	4,185,189	-	-	4,185,189
Construction in progress	8,695,034	6,581,260	6,897,347	8,378,947
Total capital assets not being depreciated/amortized	19,810,146	6,781,260	6,897,347	19,694,059
Capital assets being depreciated/amortized:				
Buildings	39,740,436	123,480	-	39,863,916
Improvements other than buildings	2,949,644	-	-	2,949,644
Equipment and vehicles	41,954,597	3,305,061	2,255,959	43,003,699
Intangibles, other	1,132,401	191,955	-	1,324,356
Infrastructure, road network	109,941,721	6,897,347	-	116,839,068
Infrastructure, other	755,410	-	-	755,410
Total capital assets being depreciated/amortized	196,474,209	10,517,843	2,255,959	204,736,093
Less accumulated depreciation/amortization for:				
Buildings	17,861,710	932,455	-	18,794,165
Improvements other than buildings	1,459,597	103,006	-	1,562,603
Equipment and vehicles	25,906,446	2,725,283	2,142,446	26,489,283
Intangibles, other	265,049	160,796	-	425,845
Infrastructure, road network	60,626,697	3,359,691	-	63,986,388
Infrastructure, other	322,048	34,817	-	356,865
Total accumulated depreciation/amortization	106,441,547	7,316,048	2,142,446	111,615,149
Total capital assets being depreciated/amortized, net	90,032,662	3,201,795	113,513	93,120,944
Governmental activities capital assets, net	<u>\$ 109,842,808</u>	<u>9,983,055</u>	<u>7,010,860</u>	<u>112,815,003</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 2,042,895
Physical health and social services	13,208
County environment and education	419,314
Roads and transportation	4,307,465
Governmental services to residents	38,488
Administration	494,678
Total depreciation/amortization expense - governmental activities	<u>\$ 7,316,048</u>

**(5) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

Fund	Description	Amount
General	Services	\$ 34,229
Special Revenue:		
Rural Services		308
Secondary Roads		127,005
Conservation Local Option Tax		2,889
Total for governmental funds		<u>\$ 164,431</u>
Agency:		
County Assessor	Collections	\$ 2,945,985
Mental Health Region		8,818,764
Schools		74,232,562
Community Colleges		6,631,352
Corporations		65,637,173
E911 Surcharge		1,863,001
Auto License and Use Tax		3,162,388
All other		4,694,245
Total for agency funds		<u>\$ 167,985,470</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Bonds	General Obligation Capital Loan Notes	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 1,370,000	5,820,000	2,175,930	13,922,442	2,266,652	25,555,024
Increases	-	-	3,047,463	-	-	3,047,463
Decreases	1,370,000	2,500,000	2,814,896	1,417,315	5,222	8,107,433
Balance end of year	-	3,320,000	2,408,497	12,505,127	2,261,430	20,495,054
Due within one year	\$ -	815,000	1,655,699	-	182,635	2,653,334

**General Obligation Bonds**

On December 20, 2013, the County issued \$1,290,000 of general obligation bonds with interest rates ranging from 1.55% to 2.4% per annum to pay costs of renovations and improvements to public buildings and purchase voting equipment, an essential county purpose.

On September 23, 2014, the County issued \$1,940,000 of general obligation bonds with an interest rate of 2.0% per annum to pay costs of acquiring and equipping vehicles for the Sheriff's Department, acquisition of vehicles for the Planning and Maintenance Departments, non-communication and personal equipment for Peace Officers and the design, site preparation, construction, equipping and furnishing a new Veterans Affairs Building.

In May 2017, the County paid \$555,000 and \$30,000 to Bankers Trust to be held in escrow for the calling and redemption of general obligation bonds series 2013B and general obligation bonds series 2014. On June 1, 2020 the bonds were called and redeemed. During the year ended June 30, 2020, the County paid principal of \$1,370,000 and interest of \$28,854 on the bonds. At June 30, 2020, the County's general obligation bonds were retired in their entirety.

#### General Obligation Capital Loan Notes

On June 7, 2016, the County issued \$4,670,000 of general obligation capital loan refunding notes with interest rates ranging from 2.00% to 2.25% per annum. A portion of the notes (\$1,850,000) was issued to pay for improvements and equipment in County offices, a sprinkler system, improvements, equipment and repair of the County jail, all essential county purposes. A portion of the notes (\$600,000) was issued to pay costs of body cameras and vehicles for the Sheriff's department, general county purposes. A portion of the notes (\$2,220,000) was issued as a current refunding to retire the outstanding balance of general obligation capital loan notes issued October 27, 2009. During the year ended June 30, 2020, the County paid principal of \$1,340,000 and interest of \$74,760 on the notes.

On March 6, 2018, the County issued \$5,260,000 of general obligation capital loan notes with interest rates ranging from 1.45% to 2.25% per annum. A portion of the notes (\$550,000) was issued to pay for equipping public buildings and computers and software from the Zuercher Suite pertaining to document management, storage and retrieval. A portion of the notes (\$1,300,000) was issued to pay for peace officer communications equipment and other emergency services communication equipment and system provided in the Zuercher Suite, radio upgrades and improvements to the Carson Tower. A portion of the notes (\$520,000) was issued to pay for the cost of equipping, remodeling and reconstruction of the Sheriff's Department and the Jail. A portion of the notes (\$370,000) was issued to pay for the works and facilities useful for the collections and disposal of solid waste, including vehicles and buildings used for recycling. A portion of the notes (\$120,000) was issued to pay for the equipping of public buildings, including the digitalization of records in the County Recorder's Office. A portion of the notes (\$300,000) was issued to pay for equipping, remodeling and reconstruction of the courthouse basement. A portion of the notes (\$900,000) was issued to pay for equipping, remodeling and reconstruction of the first floor of the courthouse. A portion of the notes (\$900,000) was issued to pay for architectural and engineering studies, plans and designs for the future equipping, remodeling, reconstruction and extension of the current Law Enforcement Center building. A portion of the notes (\$300,000) was issued to pay for the costs of vehicles for the Sheriff's Department. During the year ended June 30, 2020, the County paid principal of \$1,160,000 and interest of \$37,925 on the notes.

