



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 10, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$92,535,393 for the year ended June 30, 2021, a 16.4% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$78,664,707, a 9.6% increase over the prior year. The increase in revenue is due primarily to receipts received from the CARES Act and contributions from the Iowa Department of Transportation for road projects. The increase in expenses is due primarily to costs related to COVID-19.

AUDIT FINDING

Sand reported four findings related to the receipt and expenditure of taxpayer funds. They are found on pages 87 through 91 of this report. The findings address issues such as errors in financial reporting for capital assets, lack of independent review of recording receipts received outside of the County Treasurer's office and noncompliance with Chapter 554D.114 of the Code of Iowa pertaining to redeemed checks. Sand provided the County with recommendations to address each of these findings.

Three of the four 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 [Audit Reports - Auditor of State](#).

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POTTAWATTAMIE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Pottawattamie County



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Rob Sand
Auditor of State

May 2, 2022

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, 2021. 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Pottawattamie County

Officials

(Before January 2021)

<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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Scott Belt	Board of Supervisors	Jan 2023
Lynn Grobe	Board of Supervisors	Jan 2023
Justin Schultz	Board of Supervisors	Jan 2023
Brian Shea	Board of Supervisors	Jan 2025
Tim Wichman	Board of Supervisors	Jan 2025
Melvyn Houser	County Auditor	Jan 2025
Lea Voss	County Treasurer	Jan 2023
Mark Brandenburg	County Recorder	Jan 2023
Andrew Brown	County Sheriff	Jan 2025
Matthew Wilber	County Attorney	Jan 2023
Penny Ravlin	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Pottawattamie County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2021, 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, 2021 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.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, Pottawattamie County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

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 14 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, 2020 (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 May 2, 2022 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 2, 2022

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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities, during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$17,729,951, to retroactively report in accordance with the GASBS.
- Pottawattamie County's governmental activities revenues increased 16.4%, or approximately \$13,046,000, over fiscal year 2020. Charges for service increased approximately \$1,368,000 while operating grants, contributions and restricted interest, capital grants, contributions and restricted interest and property and other county tax increased approximately \$4,127,000, \$7,822,000 and \$145,000, respectively.
- Pottawattamie County's governmental activities expenses increased 9.6%, or approximately \$6,879,000, over the prior year. Physical health and social services, roads and transportation and public safety and legal services expenses increased approximately \$2,005,000, \$1,827,000 and \$1,448,000, respectively.
- Pottawattamie County's net position at June 30, 2021 increased approximately \$13,871,000 over the June 30, 2020 balance.
- As of the close of fiscal year 2021, Pottawattamie County had ending fund balances of \$35,896,076 in the General Fund, \$946,795 in the Special Revenue, Mental Health Fund, \$1,576,181 in the Special Revenue, Rural Services Fund, \$10,711,917 in the Special Revenue, Secondary Roads Fund and \$712,366 in the Debt Service Fund.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and 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 (Custodial 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 Custodial 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 custodial capacity for others and cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for special assessments, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and other assets	\$ 118,475	105,577
Capital assets	129,350	112,815
Total assets	<u>247,825</u>	<u>218,392</u>
Deferred outflows of resources	7,588	6,630
Long-term liabilities	29,566	20,495
Other liabilities	11,118	2,315
Total liabilities	<u>40,684</u>	<u>22,810</u>
Deferred inflows of resources	48,422	49,775
Net position:		
Net investment in capital assets	122,090	110,241
Restricted	28,238	24,496
Unrestricted	15,979	17,700
Total net position	<u>\$ 166,307</u>	<u>152,437</u>

The net position of Pottawattamie County's governmental activities increased approximately \$13,871,000 or 9.1%, over the fiscal year 2020 balance.

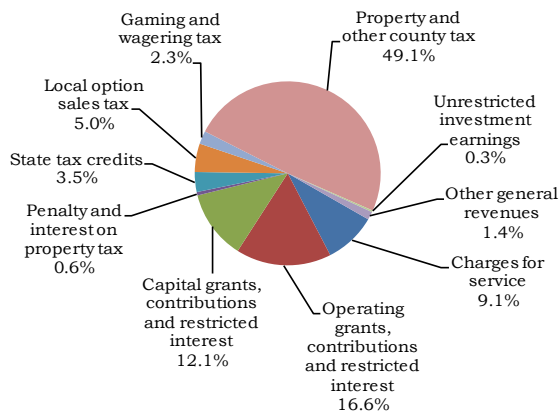
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 10.7%, or approximately \$11,849,000, 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 position category increased approximately \$3,742,000, or 15.3%, over the prior year. This increase is primarily due to an increase in the amount held at year end in the Capital Projects Fund and the Special Revenue, Secondary Roads Fund.

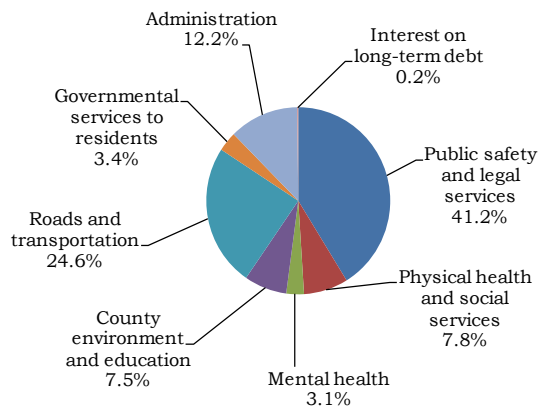
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a balance of approximately \$17.7 million at June 30, 2020 to approximately \$16.0 million at the end of this year, a decrease of 9.7%. The decrease is mainly due to an increase in the net pension liability from June 30, 2020 to June 30, 2021.

Changes in Net Position of Governmental Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 8,431	7,063
Operating grants, contributions and restricted interest	15,318	11,191
Capital grants, contributions and restricted interest	11,207	3,385
General revenues:		
Property and other county tax	45,557	45,412
Penalty and interest on property tax	509	464
State tax credits	3,235	3,189
Local option sales tax	4,672	4,281
Gaming and wagering tax	2,086	1,629
Unrestricted investment earnings	252	736
Other general revenues	1,269	2,140
Total revenues	92,536	79,490
Program expenses:		
Public safety and legal services	32,414	30,966
Physical health and social services	6,108	4,103
Mental health	2,427	1,979
County environment and education	5,863	5,845
Roads and transportation	19,389	17,562
Governmental services to residents	2,658	2,515
Administration	9,635	8,678
Interest on long-term debt	171	138
Total expenses	78,665	71,786
Change in net position	13,871	7,704
Net position beginning of year	152,436	144,732
Net position end of year	\$ 166,307	152,436

Revenues by Source



Expenses by Program



Pottawattamie County's governmental activities net position increased approximately \$13,871,000 during the year. Revenues for governmental activities increased approximately \$13,046,000 over the prior year and expenses increased approximately \$6,879,000. The County's capital grants, contributions and restricted interest increased 231.1% over fiscal year 2020 due to an increase of \$7,994,331 in infrastructure assets contributed by the Iowa Department of Transportation. Also, other general revenues decreased approximately \$871,000, or 40.7%, from fiscal year 2020 due to a decrease in contributions from the Iowa West Foundation.

Pottawattamie County's property tax levy rates for the general basic remained consistent with fiscal year 2020, general supplemental increased \$.076870 while mental health services levy decreased \$.003400 per \$1,000 of taxable valuation, and the debt service levy decreased \$0.073470 per \$1,000 of taxable valuation. The countywide taxable property valuation increased \$45,545,873, or 1.0% and the rural taxable property valuation decreased \$45,232,890, or 2.5%.

INDIVIDUAL MAJOR FUND ANALYSIS

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of approximately \$56,455,403, which is \$2,683,290 more than the combined fund balance of \$53,772,113 at the end of fiscal year 2020.

