



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

June 30, 2023

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$95,971,855 for the year ended June 30, 2022, a 3.7% increase over the prior year. Expenses for County operations for the year ended June 30, 2022 totaled \$81,725,336, a 3.9% increase over the prior year. The increase in revenue is due primarily to receipts received from the American Rescue Plan Act and the Hazard Mitigation Grant Program due to the floods of 2019. These programs also primarily accounted for the increase in disbursements.

AUDIT FINDING

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 92 through 97 of this report. The findings address issues such as errors in reporting capital assets, receipts and transfers, lack of independent review of the coding of receipts received outside of the treasurer's office as well as transfers. There were also findings related to the preparation and review of bank reconciliations for the sheriff's office jail account and a lack of independent review of bank reconciliations for the County Recorder. Also, the budget was exceeded for the mental health function, noncompliance with Chapter 554D.114 of the Code of Iowa pertaining to retaining cancelled checks and paid lunch periods for certain employees in the Sheriff's Office in violation of the bargaining agreement and County personnel manual. Sand provided the County with recommendations to address each of these findings.

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

A copy of the audit report is available for review on the Auditor of State's website 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, 2022

Pottawattamie County



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Rob Sand
Auditor of State

June 12, 2023

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, 2022. 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

<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 2028



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Independent Auditor's Report

To the Officials of Pottawattamie County:

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Pottawattamie County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 19 to the financial statements, Pottawattamie County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pottawattamie County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pottawattamie County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pottawattamie County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset), 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 60 through 71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 auditing standards generally accepted in the United States of America, 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, 2021 (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.

Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 6 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2023 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

June 12, 2023

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, 2022. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases during fiscal year 2022. The implementation of this standard revised certain asset and liability accounts related to leases, however had no effect on the beginning net position for governmental activities.
- Pottawattamie County's governmental activities revenues increased 3.7%, or approximately \$3,436,000, over fiscal year 2021. Charges for service increased approximately \$110,000 while operating grants, contributions and restricted interest increased approximately \$3,837,000 capital grants, contributions and restricted interest decreased approximately \$9,224,000 and property and other county tax increased approximately \$1,949,000.
- Pottawattamie County's governmental activities expenses increased 3.9%, or approximately \$3,060,000, over the prior year. County environment and education, administration and mental health increased approximately \$4,949,000, \$3,990,000 and \$332,000, respectively.
- Pottawattamie County's net position at June 30, 2022 increased approximately \$14,247,000 over the June 30, 2022 balance.
- As of the close of fiscal year 2022, Pottawattamie County had ending fund balances of \$40,829,429 in the General Fund, \$1,650,859 in the Special Revenue, Rural Services Fund, \$11,542,250 in the Special Revenue, Secondary Roads Fund, \$811,783 in the Debt Service Fund and \$15,897,787 in the Capital Projects 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 (asset) 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,	
	2022	2021
Current and other assets	\$ 154,092	118,475
Capital assets	135,293	129,350
Total assets	289,385	247,825
Deferred outflows of resources	6,104	7,588
Long-term liabilities	29,386	29,566
Other liabilities	15,317	11,118
Total liabilities	44,703	40,684
Deferred inflows of resources	70,232	48,422
Net position:		
Net investment in capital assets	126,669	122,090
Restricted	28,939	28,238
Unrestricted	24,945	15,979
Total net position	\$ 180,553	166,307

The net position of Pottawattamie County’s governmental activities increased approximately \$14,247,000 or 8.6%, over the fiscal year 2021 balance.

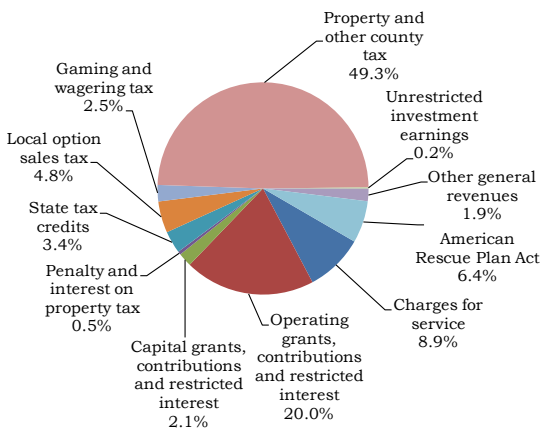
The largest portion of the County’s net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 3.8%, or approximately \$4,579,000, 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 \$701,000 or 2.5%, over the prior year. This increase is primarily due to an increase in the amount restricted for other purposes, specifically the amount restricted for the Opioid Abatement.