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

Year Ending June 30,	Issued June 7, 2016			Issued March 6, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	2.00%	\$ 115,000	14,725	1.80%	\$ 700,000	52,650
2022	2.00	115,000	12,425	1.95	700,000	40,050
2023	2.00	90,000	10,125	2.10	700,000	26,400
2024	2.00	90,000	8,325	2.25	520,000	11,700
2025	2.25	95,000	6,525	-	-	-
2026-2027	2.25	195,000	6,638	-	-	-
Total		<u>\$ 700,000</u>	<u>58,763</u>		<u>\$ 2,620,000</u>	<u>130,800</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 815,000	67,375	882,375
2022	815,000	52,475	867,475
2023	790,000	36,525	826,525
2024	610,000	20,025	630,025
2025	95,000	6,525	101,525
2026-2027	195,000	6,638	201,638
Total	<u>\$ 3,320,000</u>	<u>189,563</u>	<u>3,509,563</u>

**(7) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member’s highest five-year average salary except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. The Sheriff, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a Sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$2,829,399.



Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$12,505,127 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.215954%, which was a decrease of 0.004051% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$3,494,750. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,768	598,935
Changes of assumptions	2,289,752	580,828
Net difference between projected and actual earnings on IPERS' investments	-	2,685,999
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	663,077	454,736
County contributions subsequent to the measurement date	2,829,399	-
Total	<u>\$ 5,911,996</u>	<u>4,320,498</u>

\$2,829,399 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2021	\$ 321,055
2022	(706,354)
2023	(533,750)
2024	(349,141)
2025	30,289
Total	<u>\$ (1,237,901)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 30,097,222	12,505,127	(2,243,161)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payable to IPERS – All legally required County Contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

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

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Pottawattamie County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	23
Active employees	440
Total	<u>463</u>

Total OPEB Liability – The County's total OPEB liability of \$2,261,430 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum.
Rates of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	3.50% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	5.00% for all years.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 2,266,652</u>
Changes for the year:	
Service cost	97,851
Interest	79,562
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	<u>(182,635)</u>
Net changes	<u>(5,222)</u>
Total OPEB liability end of year	<u>\$ 2,261,430</u>

Changes of assumptions reflect a change in the discount rate. There was no change in discount rate from 2019 to 2020.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 2,462,530	2,261,430	2,080,286

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 2,026,873	2,261,430	2,539,250

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2020, the County recognized OPEB expense of \$67,741. At June 30, 2020, the County reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 429,759
Changes in assumptions	287,820
Total	<u>\$ 717,579</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ 72,963
2022	72,963
2023	72,963
2024	72,963
2025	72,963
Thereafter	352,764
	<u>\$ 717,579</u>

**(9) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 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 estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$478,006.

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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Employee Health Insurance Plan**

The County self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and County contributions and is administered by Employee Benefit Systems (EBS) under an agreement which is subject to automatic renewal. The County self-funds up to \$4,000 per individual or \$8,000 per family, with employees contributing the first \$750 and \$1,500, respectively. Administrative service fees and premiums are paid monthly from the County’s operating funds to a separate account administered by EBS. During the year ended June 30, 2020, the County paid \$8,201,230 to the EBS account.

**(11) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Carter Lake	Urban renewal and economic development projects	\$ 103,097
City of Council Bluffs	Urban renewal and economic development projects	706,868
City of Underwood	Urban renewal and economic development projects	21,423
City of Walnut	Urban renewal and economic development projects	23,616

**(12) Construction Commitment**

The County has entered into a contract totaling \$5,165,000 for a courthouse renovation project. As of June 30, 2020, no costs on the project have been incurred. The \$5,165,000 balance remaining on the contract at June 30, 2020 will be paid as work on the project progresses.

The County has entered into a contract totaling \$1,135,022 for a bike trail project. As of June 30, 2020, costs of \$1,031,189 have been incurred on the project. The \$103,833 balance remaining on the contract at June 30, 2020 will be paid as work on the project progresses.

**(13) Jointly Governed Organization**

The County participates in the Southwest Iowa Juvenile Emergency Services Board, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2020:

Additions:		
Reimbursements from Counties:		
Pottawattamie County	\$ 962,165	
Shelby County	79,602	
Harrison County	84,806	
Cass County	146,828	
Audubon County	74,398	
Mills County	70,883	
Montgomery County	79,462	
Fremont County	121,653	
Page County	<u>72,570</u>	\$ 1,692,367
State direct receiving grant		44,250
State reimbursement		277,312
Interest on investments		7,370
Miscellaneous		<u>652</u>
Total additions		2,021,951
Deductions:		
Salaries	971,990	
Employee benefits	402,524	
Commodities and nutrition services	59,584	
Office supplies	18,451	
Communications and transportation	3,910	
Professional services	15,609	
Utilities	17,304	
Building repair and maintenance	117,776	
Insurance	44,609	
Refunds to counties	266,065	
Miscellaneous	<u>5,730</u>	<u>1,923,552</u>
Net		98,399
Balance beginning of year		<u>671,542</u>
Balance end of year		<u>\$ 769,941</u>



**(14) Voluntary Termination Benefit Program for the County Assessor’s Office**

A voluntary termination benefit program has been established for County Assessor employees. The program allows employees who are eligible, upon a bona fide retirement, to use the value of their unused sick leave to pay the employer’s share of the monthly premium of the County Assessor group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave, converted at the employee’s current regular hourly rate of pay, up to \$3,000, payable with the final payroll warrant which includes the employee’s retirement date.