The General Fund, the operating fund for Pottawattamie County, ended fiscal year 2021 with a \$35,896,076 ending fund balance. This was a decrease of \$41,485 from the fiscal year 2020 ending fund balance. Revenues increased approximately \$5,155,557, or 10.6%, from fiscal year 2020 to fiscal year 2021. The increase in revenues was primarily due to an increase in intergovernmental receipts, many of which were COVID-19 related. Expenditures increased approximately \$9,108,569 or 20.0% from fiscal year 2020 to fiscal year 2021 and much of the increase in expenditures were due to COVID-19 mitigation.

The Special Revenue, Mental Health Fund ended fiscal year 2021 with a \$946,795 balance compared to the prior year ending balance of \$911,171 an increase of \$35,624 or 3.9%. Revenues increased \$29,472 or 1.2% from fiscal year 2020, while expenditures increased \$419,459 or 21.3% from fiscal year 2020 primarily due a \$280,000 increase in distributions to the Region.

The Special Revenue, Rural Services Fund ended fiscal year 2021 with a \$1,576,181 balance compared to the prior year ending balance of \$1,847,751. Rural Services Fund revenues decreased \$8,163; expenditures increased \$237,925. The increase in expenditures is due to economic development payments related to construction and maintenance for rural road projects.

The Special Revenue, Secondary Roads Fund ended fiscal year 2021 with a \$10,711,917 balance compared to the prior year ending balance of \$9,552,558. Secondary Roads Fund revenues increased \$2,078,877, or 17.9%, over fiscal year 2020, in part due to a reimbursement for expenses related to watershed damages from the 2019 floods from U.S. Department of Agriculture for \$1,114,899. Secondary Roads Fund expenditures increased \$769,045, or 4.6%, over fiscal year 2020.

The Debt Service Fund ended fiscal year 2021 with a \$712,366 balance compared to the prior year ending balance of \$388,251, an increase of \$324,115 or 83.5%. The increase was due to bonds being called in June of 2020 which resulted in 2020 fund balance being less than usual.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pottawattamie County amended its budget two times. The first amendment was made on November 3, 2020. This amendment resulted in an increase in budgeted receipts of \$7,946,515 primarily related to Covid-19 grants and issuance of a general obligation bond and a capital note. It also resulted in an increase in budgeted disbursements of \$8,520,000 related additional expenses related to physical health and social services, debt service and capital projects. The amendment also resulted in a decrease in the budgeted fund balance of \$573,485. The second amendment was made on February 23, 2021. This amendment resulted in an increase in budgeted receipts of \$972,533 and an increase in budgeted disbursements of \$2,542,716 related to physical health and social services, county environment and education, government services to residents and administration. The increase in expenditures were for emergency response and expenses related to COVID-19. The amendment also resulted in a decrease to the budgeted fund balance of \$1,570,183.

The County's receipts were \$9,907,052, or 11.8% less than the budgeted amount. Total disbursements were \$11,937,112 less than the amended budget. Actual disbursements for the roads and transportation, capital projects and county environment and education functions were \$5,028,488, \$3,264,719, and \$1,746,464, 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 June 30, 2021, Pottawattamie County had approximately \$129.4 million 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 \$16,535,000, or 14.7%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 7,130	7,130
Intangibles, not amortized	4,185	4,185
Construction in progress	21,619	8,379
Buildings and improvements	22,398	22,457
Equipment and vehicles	16,643	16,514
Intangibles, amortized	745	899
Infrastructure	56,630	53,251
Total	<u>\$ 129,350</u>	<u>112,815</u>

Pottawattamie County had depreciation/amortization expense of \$7,665,829 in fiscal year 2021 and total accumulated depreciation/amortization of approximately \$117.7 million on the capital assets at the end of fiscal year 2021. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Pottawattamie County had \$7,260,000 of long-term debt outstanding compared to approximately \$3,320,000 outstanding at June 30, 2020, as shown below.

	Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)	
	June 30,	
	2021	2020
General obligation bonds	\$ 1,845	-
General obligation capital loan notes	5,415	3,320
Total	<u>\$ 7,260</u>	<u>3,320</u>

Outstanding debt increased as a result of the county issuing \$6,655,000 in new debt in fiscal year 2021. 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 \$498 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 2022 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 2021 stands at 3.7% versus 10.9% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 6.1%.

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 5.8% for fiscal year 2021, compared with the national rate of 5.4%.

The economy and unemployment indicators were taken into account when adopting the County budget for fiscal year 2022. Budgeted expenditures for fiscal year 2022 are \$86,098,729, a decrease of \$15,568,435 from the fiscal year 2021 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. 6th Street, Council Bluffs, Iowa 51501 or by telephone at (712) 328-5700.

Basic Financial Statements

Pottawattamie County
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 65,241,135
Receivables:	
Property tax:	
Delinquent	138,223
Succeeding year	47,161,000
Interest and penalty on property tax	1,055,233
Accounts	475,355
Drainage assessments	50
Due from other governments	3,276,503
Inventories	802,046
Prepaid items	325,144
Capital assets not being depreciated/amortized	32,934,402
Capital assets net of accumulated depreciation/amortization	96,415,576
Total assets	247,824,667
Deferred Outflows of Resources	
Pension related deferred outflows	6,676,422
OPEB related deferred outflows	911,735
Total deferred outflows of resources	7,588,157
Liabilities	
Accounts payable	625,725
Accrued interest payable	13,185
Salaries and benefits payable	1,127,793
Due to other governments	299,224
Unearned revenue	9,052,087
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	185,000
General obligation capital loan notes	1,565,000
Compensated absences	1,904,582
OPEB liability	167,417
Portion due or payable after one year:	
General obligation bonds	1,660,000
General obligation capital loan notes	3,850,000
Compensated absences	647,319
Net pension liability	17,313,367
OPEB liability	2,273,203
Total liabilities	40,683,902
Deferred Inflows of Resources	
Unavailable property tax revenue	47,161,000
Pension related deferred inflows	1,144,972
OPEB related deferred inflows	116,008
Total deferred inflows of resources	48,421,980
Net Position	
Net investment in capital assets	122,089,978
Restricted for:	
Supplemental levy purposes	7,490,907
Mental health purposes	875,154
Rural services purposes	1,558,916
Secondary roads purposes	10,536,286
Debt service	706,713
Capital projects	2,520,296
Other purposes	4,549,813
Unrestricted	15,978,879
Total net position	\$ 166,306,942

See notes to financial statements.

Pottawattamie County
Statement of Activities
Year ended June 30, 2021

	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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 32,413,876	4,810,731	519,028	-	(27,084,117)
Physical health and social services	6,108,129	169,743	3,662,303	-	(2,276,083)
Mental health	2,427,217	-	-	-	(2,427,217)
County environment and education	5,862,526	1,206,284	596,012	351,087	(3,709,143)
Roads and transportation	19,388,685	92,969	10,471,302	10,855,701	2,031,287
Governmental services to residents	2,657,697	1,817,194	34,600	-	(805,903)
Administration	9,635,164	333,906	35,026	-	(9,266,232)
Interest on long-term debt	171,413	-	-	-	(171,413)
Total	\$ 78,664,707	8,430,827	15,318,271	11,206,788	(43,708,821)
General Revenues:					
Property and other county tax levied for:					
General purposes					43,030,338
Debt service					2,526,538
Penalty and interest on property tax					508,972
State tax credits					3,235,012
Local option sales tax					4,672,432
Gaming and wagering tax					2,085,433
Unrestricted investment earnings					252,197
Gain on disposition of capital assets					147,389
Miscellaneous					1,121,196
Total general revenues					57,579,507
Change in net position					13,870,686
Net position beginning of year					152,436,256
Net position end of year					\$ 166,306,942

See notes to financial statements.