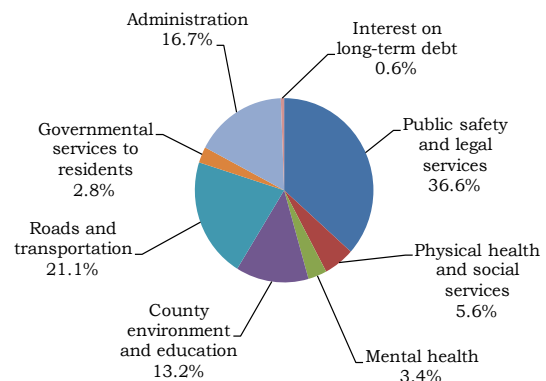
Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a balance of approximately \$16.0 million at June 30, 2021 to approximately \$24.9 million at the end of this year, an increase of 56.1%. The increase is mainly due to an increase in the net pension asset from June 30, 2021 to June 30, 2022.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2022	2021
Revenues:		
Program revenues:		
Charges for service	\$ 8,541	8,431
Operating grants, contributions and restricted interest	19,155	15,318
Capital grants, contributions and restricted interest	1,983	11,207
General revenues:		
Property and other county tax	47,506	45,557
Penalty and interest on property tax	448	509
State tax credits	3,234	3,235
Local option sales tax	4,563	4,672
Gaming and wagering tax	2,433	2,086
American Rescue Plan Act	6,100	-
Unrestricted investment earnings	169	252
Other general revenues	1,840	1,269
Total revenues	95,972	92,536
Program expenses:		
Public safety and legal services	29,927	32,414
Physical health and social services	4,571	6,108
Mental health	2,759	2,427
County environment and education	10,812	5,863
Roads and transportation	17,273	19,389
Governmental services to residents	2,275	2,658
Administration	13,625	9,635
Interest on long-term debt	483	171
Total expenses	81,725	78,665
Change in net position	14,247	13,871
Net position beginning of year	166,307	152,436
Net position end of year	\$ 180,554	166,307

Revenues by Source



Expenses by Program



Pottawattamie County's governmental activities net position increased approximately \$14,247,000 during the year. Revenues for governmental activities increased approximately \$3,494,000 over the prior year and expenses increased approximately \$3,436,000. The County's general revenues increased approximately \$8,713,000 due primarily to the County recognizing income from the American Rescue Plan Act. Also, the County's capital grants, contributions and restricted interest decreased approximately \$9,224,000, or 82.3%, from fiscal year 2021 due to a decrease in infrastructure assets contributed by the Iowa Department of Transportation.

Pottawattamie County's property tax levy rates for the general basic decreased \$0.05000 from fiscal year 2021, general supplemental decreased \$0.10000 and the debt service levy increased \$0.00025 per \$1,000 of taxable valuation. The countywide taxable property valuation increased \$342,684,365, or 6.7% and the rural taxable property valuation increased \$99,934,750, or 5.6%.

INDIVIDUAL MAJOR FUND ANALYSIS

As Pottawattamie County completed the year, its governmental funds reported a combined fund balance of \$73,892,803, which is \$17,437,400 more than the combined fund balance of \$56,455,403 at the end of fiscal year 2021.

The General Fund, the operating fund for Pottawattamie County, ended fiscal year 2022 with a \$40,851,429 ending fund balance. This was an increase of \$4,955,853 over the fiscal year 2021 ending fund balance. Revenues increased \$9,641,631, or 17.9%, from fiscal year 2021 to fiscal year 2022. The increase in revenues was due to an increase in intergovernmental receipts, many of which were from the American Rescue Plan. Expenditures increased \$6,975,331, or 12.8% from fiscal year 2021 to fiscal year 2022 and much of the increase in expenditures were due to American Rescue Plan expenditures.

The Special Revenue, Mental Health Fund balance at year end decreased \$946,795. Revenues decreased over \$386,444 or 16.0% from fiscal year 2021, while expenditures increased \$595,975 or 25.0% over fiscal year 2021 primarily due a \$500,138 increase in distributions to the region. The County was required by Senate File 619 to transfer the remaining fund balance to the Southwest Iowa Mental Health and Disability Services Region prior to June 30, 2022.