The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of the employee’s sick leave hours before the cash payment:

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

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

The County Assessor’s Office will continue to pay its share of the health insurance premium each month until the converted value of the retiree’s Sick Leave upon Retirement balance is exhausted, the employee is eligible for Medicare or the employee waives the benefit, whichever comes first. The converted value of the sick leave can only be applied to the County Assessors’ Office’s share of health insurance premium payments.

All program benefits are financed on a pay-as-you-go basis by the County Assessor’s Office. A compensated absences liability of \$308,083 has been recorded in the Agency, County Assessor Fund for this benefit program.

For the year ended June 30, 2020, two employees have retired and received benefits totaling \$27,297 under the Sick Leave upon Retirement program.

**(15) Transfer Station Closure Care**

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

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

The total closure care costs for the County as of June 30, 2020 have been estimated at \$6,842. The County has restricted \$7,500 at June 30, 2020 in the Special Revenue, Rural Services Fund to cover these costs.

**(16) Pottawattamie County Financial Information Included in the Southwest Iowa MHDS Region**

Southwest Iowa MHDS Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Cass, Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie and Shelby. The financial activity of Pottawattamie County's Special Revenue, Mental Health Fund is included in the Southwest Iowa MHDS Region for the year ended June 30, 2020 as follows:

Revenues:		
Property and other county tax		\$ 2,226,490
Intergovernmental:		
State tax credits	\$ 165,887	
Other	889	166,776
		<u>2,393,266</u>
Total revenues		
Expenditures:		
Services to persons with:		
Mental illness		778,980
General administration:		
Direct administration	388,675	
Distribution to regional fiscal agent	800,000	1,188,675
		<u>1,967,655</u>
Total expenditures		
Excess of revenues over expenditures		425,611
Fund balance beginning of year		<u>485,560</u>
Fund balance end of year		<u>\$ 911,171</u>

**(17) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to business across a range of industries in the United States continues to evolve. The full impact to local, regional and national economics, including that of Pottawattamie County, remain uncertain.

To date, the outbreak has not created a material disruption to the operations of Pottawattamie County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate of potential impact to Pottawattamie County.

**(18) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

**(19) Subsequent Event**

In October 2020, the County issued \$4,610,000 General Obligation Capital Loan Notes, Series 2020A to provide funds for equipping, remodeling, or reconstruction of public buildings and issued \$2,045,000 General Obligation Local Option Sales and Services Tax Bonds, Series 2020B to provide funds to pay the cost of acquisition of land and construction and equipping of county shops to service secondary roads.

**(20) Pending Litigation**

The County is a defendant in several lawsuits seeking unspecified amounts of damages. It is anticipated that insurance will cover a liability, if any.

**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, 2020

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 50,655,035	-	50,655,035
Interest and penalty on property tax	238,778	-	238,778
Intergovernmental	20,945,608	-	20,945,608
Licenses and permits	373,830	-	373,830
Charges for service	3,222,151	-	3,222,151
Use of money and property	794,654	21,309	773,345
Miscellaneous	1,916,425	288,008	1,628,417
Total receipts	<u>78,146,481</u>	<u>309,317</u>	<u>77,837,164</u>
<b>Disbursements:</b>			
Public safety and legal services	31,990,913	-	31,990,913
Physical health and social services	4,161,153	-	4,161,153
Mental health	1,959,743	-	1,959,743
County environment and education	5,523,136	138,929	5,384,207
Roads and transportation	14,830,159	-	14,830,159
Governmental services to residents	2,340,688	-	2,340,688
Administration	8,141,357	-	8,141,357
Debt service	4,014,081	-	4,014,081
Capital projects	4,055,387	-	4,055,387
Total disbursements	<u>77,016,617</u>	<u>138,929</u>	<u>76,877,688</u>
Excess (deficiency) of receipts over (under) disbursements	1,129,864	170,388	959,476
Other financing, sources, net	14,000	-	14,000
Change in balances	1,143,864	170,388	973,476
Balance beginning of year	<u>51,034,332</u>	<u>706,475</u>	<u>50,327,857</u>
Balance end of year	<u>\$ 52,178,196</u>	<u>876,863</u>	<u>51,301,333</u>

See accompanying independent auditor's report.

---

Budgeted Amounts		Final to
Original	Final	Net
		Variance
51,066,805	51,066,805	(411,770)
317,000	317,000	(78,222)
19,517,144	20,925,739	19,869
279,300	279,300	94,530
2,516,578	2,612,578	609,573
493,070	753,070	20,275
4,164,600	4,725,600	(3,097,183)
<u>78,354,497</u>	<u>80,680,092</u>	<u>(2,842,928)</u>
32,474,119	32,659,119	668,206
4,093,212	4,720,102	558,949
2,298,951	2,298,951	339,208
7,943,933	8,655,433	3,271,226
18,882,785	20,937,785	6,107,626
2,462,714	2,477,714	137,026
8,630,099	9,192,199	1,050,842
3,013,290	3,433,290	(580,791)
3,978,500	6,733,010	2,677,623
<u>83,777,603</u>	<u>91,107,603</u>	<u>14,229,915</u>
(5,423,106)	(10,427,511)	11,386,987
-	14,000	-
(5,423,106)	(10,413,511)	11,386,987
<u>42,482,554</u>	<u>42,482,554</u>	<u>7,845,303</u>
<u>37,059,448</u>	<u>32,069,043</u>	<u>19,232,290</u>

---

Pottawattamie County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 78,146,481	(2,708,639)	75,437,842
Expenditures	77,016,617	(2,776,265)	74,240,352
Net	1,129,864	67,626	1,197,490
Other financing sources, net	14,000	-	14,000
Beginning fund balances	51,034,332	1,526,291	52,560,623
Ending fund balances	\$ 52,178,196	1,593,917	53,772,113

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$7,330,000. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the debt service function.