Pottawattamie County

Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 45,351,508	982,262	1,552,872
Component unit	-	-	-
Receivables:			
Property tax:			
Delinquent	108,903	6,981	14,765
Succeeding year	36,458,000	1,885,000	6,133,000
Interest and penalty on property tax	1,055,233	-	-
Accounts	318,108	-	4,592
Drainage assessments	-	-	-
Due from other governments	602,545	-	68,931
Inventories	-	-	-
Prepaid items	325,144	-	-
Total assets	\$ 84,219,441	2,874,243	7,774,160
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 372,678	-	12,897
Salaries and benefits payable	909,869	35,519	36,560
Due to other governments	218,073	-	860
Unearned revenue	9,052,087	-	-
Total liabilities	10,552,707	35,519	50,317
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	36,458,000	1,885,000	6,133,000
Other	1,312,658	6,929	14,662
Total deferred inflows of resources	37,770,658	1,891,929	6,147,662
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	325,144	-	-
Restricted for:			
Supplemental levy purposes	7,337,145	-	-
Mental health purposes	-	946,795	-
Rural services purposes	-	-	1,568,681
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Conservation purposes	368,510	-	-
Law enforcement purposes	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	51,201	-	7,500
Assigned for:			
Property tax relief	2,168,860	-	-
County Attorney's Office	310,849	-	-
Land purchase	5,864,902	-	-
Conservation structures	111,508	-	-
Unassigned	19,357,957	-	-
Total fund balances	35,896,076	946,795	1,576,181
Total liabilities, deferred inflows of resources and fund balances	\$ 84,219,441	2,874,243	7,774,160

See notes to financial statements.

Revenue			
Secondary Roads	Debt Service	Nonmajor	Total
7,793,741	712,324	5,684,546	62,077,253
-	-	1,011,754	1,011,754
-	7,574	-	138,223
-	2,685,000	-	47,161,000
-	-	-	1,055,233
152,655	-	-	475,355
-	-	50	50
2,518,181	-	86,846	3,276,503
802,046	-	-	802,046
-	-	-	325,144
<u>11,266,623</u>	<u>3,404,898</u>	<u>6,783,196</u>	<u>116,322,561</u>
145,262	-	94,888	625,725
145,845	-	-	1,127,793
5,151	-	75,140	299,224
-	-	-	9,052,087
<u>296,258</u>	<u>-</u>	<u>170,028</u>	<u>11,104,829</u>
-	2,685,000	-	47,161,000
<u>258,448</u>	<u>7,532</u>	<u>1,100</u>	<u>1,601,329</u>
<u>258,448</u>	<u>2,692,532</u>	<u>1,100</u>	<u>48,762,329</u>
802,046	-	-	802,046
-	-	-	325,144
-	-	-	7,337,145
-	-	-	946,795
-	-	-	1,568,681
9,909,871	-	-	9,909,871
-	-	10,754	10,754
-	-	1,161,164	1,529,674
-	-	1,587,621	1,587,621
-	712,366	-	712,366
-	-	2,520,296	2,520,296
-	-	1,332,233	1,390,934
-	-	-	2,168,860
-	-	-	310,849
-	-	-	5,864,902
-	-	-	111,508
-	-	-	19,357,957
<u>10,711,917</u>	<u>712,366</u>	<u>6,612,068</u>	<u>56,455,403</u>
<u>11,266,623</u>	<u>3,404,898</u>	<u>6,783,196</u>	<u>116,322,561</u>

Pottawattamie County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 56,455,403

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$247,071,430 and the accumulated depreciation/amortization is \$117,721,452. 129,349,978

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. 1,601,329

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. 2,152,128

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	\$ 7,588,157	
Deferred inflows of resources	<u>(1,028,964)</u>	6,559,193

Long-term liabilities, including bonds payable, 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. (29,579,073)

Net position of governmental activities (page 16) \$ 166,538,958

See notes to financial statements.

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

Year ended June 30, 2021

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 37,313,678	2,255,859	5,807,953
Local option sales tax	-	-	700,865
Interest and penalty on property tax	647,035	-	-
Intergovernmental	10,742,082	166,879	414,523
Licenses and permits	350	-	351,285
Charges for service	3,556,554	-	51,983
Use of money and property	268,273	-	-
Miscellaneous	1,189,722	-	7,625
Total revenues	53,717,694	2,422,738	7,334,234
Expenditures:			
Operating:			
Public safety and legal services	29,113,576	-	411,049
Physical health and social services	5,914,720	-	176,428
Mental health	-	2,387,114	-
County environment and education	2,704,933	-	1,901,230
Roads and transportation	-	-	-
Governmental services to residents	2,365,360	-	5,380
Administration	13,660,589	-	11,717
Debt service	-	-	-
Capital projects	816,091	-	-
Total expenditures	54,575,269	2,387,114	2,505,804
Excess (deficiency) of revenues over (under) expenditures	(857,575)	35,624	4,828,430
Other financing sources (uses):			
Transfers in	816,090	-	-
Transfers out	-	-	(5,100,000)
General obligation bonds issued	-	-	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	816,090	-	(5,100,000)
Change in fund balances	(41,485)	35,624	(271,570)
Fund balances beginning of year	35,937,561	911,171	1,847,751
Fund balances end of year	\$ 35,896,076	946,795	1,576,181

See notes to financial statements.

Revenue			
Secondary Roads	Debt Service	Nonmajor	Total
-	2,562,900	-	47,940,390
3,270,701	-	700,866	4,672,432
-	-	-	647,035
10,322,295	186,178	312,732	22,144,689
26,559	-	-	378,194
-	-	19,144	3,627,681
-	5,864	120,709	394,846
66,410	-	551,407	1,815,164
13,685,965	2,754,942	1,704,858	81,620,431
-	-	74,591	29,599,216
-	-	86	6,091,234
-	-	-	2,387,114
-	-	1,262,385	5,868,548
15,269,158	-	-	15,269,158
-	-	-	2,370,740
-	-	-	13,672,306
-	2,878,843	21,179	2,900,022
2,141,948	-	4,782,284	7,740,323
17,411,106	2,878,843	6,140,525	85,898,661
(3,725,141)	(123,901)	(4,435,667)	(4,278,230)
5,100,000	215,500	-	6,131,590
(215,500)	-	(816,090)	(6,131,590)
-	-	6,655,000	6,655,000
-	232,516	74,004	306,520
4,884,500	448,016	5,912,914	6,961,520
1,159,359	324,115	1,477,247	2,683,290
9,552,558	388,251	5,134,821	53,772,113
10,711,917	712,366	6,612,068	56,455,403

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, 2021

Change in fund balances - Total governmental funds (page 23) \$ 2,683,290

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	\$ 13,197,714	
Capital assets contributed by others	10,855,701	
Depreciation/amortization expense	<u>(7,665,829)</u>	16,387,586

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. 147,389

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	(296,932)	
Other	<u>37,454</u>	(259,478)

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

Issued	(6,655,000)	
Repaid	2,715,000	(3,940,000)

The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as deferred outflows of resources in the Statement of Net Position. 2,941,778

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	(143,404)	
Interest on long-term debt	(7,570)	
Pension expense	(3,810,066)	
OPEB expense	<u>(101,042)</u>	(4,062,082)

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. (27,797)

Change in net position of governmental activities (page 17) \$ 13,870,686

See notes to financial statements.

Pottawattamie County
Statement of Net Position
Proprietary Fund

June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 796,789
Cash held by health plan trustee	<u>1,355,339</u>
	<u>\$ 2,152,128</u>
Net Position	
Unrestricted	<u>\$ 2,152,128</u>

See notes to financial statements.

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

Year ended June 30, 2021

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 9,074,952
Miscellaneous		<u>201,240</u>
Total operating revenues		9,276,192
Operating expenses:		
Medical claims	\$ 1,466,950	
Administrative and other fees	180,088	
Insurance premiums	<u>7,659,096</u>	<u>9,306,134</u>
Operating income		(29,942)
Non-operating revenues:		
Interest income		<u>2,145</u>
Net loss		(27,797)
Net position beginning of year		<u>2,179,925</u>
Net position end of year		<u>\$ 2,152,128</u>

See notes to financial statements.