---

Pottawattamie County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Six Years\*  
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
County's proportion of the net pension liability	0.215954%	0.220005%	0.254000%	0.245823%
County's proportionate share of the net pension liability	\$ 12,505	13,922	16,920	15,470
County's covered payroll	\$ 28,360	26,891	27,371	25,415
County's proportionate share of the net pension liability as a percentage of its covered payroll	44.09%	51.77%	61.82%	60.87%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

\* In accordance with GASB Statement No. 68, the amount presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

---

2016	2015
0.218903%	0.198134%
10,815	7,858
24,863	24,508
43.50%	32.06%
87.61%	87.61%

---

Pottawattamie County

Schedule of County Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	\$ 2,829	2,737	2,474	2,532
Contributions in relation to the statutorily required contribution	(2,829)	(2,737)	(2,474)	(2,532)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 29,369	28,360	26,891	27,371
Contributions as a percentage of covered payroll	9.63%	9.65%	9.20%	9.25%

See accompanying independent auditor's report.

---

2016	2015	2014	2013	2012	2011
2,355	2,324	2,289	2,212	2,043	1,806
(2,355)	(2,324)	(2,289)	(2,212)	(2,043)	(1,806)
-	-	-	-	-	-
25,415	24,863	24,508	24,038	23,373	22,780
9.27%	9.35%	9.34%	9.20%	8.74%	7.93%

Pottawattamie County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

---

Pottawattamie County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Last Four Years  
Required Supplementary Information

	2020	2019	2018	2017
Service cost	\$ 97,851	59,432	57,701	43,437
Interest cost	79,562	60,905	60,020	57,423
Difference between expected and actual experiences	-	311,343	-	248,898
Changes in assumptions	-	240,863	-	125,289
Benefit payments	(182,635)	(95,417)	(94,017)	(82,807)
Net change in total OPEB liability	(5,222)	577,126	23,704	392,240
Total OPEB liability beginning of year	2,266,652	1,689,526	1,665,822	1,273,582
Total OPEB liability end of year	\$ 2,261,430	2,266,652	1,689,526	1,665,822
Covered-employee payroll	\$ 27,439,137	26,639,939	25,355,419	24,616,912
Total OPEB liability as a percentage of covered-employee payroll	8.24%	8.51%	6.66%	6.77%

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.58%
Year ended June 30, 2017	3.58%

**Pottawattamie County**

## **Supplementary Information**



Pottawattamie County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2020

	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Conservation District East	Special
<b>Assets</b>							
Cash, cash equivalents and pooled investments: County Treasurer Component unit	\$ 152,768	30,275	63,964	10,754	7,290	552,103	
Drainage assessments receivable	-	-	-	50	-	-	
Due from other governments	16,305	-	-	-	-	16,305	
<b>Total assets</b>	<b>\$ 169,073</b>	<b>30,275</b>	<b>63,964</b>	<b>10,804</b>	<b>7,290</b>	<b>568,408</b>	
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	-	
Due to other governments	2,889	-	-	-	-	-	
Total liabilities	2,889	-	-	-	-	-	
Deferred inflows of resources:							
Unavailable revenues:							
Other	-	-	-	50	-	-	
Fund balances:							
Restricted for:							
Drainage warrants/drainage improvement certificates	-	-	-	10,754	-	-	
Capital projects	-	-	-	-	-	-	
Other purposes	166,184	30,275	63,964	-	7,290	568,408	
Total fund balances	166,184	30,275	63,964	10,754	7,290	568,408	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 169,073</b>	<b>30,275</b>	<b>63,964</b>	<b>10,804</b>	<b>7,290</b>	<b>568,408</b>	

See accompanying independent auditor's report.

Revenue								
Soil Conservation District West	Conservation Foundation	Animal Shelter Donations	County Attorney Drug Forfeiture	Special Law Enforcement	Hitchcock Nature Area	Community Improvement To Increase Economic Stability	Capital Projects	Total
240,153	-	22,543	282,009	1,591,190	437	143,677	1,085,311	4,182,474
-	866,109	-	-	-	-	-	-	866,109
-	-	-	-	-	-	-	-	50
16,305	-	-	2,535	-	-	-	194,567	246,017
<u>256,458</u>	<u>866,109</u>	<u>22,543</u>	<u>284,544</u>	<u>1,591,190</u>	<u>437</u>	<u>143,677</u>	<u>1,279,878</u>	<u>5,294,650</u>
61,013	-	-	-	-	-	-	78,485	139,498
-	-	-	-	-	-	-	-	2,889
<u>61,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,485</u>	<u>142,387</u>
-	-	-	153	-	-	-	17,239	17,442
-	-	-	-	-	-	-	-	10,754
-	-	-	-	-	-	-	1,184,154	1,184,154
195,445	866,109	22,543	284,391	1,591,190	437	143,677	-	3,939,913
195,445	866,109	22,543	284,391	1,591,190	437	143,677	1,184,154	5,134,821
<u>256,458</u>	<u>866,109</u>	<u>22,543</u>	<u>284,544</u>	<u>1,591,190</u>	<u>437</u>	<u>143,677</u>	<u>1,279,878</u>	<u>5,294,650</u>