Pottawattamie County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2021

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating funds	\$ 9,074,952
Cash received from miscellaneous operations	201,240
Cash paid for medical claims	(1,466,950)
Cash paid for administrative and other fees	(180,088)
Cash paid for insurance premiums	<u>(7,659,096)</u>
Net cash used by operating activities	(29,942)
Cash flows from investing activities:	
Interest on investments	<u>2,145</u>
Net decrease in cash and cash equivalents	(27,797)
Cash and cash equivalents beginning of year	<u>2,179,925</u>
Cash and cash equivalents end of year	<u>\$ 2,152,128</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	<u>\$ (29,942)</u>

See notes to financial statements.

Pottawattamie County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 16,735,699
Other County officials	446,897
Receivables:	
Property tax:	
Delinquent	457,393
Succeeding year	149,754,000
Accounts	30,110
Special assessments	806,865
Drainage assessments	5,360,456
Due from other governments	866,167
Prepaid items	<u>47,765</u>
Total assets	<u>174,505,352</u>

Liabilities

Accounts payable	315,245
Stamped warrants payable	4,526,685
Salaries and benefits payable	81,363
Due to other governments	5,688,296
Trusts payable	28,197
Compensated absences	<u>541,574</u>
Total liabilities	<u>11,181,360</u>

Deferred Inflows of Resources

Unavailable revenues	<u>149,754,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 13,569,992</u>
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See notes to financial statements.

Pottawattamie County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 145,103,813
911 surcharge	133,910
State tax credits	11,491,100
Intergovernmental	15,382,443
Office fees and collections	2,878,647
Auto licenses, use tax and postage	32,956,938
Assessments	2,528,818
Trusts	6,772,465
Miscellaneous	<u>575,851</u>
Total additions	<u>217,823,985</u>
Deductions:	
Agency remittances:	
To other funds	2,717,531
To other governments	211,993,941
Trusts paid out	5,657,406
Operating expenses	<u>1,615,066</u>
Total deductions	<u>221,983,944</u>
Change in net position	(4,159,959)
Net position beginning of year, as restated	<u>17,729,951</u>
Net position end of year	<u>\$ 13,569,992</u>

See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2021

(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 a Custodial Fund. Financial information of the individual drainage districts can be obtained from the Pottawattamie County Auditor's Office.

Pottawattamie County

Notes to Financial Statements

June 30, 2021

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 Custodial 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 – Custodial 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 lease agreements 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. 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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets 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, 2021. 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 and deferred inflows 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 and unrecognized items not yet charged to pension and OPEB expense.

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, 2021, disbursements did not exceed the budget for any function.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2021 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, 2021, the Conservation Foundation had the following investments:

Investments	Carrying Amount	Fair Value
Conservation Foundation:		
Vanguard Mutual Funds	\$ 347,532	501,819

The Conservation Foundation uses 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 \$501,819 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	\$ 5,100,000
Debt Service	Secondary Roads	215,500
General Fund	Capital Projects	816,090
Total		\$ 6,131,590

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, 2021 was as follows:

	Beginning Balance of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 7,129,923	-	-	7,129,923
Intangibles, road network	4,185,189	-	-	4,185,189
Construction in progress	8,378,947	20,503,137	7,262,794	21,619,290
Total capital assets not being depreciated/amortized	19,694,059	20,503,137	7,262,794	32,934,402
Capital assets being depreciated/amortized:				
Buildings	39,863,916	904,284	111,350	40,656,850
Improvements other than buildings	2,949,644	129,420	-	3,079,064
Equipment and vehicles	43,003,699	3,252,042	1,722,702	44,533,039
Intangibles, other	1,324,356	-	-	1,324,356
Infrastructure, road network	116,839,068	6,682,875	-	123,521,943
Infrastructure, other	755,410	266,366	-	1,021,776
Total capital assets being depreciated/amortized	204,736,093	11,234,987	1,834,052	214,137,028
Less accumulated depreciation/amortization for:				
Buildings	18,794,165	958,333	84,476	19,668,022
Improvements other than buildings	1,562,603	107,235	-	1,669,838
Equipment and vehicles	26,489,283	2,875,831	1,475,050	27,890,064
Intangibles, other	425,845	153,984	-	579,829
Infrastructure, road network	63,986,388	3,532,157	-	67,518,545
Infrastructure, other	356,865	38,289	-	395,154
Total accumulated depreciation/amortization	111,615,149	7,665,829	1,559,526	117,721,452
Total capital assets being depreciated/amortized, net	93,120,944	3,569,158	274,526	96,415,576
Governmental activities capital assets, net	\$ 112,815,003	24,072,295	7,537,320	129,349,978

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 2,117,691
Physical health and social services	18,802
County environment and education	450,900
Roads and transportation	4,558,883
Governmental services to residents	39,060
Administration	480,493
Total depreciation/amortization expense - governmental activities	\$ 7,665,829

(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, 2021 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 218,073
Special Revenue:		
Rural Services		860
Secondary Roads		5,151
Conservation Local Option		
Tax		4,496
Community Improvement to Increase		
Economic Stability		70,644
Total for governmental funds		<u>\$ 299,224</u>
Custodial:		
Mental Health Region	Collections	\$ 52,404
Schools		1,222,301
Community Colleges		99,254
Corporations		985,747
Auto License and Use Tax		2,706,665
All other		<u>621,925</u>
Total for agency funds		<u>\$ 5,688,296</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>General</u>	<u>General</u>		<u>Net</u>	<u>Total</u>	
	<u>Obligation</u>	<u>Obligation</u>	<u>Compensated</u>	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
	<u>Bond</u>	<u>Capital Loan</u>	<u>Absences</u>	<u>Liability</u>	<u>Liability</u>	
		<u>Notes</u>				
Balance beginning of year	\$ -	3,320,000	2,408,497	12,505,127	2,261,430	20,495,054
Increases	2,045,000	4,610,000	2,482,845	4,808,240	474,101	14,420,186
Decreases	200,000	2,515,000	2,339,441	-	294,911	5,349,352
Balance end of year	<u>1,845,000</u>	<u>5,415,000</u>	<u>2,551,901</u>	<u>17,313,367</u>	<u>2,440,620</u>	<u>29,565,888</u>
Due within one year	\$ 185,000	1,565,000	1,904,582	-	167,417	3,821,999

General Obligation Bond

On October 27, 2020, the County issued \$2,045,000 of general obligation local option sales and services tax bond with an interest rate of 1.00% per annum to pay costs of land acquisition and construction and equipping of county shops to service secondary roads. During the year ended June 30, 2021, the County paid principal of \$200,000 and interest of \$12,156 on the bond.

Year Ending June 30,	Issued Oct 27, 2020			
	Interest Rates	Principal	Interest	Total
2022	1.00%	\$ 185,000	18,450	203,450
2023	1.00	190,000	16,600	206,600
2024	1.00	195,000	14,700	209,700
2025	1.00	200,000	12,750	212,750
2026	1.00	205,000	10,750	215,750
2027-2030	1.00	870,000	22,000	892,000
Total		\$ 1,845,000	95,250	1,940,250

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, 2021, the County paid principal of \$115,000 and interest of \$14,725 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, 2021, the County paid principal of \$700,000 and interest of \$52,650 on the notes.

On October 27, 2020, the County issued \$4,610,000 of general obligation capital loan notes with an interest rate of 3% per annum. A portion of the notes (\$900,000) was issued to pay costs of equipping, remodeling or reconstruction of public buildings including equipping the Courthouse with a fiber network and for software and card readers for multiple doors on County buildings. A portion of the notes (\$455,000) to pay for the costs of peace officers communication equipment and other emergency services communication equipment and systems including a vehicle for emergency response. A portion of the notes (\$45,000) to pay the costs of a risk management personnel vehicle and, (\$300,000) to pay the costs of sheriffs' vehicles. A portion of the notes (\$300,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including a maintenance building and shower facility at Botna Bend Park. A portion of the notes (\$280,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including a new dock and asphalt parking at Narrows Park. A portion of the notes (\$150,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including RV hook-ups and hard surface roads at Old Towne Park. A portion of the notes (\$180,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including a shower facility at Arrowhead Park. A portion of the notes (\$300,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including entrance renovation, a 3-lane entry and additional parking at Hitchcock Park. A portion of the notes (\$200,000) for acquisition and development of land for a public park or other recreation or conservation purpose, including road resurfacing at County Parks. A portion of the notes (\$600,000) was issued to pay costs of equipping, remodeling or reconstruction of public buildings including equipping jail with programable logic control upgrades. A portion of the notes (\$900,000) was issued to pay costs of equipping, remodeling or reconstruction of public buildings including equipping the courthouse with access controls and video surveillance and the jail with camera upgrades. During the year ended June 30, 2021, the County paid principal of \$1,700,000 and interest of \$82,212 on the notes.

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

Year Ending June 30,	Issued Jun 7, 2016			Issued Mar 6, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	2.25	95,000	4,388	-	-	-
2027	2.25	100,000	2,250	-	-	-
Total		<u>\$ 585,000</u>	<u>44,038</u>		<u>\$ 1,920,000</u>	<u>78,150</u>

Year Ending June 30,	Issued Oct 27, 2020			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	3.00%	\$ 750,000	87,300	\$ 1,565,000	139,775	1,704,775
2023	3.00	750,000	64,800	1,540,000	101,325	1,641,325
2024	3.00	750,000	42,300	1,360,000	62,325	1,422,325
2025	3.00	660,000	19,800	755,000	26,325	781,325
2026	-	-	-	95,000	4,388	99,388
2027	-	-	-	100,000	2,250	102,250
Total		<u>\$ 2,910,000</u>	<u>214,200</u>	<u>\$ 5,415,000</u>	<u>336,388</u>	<u>5,751,388</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.

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. 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 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County’s contributions to IPERS for the year ended June 30, 2021 totaled \$2,941,778.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$17,313,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County’s proportion was 0.246463%, which was an increase of 0.030509% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$3,810,066. At June 30, 2021, 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	\$ 128,503	453,726
Changes of assumptions	1,309,350	407,323
Net difference between projected and actual earnings on IPERS' investments	1,664,606	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	632,185	283,923
County contributions subsequent to the measurement date	2,941,778	-
Total	<u>\$ 6,676,422</u>	<u>1,144,972</u>

\$2,941,778 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, 2022. 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
2022	\$ 326,610
2023	498,262
2024	683,699
2025	1,064,230
2026	16,871
Total	<u>\$ 2,589,672</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
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 calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability 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)	\$ 35,558,669	17,313,367	2,021,228

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.

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, 2021.

(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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>442</u>
Total	<u>450</u>

Total OPEB Liability – The County’s total OPEB liability of \$2,440,620 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	3.00% per annum.
Rates of salary increase (effective June 30, 2021)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.16% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	5.00% for all years.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% 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-2020. 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>\$ 2,261,430</u>
Changes for the year:	
Service cost	100,787
Interest	79,748
Differences between expected and actual experiences	(127,494)
Changes in assumptions	293,566
Benefit payments	<u>(167,417)</u>
Net changes	<u>179,190</u>
Total OPEB liability end of year	<u>\$ 2,440,620</u>

Changes of assumptions reflect a change in the discount rate. The change in discount rate was from 3.50% in FY20 to 2.16% in FY21.

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 (1.16%) or 1% higher (3.16%) than the current discount rate.

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability	\$ 2,679,133	2,440,620	2,223,094

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.

	<u>1% Decrease (4.00%)</u>	<u>Healthcare Cost Trend Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Total OPEB liability	\$ 2,146,273	2,440,620	2,791,294

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$101,042. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385,434	116,008
Changes in assumptions	526,301	-
Total	<u>\$ 911,735</u>	<u>116,008</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
2022	\$ 87,924
2023	87,924
2024	87,924
2025	87,924
2026	87,924
Thereafter	<u>356,107</u>
	<u>\$ 795,727</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 785 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, 2021 were \$588,711.

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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, 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, 2021, the County paid \$8,626,094 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, 2021 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Council Bluffs	Urban renewal and economic development projects	\$ 392,957
City of Underwood	Urban renewal and economic development projects	32,500
City of Walnut	Urban renewal and economic development projects	19,556

(12) Construction Commitment

The County has entered into contracts including change orders totaling \$14,855,191 for various county projects. As of June 30, 2021, costs of \$8,915,477 have been incurred. The \$5,939,714 balance remaining on the contract at June 30, 2021 will be paid as work on the projects progress.

(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 a Custodial Fund because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2021:

Additions:		
Reimbursements from Counties:		
Pottawattamie County	\$ 1,025,952	
Shelby County	81,071	
Harrison County	96,547	
Cass County	172,223	
Audubon County	63,323	
Mills County	74,824	
Montgomery County	56,934	
Fremont County	112,023	
Page County	64,885	\$ 1,747,782
State direct receiving grant		45,000
State reimbursement		137,863
Interest on investments		2,710
Miscellaneous		12,380
Total additions		1,945,735
Deductions:		
Salaries	979,125	
Employee benefits	405,779	
Commodities and nutrition services	25,636	
Office supplies	42,984	
Communications and transportation	3,836	
Professional services	32,476	
Utilities	20,289	
Building repair and maintenance	50,853	
Insurance	47,648	
Refunds to counties	388,026	
Miscellaneous	6,440	2,003,092
Net		(57,357)
Balance beginning of year, as restated		683,608
Balance end of year		\$ 626,251

(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:

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

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

The 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 \$321,442 has been recorded in the Custodial, County Assessor Fund for this benefit program.

For the year ended June 30, 2021, two employees have retired and received benefits totaling \$28,658 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, 2021 have been estimated at \$6,842. The County has restricted \$7,500 at June 30, 2021 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, 2021 as follows:

Revenues:		
Property and other county tax		\$ 2,255,859
Intergovernmental:		
State tax credits	\$ 166,824	
Other	55	<u>166,879</u>
Total revenues		<u>2,422,738</u>
Expenditures:		
Services to persons with:		
Mental illness		893,378
General administration:		
Direct administration	413,736	
Distribution to regional fiscal agent	<u>1,080,000</u>	<u>1,493,736</u>
Total expenditures		<u>2,387,114</u>
Excess of revenues over expenditures		35,624
Fund balance beginning of year		<u>911,171</u>
Fund balance end of year		<u>\$ 946,795</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) Accounting Change/Restatement

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>17,729,951</u>
Net position July 1, 2020, as restated	<u>\$ 17,729,951</u>

(19) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease assets and liabilities that are not currently reported.

(20) Subsequent Event

In August 2021, the County issued a \$1,905,000 General Obligation Capital Loan Notes, Series 2021A to provide funds for park improvements and purchasing vehicles and equipment. The County also issued a \$12,000,000 Urban renewal Bond, Series 2021B in August 2021, for urban renewal projects. In October 2021, the County issued a \$5,995,000 General Obligation Local Option Sales and Services Tax Bonds, Series 2021C to provide funds to pay the cost of acquisition of land and construction and equipping of county shops to service secondary roads.