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

Year ended June 30, 2020

	Special					
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Conservation District East
Revenues:						
Local option sales tax	\$ 214,059	-	-	-	-	214,059
Intergovernmental	-	32,576	-	-	-	-
Charges for service	-	-	15,324	-	-	-
Use of money and property	-	321	770	-	-	-
Miscellaneous	22,640	-	-	-	-	-
Total revenues	236,699	32,897	16,094	-	-	214,059
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
County environment and education	182,816	39,045	-	-	-	188,450
Governmental services to residents	-	-	32,147	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	182,816	39,045	32,147	-	-	188,450
Excess (deficiency) of revenues over (under) expenditures	53,883	(6,148)	(16,053)	-	-	25,609
Other financing sources (uses):						
Transfers in	-	-	-	-	-	533
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	533
Change in fund balances	53,883	(6,148)	(16,053)	-	-	26,142
Fund balances beginning of year	112,301	36,423	80,017	10,754	7,290	542,266
Fund balances end of year	\$ 166,184	30,275	63,964	10,754	7,290	568,408

See accompanying independent auditor's report.

Revenue									
Soil Conservation District West	Conservation Foundation	Animal Shelter Donations	County Attorney Drug Forfeiture	Special Law Enforcement	Hitchcock Nature Area	District Enhancement Area East	Community Improvement To Increase Economic Stability	Capital Projects	Total
214,059	-	-	-	-	-	-	-	-	642,177
-	-	-	3,237	2,866	-	-	-	621,076	659,755
-	-	-	-	-	-	-	-	-	15,324
-	21,309	-	-	-	-	-	-	16,567	38,967
-	288,008	1,272	-	-	-	-	182,495	595,000	1,089,415
214,059	309,317	1,272	3,237	2,866	-	-	182,495	1,232,643	2,445,638
-	-	-	20,688	118,018	-	-	-	-	138,706
211,347	138,929	1,035	-	-	-	-	209,462	-	971,084
-	-	-	-	-	-	-	-	-	32,147
-	-	-	-	-	-	-	-	2,740,039	2,740,039
211,347	138,929	1,035	20,688	118,018	-	-	209,462	2,740,039	3,881,976
2,712	170,388	237	(17,451)	(115,152)	-	-	(26,967)	(1,507,396)	(1,436,338)
-	-	-	-	-	-	-	-	-	533
-	-	-	-	-	-	(533)	-	(167,751)	(168,284)
-	-	-	-	-	-	(533)	-	(167,751)	(167,751)
2,712	170,388	237	(17,451)	(115,152)	-	(533)	(26,967)	(1,675,147)	(1,604,089)
192,733	695,721	22,306	301,842	1,706,342	437	533	170,644	2,859,301	6,738,910
195,445	866,109	22,543	284,391	1,591,190	437	-	143,677	1,184,154	5,134,821

Pottawattamie County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2020

	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges	Corporations
<b>Assets</b>							
Cash, cash equivalents and pooled investments:							
County Treasurer	\$ -	4,179	1,667,646	9,262,942	666,461	57,782	854,896
Other County officials	238,986	-	-	-	-	-	-
Receivables:							
Property tax:							
Delinquent	-	10,137	34,132	-	1,517,101	131,570	1,646,277
Succeeding year	-	577,000	1,738,000	-	72,049,000	6,442,000	63,136,000
Accounts	516	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-	-
Due from other governments	-	-	-	58,000	-	-	-
Prepaid items	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 239,502</b>	<b>591,316</b>	<b>3,439,778</b>	<b>9,320,942</b>	<b>74,232,562</b>	<b>6,631,352</b>	<b>65,637,173</b>
<b>Liabilities</b>							
Accounts payable	\$ -	-	257	502,178	-	-	-
Stamped warrants payable	-	-	-	-	-	-	-
Salaries and benefits payable	-	-	30,498	-	-	-	-
Due to other governments	211,305	591,316	2,945,985	8,818,764	74,232,562	6,631,352	65,637,173
Trusts payable	28,197	-	-	-	-	-	-
Compensated absences	-	-	463,038	-	-	-	-
<b>Total liabilities</b>	<b>\$ 239,502</b>	<b>591,316</b>	<b>3,439,778</b>	<b>9,320,942</b>	<b>74,232,562</b>	<b>6,631,352</b>	<b>65,637,173</b>

See accompanying independent auditor's report.

Townships	City Special Assessments	Special Assessments	SWI Juvenile Emergency Services Board	911 Surcharge	Auto License and Use Tax	Other	Total	
	6,882	10,143	545	450,374	1,696,827	3,162,388	621,832	18,462,897
	-	-	-	2,500	-	-	-	241,486
	16,059	-	-	-	-	-	268	3,355,544
	1,111,000	-	-	-	-	-	13,000	145,066,000
	-	-	-	-	23,877	-	-	24,393
	-	978,701	-	-	-	-	-	978,701
	-	182,429	421,173	-	-	-	3,452,443	4,056,045
	-	-	-	281,672	146,268	-	55,665	541,605
	-	-	-	35,395	-	-	5,158	40,553
<b>1,133,941</b>	<b>1,171,273</b>	<b>421,718</b>	<b>769,941</b>	<b>1,866,972</b>	<b>3,162,388</b>	<b>4,148,366</b>	<b>172,767,224</b>	
	-	-	-	6,768	3,971	-	13,973	527,147
	-	-	-	-	-	-	3,618,534	3,618,534
	-	-	-	32,339	-	-	7,717	70,554
<b>1,133,941</b>	<b>1,171,273</b>	<b>421,718</b>	<b>683,608</b>	<b>1,863,001</b>	<b>3,162,388</b>	<b>481,084</b>	<b>167,985,470</b>	
	-	-	-	-	-	-	-	28,197
	-	-	-	47,226	-	-	27,058	537,322
<b>1,133,941</b>	<b>1,171,273</b>	<b>421,718</b>	<b>769,941</b>	<b>1,866,972</b>	<b>3,162,388</b>	<b>4,148,366</b>	<b>172,767,224</b>	

Pottawattamie County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2020

<b>Assets and Liabilities</b>	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges
Balances beginning of year	\$ 273,229	571,990	3,031,525	11,767,632	72,310,274	6,542,128
Additions:						
Property and other county tax	-	577,946	1,739,380	-	72,098,344	6,446,008
911 surcharge	-	-	-	-	-	-
State tax credits	-	40,034	128,881	-	5,474,670	481,362
Intergovernmental	-	-	600	2,727,165	-	-
Office fees and collections	2,306,030	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	8,776,592	-	-	110,570	-	-
Miscellaneous	-	171	349	362,506	-	-
Total additions	11,082,622	618,151	1,869,210	3,200,241	77,573,014	6,927,370
Deductions:						
Agency remittances:						
To other funds	1,386,848	-	-	-	-	-
To other governments	909,733	598,825	1,460,957	5,646,931	75,650,726	6,838,146
Trusts paid out	8,819,768	-	-	-	-	-
Operating expenses	-	-	-	-	-	-
Total deductions	11,116,349	598,825	1,460,957	5,646,931	75,650,726	6,838,146
Balances end of year	\$ 239,502	591,316	3,439,778	9,320,942	74,232,562	6,631,352

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Special Assessments	SWI Juvenile Emergency Services Board	911 Surcharge	Auto License and Use Tax	Other	Total
62,764,515	1,167,097	1,098,802	355,525	671,542	1,741,292	2,195,808	787,968	165,279,327
63,179,227	1,111,649	-	-	-	-	-	14,463	145,167,017
-	-	-	-	-	118,859	-	-	118,859
5,457,555	51,589	-	-	-	-	-	1,012	11,635,103
-	-	-	-	2,014,581	-	-	5,223,564	9,965,910
-	-	-	-	-	-	-	15,337	2,321,367
-	-	-	-	-	-	29,149,306	-	29,149,306
-	-	857,295	414,718	-	-	-	3,534,604	4,806,617
-	-	-	-	-	-	-	185,146	9,072,308
-	-	-	-	7,370	568,981	-	3,662	943,039
68,636,782	1,163,238	857,295	414,718	2,021,951	687,840	29,149,306	8,977,788	213,179,526
-	-	-	-	151,225	-	926,617	-	2,464,690
65,764,124	1,196,394	784,824	348,525	114,448	562,160	27,256,109	8,891,500	196,023,402
-	-	-	-	-	-	-	344,424	9,164,192
-	-	-	-	1,657,879	-	-	-	1,657,879
65,764,124	1,196,394	784,824	348,525	1,923,552	562,160	28,182,726	9,235,924	209,310,163
65,637,173	1,133,941	1,171,273	421,718	769,941	1,866,972	3,162,388	529,832	169,148,690



Pottawattamie County

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

For the Last Ten Years

	2020	2019	2018	2017
<b>Revenues:</b>				
Property and other county tax	\$ 46,785,270	45,581,389	44,958,746	44,891,722
Local option sales tax	4,281,173	3,864,062	3,341,048	3,494,236
Interest and penalty on property tax	257,363	370,328	355,815	339,351
Intergovernmental	17,795,586	17,195,198	15,611,477	17,530,095
Licenses and permits	364,289	981,308	208,602	246,073
Charges for service	3,210,669	3,070,466	3,140,296	3,009,434
Use of money and property	791,053	775,086	458,157	129,399
Miscellaneous	1,952,439	1,687,670	2,037,362	2,236,008
<b>Total</b>	<b>\$ 75,437,842</b>	<b>73,525,507</b>	<b>70,111,503</b>	<b>71,876,318</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 28,630,031	27,538,819	26,663,989	24,694,953
Physical health and social services	4,168,025	3,556,376	3,491,566	4,296,741
Mental health	1,967,655	2,026,370	2,499,749	2,547,003
County environment and education	5,490,306	5,165,521	5,499,199	4,516,085
Roads and transportation	15,234,656	15,226,457	13,886,826	12,061,549
Governmental services to residents	2,347,702	2,193,031	2,113,367	2,165,946
Administration	8,240,170	7,429,696	7,745,381	7,139,445
Debt service	4,014,081	3,023,707	2,971,908	3,334,750
Capital projects	4,147,726	4,692,556	3,732,016	3,430,468
<b>Total</b>	<b>\$ 74,240,352</b>	<b>70,852,533</b>	<b>68,604,001</b>	<b>64,186,940</b>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
45,486,380	45,742,273	39,548,540	37,694,564	36,691,020	35,723,484
3,196,050	4,349,793	3,405,980	3,174,885	3,057,227	3,235,122
347,738	384,464	344,692	376,744	318,477	414,271
16,583,665	17,741,021	16,549,486	17,335,587	17,905,091	19,562,312
222,617	349,597	306,705	261,812	187,760	208,229
2,901,437	2,718,505	2,696,599	2,695,884	2,737,391	2,541,245
140,007	147,657	160,514	193,326	264,844	333,615
2,008,879	2,530,247	1,162,080	1,708,008	1,666,853	1,168,054
<u>70,886,773</u>	<u>73,963,557</u>	<u>64,174,596</u>	<u>63,440,810</u>	<u>62,828,663</u>	<u>63,186,332</u>
24,491,150	23,413,305	22,832,688	21,367,688	20,699,015	19,690,040
4,847,817	5,155,835	5,410,187	3,472,444	3,197,434	3,115,222
3,469,916	8,580,556	2,613,398	5,229,934	11,276,784	9,446,510
4,804,455	5,420,349	7,374,041	6,494,809	5,668,115	5,674,072
12,107,500	11,758,649	9,700,321	12,574,966	11,503,354	10,438,155
2,008,389	2,069,334	1,942,339	2,110,519	1,889,398	1,689,187
6,886,005	6,540,195	6,205,492	7,031,198	6,685,534	5,939,596
4,339,507	4,077,315	3,793,670	4,642,100	3,826,036	3,832,133
7,406,853	1,127,231	1,580,254	3,258,248	2,790,082	3,054,456
<u>70,361,592</u>	<u>68,142,769</u>	<u>61,452,390</u>	<u>66,181,906</u>	<u>67,535,752</u>	<u>62,879,371</u>