Pottawattamie County

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2021

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 52,921,855	-	52,921,855
Interest and penalty on property tax	658,190	-	658,190
Intergovernmental	33,969,801	-	33,969,801
Licenses and permits	382,975	-	382,975
Charges for service	3,648,422	-	3,648,422
Use of money and property	393,519	107,408	286,111
Miscellaneous	1,851,087	163,729	1,687,358
Total receipts	<u>93,825,849</u>	<u>271,137</u>	<u>93,554,712</u>
Disbursements:			
Public safety and legal services	32,904,978	-	32,904,978
Physical health and social services	6,098,368	-	6,098,368
Mental health	2,378,153	-	2,378,153
County environment and education	5,850,377	125,492	5,724,885
Roads and transportation	15,858,247	-	15,858,247
Governmental services to residents	2,362,547	-	2,362,547
Administration	13,621,750	-	13,621,750
Debt service	2,878,843	-	2,878,843
Capital projects	7,902,281	-	7,902,281
Total disbursements	<u>89,855,544</u>	<u>125,492</u>	<u>89,730,052</u>
Excess (deficiency) of receipts over (under) disbursements	3,970,305	145,645	3,824,660
Other financing, sources, net	6,940,506	-	6,940,506
Change in balances	10,910,811	145,645	10,765,166
Balance beginning of year	52,178,196	876,863	51,301,333
Balance end of year	<u>\$ 63,089,007</u>	<u>1,022,508</u>	<u>62,066,499</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
51,251,828	51,251,828	1,670,027
317,000	317,000	341,190
20,421,592	22,279,657	11,690,144
282,300	282,300	100,675
2,780,903	2,780,903	867,519
644,505	644,505	(358,394)
5,943,000	6,091,468	(4,404,110)
<u>81,641,128</u>	<u>83,647,661</u>	<u>9,907,051</u>
33,498,648	33,498,648	593,670
4,421,873	6,823,521	725,153
2,378,510	2,378,510	357
6,835,349	7,471,349	1,746,464
20,886,735	20,886,735	5,028,488
2,554,376	2,737,444	374,897
13,696,132	13,818,132	196,382
2,645,825	2,885,825	6,982
3,687,000	11,167,000	3,264,719
<u>90,604,448</u>	<u>101,667,164</u>	<u>11,937,112</u>
(8,963,320)	(18,019,503)	21,844,163
600,000	7,512,515	(572,009)
(8,363,320)	(10,506,988)	21,272,154
46,422,291	46,422,291	4,879,042
<u>38,058,971</u>	<u>35,915,303</u>	<u>26,151,196</u>

Pottawattamie County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 93,825,849	(12,205,418)	81,620,431
Expenditures	89,855,544	(3,956,883)	85,898,661
Net	3,970,305	(8,248,535)	(4,278,230)
Other financing sources, net	6,940,506	21,014	6,961,520
Beginning fund balances	52,178,196	1,593,917	53,772,113
Ending fund balances	<u>\$ 63,089,007</u>	<u>(6,633,604)</u>	<u>56,455,403</u>

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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 Custodial 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 \$11,062,716. 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, 2021, disbursements did not exceed the amount budgeted for any function.

Pottawattamie County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.246463%	0.215954%	0.220005%	0.254000%
County's proportionate share of the net pension liability	\$ 17,313	12,505	13,922	16,920
County's covered payroll	\$ 29,369	28,360	26,891	27,371
County's proportionate share of the net pension liability as a percentage of its covered payroll	58.95%	44.09%	51.77%	61.82%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* 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.

2017	2016	2015
0.245823%	0.218903%	0.198134%
15,470	10,815	7,858
25,415	24,863	24,508
60.87%	43.50%	32.06%
81.82%	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

	2021	2020	2019	2018
Statutorily required contribution	\$ 2,942	2,829	2,737	2,474
Contributions in relation to the statutorily required contribution	(2,942)	(2,829)	(2,737)	(2,474)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 31,154	29,369	28,360	26,891
Contributions as a percentage of covered payroll	9.44%	9.63%	9.65%	9.20%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
2,532	2,355	2,324	2,289	2,212	2,043
(2,532)	(2,355)	(2,324)	(2,289)	(2,212)	(2,043)
-	-	-	-	-	-
27,371	25,415	24,863	24,508	24,038	23,373
9.25%	9.27%	9.35%	9.34%	9.20%	8.74%

Pottawattamie County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

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 Five Years
 Required Supplementary Information

	2021	2020	2019	2018	2017
Service cost	\$ 100,787	97,851	59,432	57,701	43,437
Interest cost	79,748	79,562	60,905	60,020	57,423
Difference between expected and actual experiences	(127,494)	-	311,343	-	248,898
Changes in assumptions	293,566	-	240,863	-	125,289
Benefit payments	(167,417)	(182,635)	(95,417)	(94,017)	(82,807)
Net change in total OPEB liability	179,190	(5,222)	577,126	23,704	392,240
Total OPEB liability beginning of year	2,261,430	2,266,652	1,689,526	1,665,822	1,273,582
Total OPEB liability end of year	\$ 2,440,620	2,261,430	2,266,652	1,689,526	1,665,822
Covered-employee payroll	\$ 29,007,961	27,439,137	26,639,939	25,355,419	24,616,912
Total OPEB liability as a percentage of covered-employee payroll	8.41%	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, 2021	2.16%
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, 2021

	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Drainage Districts	Juvenile Diversion	Soil Conservation District East	Special
Assets							
Cash, cash equivalents and pooled investments: County Treasurer Component unit	\$ 147,421	24,535	83,366	10,754	7,204	538,339	
Drainage assessments receivable	-	-	-	50	-	-	
Due from other governments	17,784	-	-	-	-	17,784	
Total assets	\$ 165,205	24,535	83,366	10,804	7,204	556,123	
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 11,299	2,864	-	-	-	1,120	
Due to other governments	4,496	-	-	-	-	-	
Total liabilities	15,795	2,864	-	-	-	1,120	
Deferred inflows of resources:							
Unavailable revenues:							
Other	-	-	-	50	-	-	
Fund balances:							
Restricted for:							
Drainage warrants/drainage improvement certificates	-	-	-	10,754	-	-	
Conservation purposes	149,410	-	-	-	-	-	
Law enforcement purposes	-	-	-	-	-	-	
Capital projects	-	-	-	-	-	-	
Other purposes	-	21,671	83,366	-	7,204	555,003	
Total fund balances	149,410	21,671	83,366	10,754	7,204	555,003	
Total liabilities, deferred inflows of resources and fund balances	\$ 165,205	24,535	83,366	10,804	7,204	556,123	

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
289,681	-	23,720	294,652	1,598,032	437	102,506	2,563,899	5,684,546
-	1,011,754	-	-	-	-	-	-	1,011,754
-	-	-	-	-	-	-	-	50
17,784	-	-	1,050	-	-	32,444	-	86,846
307,465	1,011,754	23,720	295,702	1,598,032	437	134,950	2,563,899	6,783,196
22,242	-	-	3,349	10,411	-	-	43,603	94,888
-	-	-	-	-	-	70,644	-	75,140
22,242	-	-	3,349	10,411	-	70,644	43,603	170,028
-	-	-	1,050	-	-	-	-	1,100
-	-	-	-	-	-	-	-	10,754
-	1,011,754	-	-	-	-	-	-	1,161,164
-	-	-	-	1,587,621	-	-	-	1,587,621
-	-	-	-	-	-	-	2,520,296	2,520,296
285,223	-	23,720	291,303	-	437	64,306	-	1,332,233
285,223	1,011,754	23,720	291,303	1,587,621	437	64,306	2,520,296	6,612,068
307,465	1,011,754	23,720	295,702	1,598,032	437	134,950	2,563,899	6,783,196

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

Year ended June 30, 2021

	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	\$ 233,622	-	-	-	-	233,622
Intergovernmental	22,240	36,799	-	-	-	-
Charges for service	-	-	19,144	-	-	-
Use of money and property	-	111	258	-	-	-
Miscellaneous	15,550	-	-	-	-	-
Total revenues	<u>271,412</u>	<u>36,910</u>	<u>19,402</u>	<u>-</u>	<u>-</u>	<u>233,622</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	-	-
Physical health and social services	-	-	-	-	86	-
County environment and education Administration	288,186	45,514	-	-	-	247,027
Capital projects	-	-	-	-	-	-
Total expenditures	<u>288,186</u>	<u>45,514</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>247,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,774)</u>	<u>(8,604)</u>	<u>19,402</u>	<u>-</u>	<u>(86)</u>	<u>(13,405)</u>
Other financing sources (uses):						
General obligation bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(16,774)	(8,604)	19,402	-	(86)	(13,405)
Fund balances beginning of year	166,184	30,275	63,964	10,754	7,290	568,408
Fund balances end of year	<u>\$ 149,410</u>	<u>21,671</u>	<u>83,366</u>	<u>10,754</u>	<u>7,204</u>	<u>555,003</u>