**Schedule 6**

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior: National Wildlife Refuge Fund	15.659		\$ 3,482
Indirect:			
U.S. Department of Agriculture: Iowa Department of Public Health: Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5889A052	166,213
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5888A091	9,126
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A091	27,554
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A052	<u>378,049</u>
			<u>580,942</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>76,118</u>
Iowa Department of Agriculture and Land Stewardship: WIC Farmers' Market Nutrition Program (FMNP)	10.572		<u>919</u>
U.S. Department of Agriculture and Land Stewardship Iowa Department of Economic Development Community Development Block Grants	14.228	18-DTR-4	<u>90,844</u>
U.S. Department of Justice: Iowa Department of Human Rights: Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	#04-JD18-19F-78	<u>19,900</u>
City of Council Bluffs: Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0903	<u>9,053</u>
U.S. Federal Highway Administration: Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	BROS-C078(192)--8J-78	15,917
Highway Planning and Construction	20.205	TAP-R-C078(194)--8T-78	40,864
Omaha - Council Bluffs Metropolitan Area Planning Agency: Highway Planning and Construction	20.205	1990310006	<u>30,000</u>
			<u>86,781</u>
Iowa Department of Transportation: Recreational Trails Program	20.219	2014-NRT-004	<u>4,361</u>
U.S. Department of Transportation National Highway Traffic Safety Administration (NHTSA): Iowa Department of Public Safety: Governor's Traffic Safety Bureau: State and Community Highway Safety	20.600	PAP 19-402-M00P, Task 33-30-00 PAP 20-402-M0PT, Task 63-70-00	592 446 <u>1,038</u>

Pottawattamie County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2020

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention			
Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	MOU-2019-TB13	900
Immunization Cooperative Agreements	93.268	58801474	13,593
Iowa Partnership for Chronic Disease Prevention	93.426	5880CD34	300
HIV Care Formula Grant	93.917	5889AP05A	96,282
HIV Care Formula Grant	93.917	5880AP05A	63,504
			<u>159,786</u>
HIV Prevention Activites_Health Department Based	93.940	5889AP05A	9,998
HIV Prevention Activites_Health Department Based	93.940	5880AP05A	17,070
			<u>27,068</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Guardianship Assistance	93.090		13
Refugee and Entrant Assistance_State Administered Programs	93.566		45
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		18,106
Foster Care_Title IV-E	93.658		25,870
Adoption Assistance	93.659		10,419
Social Services Block Grant	93.667		22,127
Children's Health Insurance Program	93.767		2,586
Medicaid Cluster:			
Medical Assistance Program	93.778		115,431
U.S. Department of Homeland Security:			
Iowa Department of Public Defense			
Iowa Homeland Security and Emergency Management Division			
Disaster Grant - Public Assistance	97.036	FEMA 4421 DR IA	192,413
Homeland Security Grant Program	97.067	EMW-2017-SS-00014-S01	184,405
			<u>1,643,018</u>
Total indirect			<u>1,643,018</u>
Total			<u>\$ 1,646,500</u>

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Pottawattamie County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pottawattamie County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Pottawattamie County.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** – Pottawattamie County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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

To the Officials of Pottawattamie County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-20 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-20 to be a significant deficiency.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

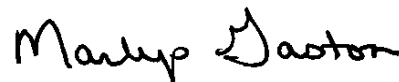
### Pottawattamie County's Responses to the Findings

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

### Purpose of this Report

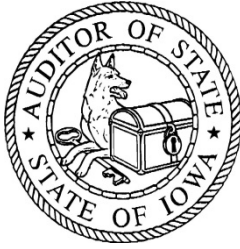
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance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

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 24, 2021



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

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance

To the Officials of Pottawattamie County:

Report on Compliance for Each Major Federal Program

We have audited Pottawattamie County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2020. Pottawattamie County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Pottawattamie County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Pottawattamie County's compliance.

Opinion on the Major Federal Program

In our opinion, Pottawattamie County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.


## Report on Internal Control Over Compliance

The management of Pottawattamie County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pottawattamie County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 24, 2021



Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (e) The audit did not disclose audit findings required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (f) The major programs were as follows:
  - CFDA Number 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children.
  - CFDA Number 93.917 – HIV Care Formula Grant.
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (h) Pottawattamie County did not qualify as a low-risk auditee.

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

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

**INTERNAL CONTROL DEFICIENCIES:**

II-A-20 Receipts

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reviewing appropriate coding of accounting records.

Condition – There is no evidence of an independent review of the coding of receipts to the proper account and fiscal year being performed.