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
233,622	-	-	-	-	-	-	-	700,866
-	-	-	17,592	60,342	-	-	175,759	312,732
-	-	-	-	-	-	-	-	19,144
-	107,408	-	-	-	-	-	12,932	120,709
-	163,729	1,530	-	-	-	332,598	38,000	551,407
233,622	271,137	1,530	17,592	60,342	-	332,598	226,691	1,704,858
-	-	-	10,680	63,911	-	-	-	74,591
-	-	-	-	-	-	-	-	86
143,844	125,492	353	-	-	-	411,969	-	1,262,385
-	-	-	-	-	-	-	21,179	21,179
-	-	-	-	-	-	-	4,782,284	4,782,284
143,844	125,492	353	10,680	63,911	-	411,969	4,803,463	6,140,525
89,778	145,645	1,177	6,912	(3,569)	-	(79,371)	(4,576,772)	(4,435,667)
-	-	-	-	-	-	-	6,655,000	6,655,000
-	-	-	-	-	-	-	74,004	74,004
-	-	-	-	-	-	-	(816,090)	(816,090)
-	-	-	-	-	-	-	5,912,914	5,912,914
89,778	145,645	1,177	6,912	(3,569)	-	(79,371)	1,336,142	1,477,247
195,445	866,109	22,543	284,391	1,591,190	437	143,677	1,184,154	5,134,821
285,223	1,011,754	23,720	291,303	1,587,621	437	64,306	2,520,296	6,612,068

Pottawattamie County
 Combining Schedule of Fiduciary Net Position
 Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	8,020	1,951,695	6,827,428	1,222,301	99,254
Other County officials	446,897	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,622	5,423	-	234,325	19,818
Succeeding year	-	586,000	1,791,000	-	74,074,000	7,666,000
Accounts	705	-	-	487	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	447,602	595,642	3,748,118	6,827,915	75,530,626	7,785,072
Liabilities						
Accounts payable	-	-	-	302,643	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	35,901	-	-	-
Due to other governments	419,405	8,020	-	52,404	1,222,301	99,254
Trusts payable	28,197	-	-	-	-	-
Compensated absences	-	-	462,459	-	-	-
Total liabilities	447,602	8,020	498,360	355,047	1,222,301	99,254
Deferred Inflows of Resources						
Unavailable revenues	-	586,000	1,791,000	-	74,074,000	7,666,000
Net Position						
Restricted for individuals, organizations and other governments	\$ -	1,622	1,458,758	6,472,868	234,325	19,818

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
985,747	9,719	90,862	112	544,184	1,768,288	2,706,665	521,424	16,735,699
-	-	-	-	-	-	-	-	446,897
192,932	3,232	-	-	-	-	-	41	457,393
64,443,000	1,180,000	-	-	-	-	-	14,000	149,754,000
-	-	-	-	2,003	23,166	-	3,749	30,110
-	-	806,570	295	-	-	-	-	806,865
-	-	174,433	767,314	-	-	-	4,418,709	5,360,456
-	-	-	-	147,344	158,710	-	560,113	866,167
-	-	-	-	41,924	-	-	5,841	47,765
65,621,679	1,192,951	1,071,865	767,721	735,455	1,950,164	2,706,665	5,523,877	174,505,352
-	-	-	-	6,696	3,099	-	2,807	315,245
-	-	-	-	-	-	-	4,526,685	4,526,685
-	-	-	-	36,281	-	-	9,181	81,363
985,747	9,719	10,143	545	15,829	-	2,706,665	158,264	5,688,296
-	-	-	-	-	-	-	-	28,197
-	-	-	-	50,398	-	-	28,717	541,574
985,747	9,719	10,143	545	109,204	3,099	2,706,665	4,725,654	11,181,360
64,443,000	1,180,000	-	-	-	-	-	14,000	149,754,000
192,932	3,232	1,061,722	767,176	626,251	1,947,065	-	784,223	13,569,992

Pottawattamie County
Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year ended June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges
Additions:						
Property and other county tax	\$ -	577,208	1,740,943	-	72,152,247	6,447,992
911 surcharge	-	-	-	-	-	-
State tax credits	-	41,719	129,634	-	5,479,688	478,499
Intergovernmental	-	-	-	4,850,118	-	-
Office fees and collections	2,859,494	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	5,541,417	-	-	34,260	-	-
Miscellaneous	-	11	1,929	10,107	-	-
Total additions	<u>8,400,911</u>	<u>618,938</u>	<u>1,872,506</u>	<u>4,894,485</u>	<u>77,631,935</u>	<u>6,926,491</u>
Deductions:						
Agency remittances:						
To other funds	1,501,065	-	-	-	-	-
To other governments	1,432,186	627,453	1,621,733	7,196,891	78,914,711	7,038,243
Trusts paid out	5,467,660	-	-	-	-	-
Operating expenses	-	-	-	-	-	-
Total deductions	<u>8,400,911</u>	<u>627,453</u>	<u>1,621,733</u>	<u>7,196,891</u>	<u>78,914,711</u>	<u>7,038,243</u>
Changes in net position	-	(8,515)	250,773	(2,302,406)	(1,282,776)	(111,752)
Net position beginning of year, as restated	-	10,137	1,207,985	8,775,274	1,517,101	131,570
Net position end of year	<u>\$ -</u>	<u>1,622</u>	<u>1,458,758</u>	<u>6,472,868</u>	<u>234,325</u>	<u>19,818</u>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Special Assessments	SWI Juvenile Emergency Services Board	911 Surcharge	License and Use Tax	Other	Total
63,061,224	1,110,995	-	-	-	-	-	13,204	145,103,813
-	-	-	-	-	133,910	-	-	133,910
5,307,976	52,600	-	-	-	-	-	984	11,491,100
-	-	-	-	1,941,022	-	-	8,591,303	15,382,443
-	-	-	-	-	-	-	19,153	2,878,647
-	-	-	-	-	-	32,956,938	-	32,956,938
-	-	681,770	770,050	-	-	-	1,076,998	2,528,818
-	-	-	-	-	-	-	1,196,788	6,772,465
-	-	-	-	4,713	556,072	-	3,019	575,851
68,369,200	1,163,595	681,770	770,050	1,945,735	689,982	32,956,938	10,901,449	217,823,985
-	-	-	-	227,772	-	988,694	-	2,717,531
69,822,545	1,176,422	781,178	424,047	160,254	605,918	31,968,244	10,224,116	211,993,941
-	-	-	-	-	-	-	189,746	5,657,406
-	-	-	-	1,615,066	-	-	-	1,615,066
69,822,545	1,176,422	781,178	424,047	2,003,092	605,918	32,956,938	10,413,862	221,983,944
(1,453,345)	(12,827)	(99,408)	346,003	(57,357)	84,064	-	487,587	(4,159,959)
1,646,277	16,059	1,161,130	421,173	683,608	1,863,001	-	296,636	17,729,951
192,932	3,232	1,061,722	767,176	626,251	1,947,065	-	784,223	13,569,992

Pottawattamie County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 47,940,390	46,785,270	45,581,389	44,958,746
Local option sales tax	4,672,432	4,281,173	3,864,062	3,341,048
Interest and penalty on property tax	647,035	257,363	370,328	355,815
Intergovernmental	22,144,689	17,795,586	17,195,198	15,611,477
Licenses and permits	378,194	364,289	981,308	208,602
Charges for service	3,627,681	3,210,669	3,070,466	3,140,296
Use of money and property	394,846	791,053	775,086	458,157
Miscellaneous	1,815,164	1,952,439	1,687,670	2,037,362
Total	\$ 81,620,431	75,437,842	73,525,507	70,111,503
Expenditures:				
Operating:				
Public safety and legal services	\$ 29,599,216	28,630,031	27,538,819	26,663,989
Physical health and social services	6,091,234	4,168,025	3,556,376	3,491,566
Mental health	2,387,114	1,967,655	2,026,370	2,499,749
County environment and education	5,868,548	5,490,306	5,165,521	5,499,199
Roads and transportation	15,269,158	15,234,656	15,226,457	13,886,826
Governmental services to residents	2,370,740	2,347,702	2,193,031	2,113,367
Administration	13,672,306	8,240,170	7,429,696	7,745,381
Debt service	2,900,022	4,014,081	3,023,707	2,971,908
Capital projects	7,740,323	4,147,726	4,692,556	3,732,016
Total	\$ 85,898,661	74,240,352	70,852,533	68,604,001

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
44,891,722	45,486,380	45,742,273	39,548,540	37,694,564	36,691,020
3,494,236	3,196,050	4,349,793	3,405,980	3,174,885	3,057,227
339,351	347,738	384,464	344,692	376,744	318,477
17,530,095	16,583,665	17,741,021	16,549,486	17,335,587	17,905,091
246,073	222,617	349,597	306,705	261,812	187,760
3,009,434	2,901,437	2,718,505	2,696,599	2,695,884	2,737,391
129,399	140,007	147,657	160,514	193,326	264,844
2,236,008	2,008,879	2,530,247	1,162,080	1,708,008	1,666,853
<u>71,876,318</u>	<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>
24,694,953	24,491,150	23,413,305	22,832,688	21,367,688	20,699,015
4,296,741	4,847,817	5,155,835	5,410,187	3,472,444	3,197,434
2,547,003	3,469,916	8,580,556	2,613,398	5,229,934	11,276,784
4,516,085	4,804,455	5,420,349	7,374,041	6,494,809	5,668,115
12,061,549	12,107,500	11,758,649	9,700,321	12,574,966	11,503,354
2,165,946	2,008,389	2,069,334	1,942,339	2,110,519	1,889,398
7,139,445	6,886,005	6,540,195	6,205,492	7,031,198	6,685,534
3,334,750	4,339,507	4,077,315	3,793,670	4,642,100	3,826,036
3,430,468	7,406,853	1,127,231	1,580,254	3,258,248	2,790,082
<u>64,186,940</u>	<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>

Schedule 6

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Agriculture: Emergency Watershed Protection Program	10.923		\$ 1,114,899
U.S. Department of the Interior: National Wildlife Refuge Fund	15.659		3,272
Total direct			<u>1,118,171</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Public Health: Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881AO52	133,730
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A091	24,826
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A091	12,446
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A052	412,835
			<u>583,837</u>
Iowa Department of Human Services: Human Services Administrative Reimbursements: SNAP Cluster: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		65,438
Iowa Department of Agriculture and Land Stewardship: WIC Farmers' Market Nutrition Program (FMNP)	10.572		763
U.S. Department of Agriculture and Land Stewardship Iowa Department of Economic Development Community Development Block Grants/States program and Non-Entitlement Grants in Hawaii	14.228	18-DTR-4	77,067
U.S. Department of Justice: Iowa Department of Human Rights: Juvenile Justice and Delinquency Prevention Allocation to States	16.540	#04-JD18-19F-78	19,836
U.S. Federal Highway Administration: Iowa Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction Highway Planning and Construction	20.205	TAP-R-C078(194)--8T-78 Federal Highway Emergency Repair	165,122 294,885
Omaha - Council Bluffs Metropolitan Area Planning Agency: Highway Planning and Construction	20.205	21903100001	30,000
			<u>490,007</u>
U.S. Department of Treasury Iowa Department of Management: Iowa Department of Revenue: Covid 19, Coronavirus Relief Fund	21.019		1,736,348
U.S. Election AssistANCE Commission Iowa Secretary of State Covid-19, 2018 HAVA Election Security Grants	90.404		34,600

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2021

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (OHEP) Aligned Cooperative Agreements	93.074	5885BT478	34,783
Centers for Disease Control and Prevention Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	MOU-2019-TB13	213
Immunization Cooperative Agreements	93.268	5880I474	25,626
HIV Care Formula Grant	93.917	5880AP05A	68,102
HIV Care Formula Grant	93.917	5881AP05A	46,005
			114,107
HIV Prevention Activites_Health Department Based	93.940	5880AP05A	17,070
HIV Prevention Activites_Health Department Based	93.940	5881AP05A	17,070
			34,140
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472		3,228
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		14,283
Foster Care_Title IV-E	93.658		17,169
Adoption Assistance	93.659		8,393
Social Services Block Grant	93.667		15,624
Children's Health Insurance Program	93.767		1,408
Medicaid Cluster:			
Medical Assistance Program	93.778		57,009
U.S. Department of Homeland Security:			
Iowa Department of Public Defense			
Iowa Homeland Security and Emergency Management Division			
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4421 DR IA	160,401
Total indirect			3,494,280
Total			\$ 4,612,451

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, 2021. 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**

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

To the Officials of Pottawattamie County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pottawattamie County, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 2, 2022.

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 as a basis for designing 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-21 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-21 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 financial statements. 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 which 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, 2021 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 2, 2022



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

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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, 2021. 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit 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). 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 programs. However, our audit does not provide a legal determination of Pottawattamie County's compliance.

Opinion on the Major Federal Programs

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 programs for the year ended June 30, 2021.

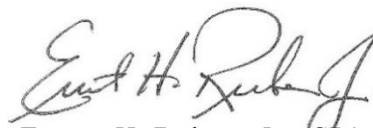
Report on Internal Control Over Compliance

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 each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 2, 2022

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

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 10.923 – Emergency Watershed Protection Program
 - CFDA Number 21.019 – Coronavirus Relief Fund
- (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, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Financial Reporting
(2021-001)

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County’s financial statements.

Condition – Material amounts of capital asset additions and construction in progress were not properly included on the county’s capital asset listing and assets remained on the asset listing after they were disposed, sold or traded. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require, and procedures have not been established to require independent review of capital asset activity to ensure the County’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County’s financial statements were necessary.

Recommendation – The County should establish procedures to ensure all capital asset activity is identified and properly reported in the County’s financial statements.

Response – The capital asset module is new to both employees in the Auditor’s office. Prior to former Finance Officer leaving, she handled this with the State Auditor’s office; prior to that, capital assets were handled by HR/Risk Management. During our audit, we inquired what all is needed for capital assets and/or construction in progress (CIP). We have that list and will be making a packet with list of items needed, asset acquisition form and asset disposal forms to distribute to departments and add to the county website. The County Auditor’s office is diligently working to clean these up to the best of their ability and with the little training given. The Auditor’s office will do their best to get this fixed, however it does take the cooperation of all departments to get this information to us.

Conclusion – Response accepted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

II-B-21 Receipts
(2021-002)

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 for all offices.

Condition – There is no evidence of an independent review of the coding of receipts to the proper account and fiscal year being performed by personnel in the Board of Supervisors office.

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 Board of Supervisors should develop and implement procedures to ensure appropriate recording of receipts to the proper account and fiscal year.

Response – Effective immediately, any receipt that is generated out of the Board of Supervisors office will be reviewed and initialed by two individuals. These individuals can include, but are not limited to, Board Executive Assistant, a Supervisor, the Finance and Budget Director, or anyone serving as backup to the Executive Assistant role. General practice will be preparation by Board Executive Assistant and reviewed and initialed by Finance and Budget Director.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

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, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted.
- IV-B-21 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-21 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-21 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	\$ 7,020

The transactions with Southwest Iowa Renewable Energy (SIRE) 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.

Response – This was brought up in our prior audit, there are comments that have been submitted by the Board of Supervisors and County Attorney.

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-21 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-21 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-21 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

- IV-H-21 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-21 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-21 Solid Waste Fees – During the year ended June 30, 2021, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.
- IV-K-21 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, 2021 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.
- IV-L-21 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.

Response – In July 2021, the County Auditor’s office was able to contact the bank to request this. The Sheriff’s Department has requested this in the past. In checking with the Sheriff’s Office, they confirmed that since August 2, 2021 they are getting both front and back copies from the bank.

Conclusion – Response accepted.

Pottawattamie County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Ryan J. Pithan, CPA, Manager
Karen J. Kibbe, Senior Auditor II
Kathryn L. Blumer, Staff Auditor
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Mackenzie L. Johnson, Assistant Auditor
Ethan Richards, Auditor Intern