Cause – Procedures have not been designed and implemented to ensure appropriate coding of receipts to the proper account and fiscal year.

Effect – Inadequate review of accounting records can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – The County should develop and implement procedures to ensure appropriate coding of receipts to the proper account and fiscal year.

Response – We will contact the County Treasurer to request that the Board receives a monthly statement of receipts/deposits. Review of receipts/deposit will be evidenced with initials of review and date of the review.

Conclusion – Responses accepted.

II-B-20 Southwest Iowa Juvenile Emergency Service Petty Cash Checking Account

Criteria – Management is responsible for establishing and maintain internal controls. A good system of internal control provides for adequate supporting documentation and approval of disbursements prior to preparing and paying for the claim.

Condition – The signing of checks in advance is not prohibited. Southwest Iowa Juvenile Emergency Service (SWIJES) Board Director signs checks in advance to facilitate the purchase of goods from stores and suppliers in a timely manner.

Cause – SWIJES policies do not require and procedures have not been established to prevent the advance signing of checks.

Effect – The advance signing of checks could adversely affect SWIJES's ability to prevent or detect and correct misstatements, errors or misappropriation of assets by employees in the normal course of performing their assigned functions.

Recommendation – SWIJES should establish policies and procedures to ensure the signing of checks in advance is prohibited.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – On July 15, 2020, the 28E Board approved to close the checking account. The checking account was then closed on July 17, 2020. Checks are no longer being used.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Pottawattamie County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

Pottawattamie County  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

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

IV-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the debt service function.

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

Response – This is a result of G.O. bonds which were called on June 1, 2020. There were funds in an escrow account to pay the bonds when they were called and the money in the escrow account was not accounted for in the budgeting process. The County will monitor this in the future.

Conclusion – Response accepted.

IV-B-20 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-20 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-20 Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Justin Schultz, County Board Member, Regulatory Manager of Southwest Iowa Renewable Energy	Hand sanitizer	\$ 41,559
Jeremy Myers, County Buildings- Grounds employee	Levee monitor work	466
Betty Collinson, County Sheriff employee	Uniform repairs, per bid	352

In accordance with Chapter 331.342(2)(j), the uniform repair and levee monitor work transactions do not appear to represent a conflict of interest since the transactions with the individuals were less than \$6,000 during for the fiscal year.

The transactions with Southwest Iowa Renewable Energy may represent a conflict of interest in accordance with Chapter 331.342 of the Code of Iowa since total transactions were more than \$6,000 during the year and the transactions were not competitively bid.

Recommendation – The County should consult legal counsel to determine the proper disposition of this matter.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – During the course of the COVID-19 Pandemic in Pottawattamie County, the Division of Public Health (PH) made several purchases of hand sanitizer from SIRE ethanol plant. When the event started and the search for supplies happened PH reached out to the buildings and grounds department to ask their suppliers for hand sanitizer which the suppliers were sold out. PH also reached out through Payless office products and they were back ordered out of hand sanitizer at \$34.00 per gallon. PH was able to find a supplier from Amazon.com who had sanitizer for \$40.00 a gallon. During that time, the County was contacted by SIRE on the idea of them producing hand sanitizer for the County in bulk. With the goal of PH to be able to supply schools, health systems, long term care, fire-ems and local communities, this was the most cost-effective way to do that at \$7.00 a gallon.

Conclusion – Response acknowledged. We understand why the County pursued purchasing hand sanitizer from SIRE; however, the Code of Iowa does not provide an exemption for this situation. The County should consult legal counsel to determine the proper disposition of this matter.

- IV-E-20 Restricted Donor Activity – No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-20 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure coverage is adequate for current operations.
- IV-G-20 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-20 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-I-20 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-J-20 Solid Waste Fees – During the year ended June 30, 2020, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.
- IV-K-20 Financial Assurance – The County has elected to demonstrate financial assurance for the landfill transfer station closure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The amount the County has restricted for closure care at June 30, 2020 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

IV-L-20 Conservation Credit Card Processing – The County Conservation Department made payments totaling \$2,253 related to processing credit card transactions. Chapter 331.553(5) of the Code of Iowa states, in part, “A county treasurer may adjust fees to reflect the cost of processing such payments.” The Department did not adjust fees to reflect this cost.

Recommendation – The County Conservation Board should adjust the fees charged to reflect the cost of processing credit card payments in accordance with Chapter 331.553(5) of the Code of Iowa.

Response – We charge a flat processing fee onto the customer on My County Parks. However, we are charged varying rates. This is what causes the discrepancy. Starting in February 2021, we started to host cabin reservations and registrations on our newly developed website and have implemented Square for those transactions which more closely captures those fees. We are still working with the website designer to get programming and shelter rentals through our new site as of June 24, 2021.

Conclusion – Response acknowledged. Given the risks surrounding the use of a Square, the County Conservation Department should ensure internal control procedures are in place to mitigate the risks.

IV-M-20 Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the County Sheriff’s Office.

Recommendation – The County Sheriff’s Office should obtain and retain an image of both the front and back of each cancelled check as required.

Responses – The office has contacted the bank and has been informed that the bank does not provide images of the back of each cancelled check. The office will continue to look into alternative solutions to obtain an image of both the front and back of each cancelled check.

Conclusion – Responses accepted.

Pottawattamie County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Ryan J. Pithan, CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Prem Gobin, Senior Auditor  
Coltin R. Collins, Staff Auditor  
Maria R. Collins, Staff Auditor  
Corey D. Hauptmann, Staff Auditor  
Kathryn L. Blumer, Assistant Auditor  
Allison L. Carlon, Assistant Auditor  
Ridge G. Nennig, Assistant Auditor  
Thomas Engquist, Intern Auditor