The Special Revenue, Rural Services Fund ended fiscal year 2022 with a \$1,650,859 balance compared to the prior year ending balance of \$1,576,181. Rural Services Fund revenues increased \$513,123; expenditures increased \$352,558. The increase in expenditures is due to an increase in flood buyout properties and demolition of buildings on the properties.

The Special Revenue, Secondary Roads Fund ended fiscal year 2022 with a \$11,542,250 balance compared to the prior year ending balance of \$10,711,917. Secondary Roads Fund revenues decreased \$1,897,452, or 13.9%, from fiscal year 2021, in part due to a reimbursement of \$1,114,899 for expenses related to watershed damages from the 2019 floods from U.S. Department of Agriculture in 2021 which did not occur in 2022. Secondary Roads Fund expenditures decreased \$2,159,124, or 12.4%, from fiscal year 2021 due to fewer projects in 2022.

The Debt Service Fund ended fiscal year 2022 with a \$811,783 balance compared to the prior year ending balance of \$712,366, an increase of \$99,417, or 14.0%. The increase was due to collections for future bond payments.

The Capital Projects Fund ended fiscal year 2022 with a \$15,897,787 balance compared to the prior year ending balance of \$2,520,296 an increase of \$13,377,491. Revenues including bond proceeds increased \$13,062,675, while expenditures only increased \$984,933 resulting in an increase in the fund balance. The debt issuances will fund capital projects including courthouse additions and renovations and construction of buildings for secondary roads.

BUDGETARY HIGHLIGHTS

Over the course of the year, Pottawattamie County amended its budget three times. The first amendment was made on September 21, 2021. This amendment resulted in an increase in budgeted receipts of \$24,610,524 primarily related issuance of a general obligation bond and a capital loan note. It also resulted in an increase in budgeted disbursements of \$36,786,641 for additional expenses related to county environment and education, administration and capital projects functions. The amendment also resulted in a decrease in the budgeted fund balance of \$12,176,117. The second amendment was made on February 1, 2022. This amendment resulted in an increase in budgeted receipts of \$11,242,507 and an increased in budgeted disbursements of \$6,234,039 related to county environment and education and administration. The increase in expenditures was primarily for 2019 flood acquisitions. The amendment also resulted in an increase to the budgeted fund balance of \$5,008,468. The third amendment was made on May 17, 2022. This amendment resulted in an increase in budgeted receipts of \$567,272 from an increase of public health grants and other miscellaneous receipts and an increase in expenditures of \$1,559,179. The increase in expenditures was mental health modifications per SF619, 2019 flood demolitions and reimbursements and other expenditures for public health and veterans reallocation.

The County’s receipts were \$4,849,744, or 5.3% less than the budgeted amount. Total disbursements were \$35,631,811 less than the amended budget. Actual disbursements for the capital projects, county environment and education and administration functions were \$20,487,880, \$6,657,444 and \$2,682,053, respectively, less than budgeted. The difference in expenditures was primarily due to projects being delayed due to weather and flood buyouts from 2019 were slower than anticipated.

Even with the budget amendments, the County exceeded the budgeted amounts in the debt service function for the year ended June 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, Pottawattamie County had approximately \$135.3 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 \$5,849,000, or 4.5%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2022	2021 (As Restated) *
Land	\$ 8,636	7,130
Intangibles, not amortized	4,185	4,185
Construction in progress	15,491	21,619
Buildings and improvements	31,107	22,398
Right-to-use leased building	72	94
Equipment and vehicles	16,059	16,643
Intangibles, amortized	596	745
Infrastructure	59,147	56,630
Total	\$ 135,293	129,444

* Beginning capital assets were restated to implement GASB 87 No. 87, Leases.

Pottawattamie County had depreciation/amortization expense of \$8,388,413 in fiscal year 2022 and total accumulated depreciation/amortization of approximately \$125.1 million at the end of fiscal year 2022. More detailed information about the County’s capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2022, Pottawattamie County had \$24,243,000 of long-term debt outstanding compared to approximately \$7,260,000 outstanding at June 30, 2021, as shown below.

	Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)	
	June 30,	
	2022 (As Restated)	2021
General obligation bonds	\$ 18,640	1,845
General obligation capital loan notes	5,530	5,415
Lease agreements	73	94
Total	\$ 24,243	7,354

Outstanding debt increased as a result of the county issuing \$19,860,000 in new debt in fiscal year 2022. 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 7 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 2023 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 2022 stood at 2.0% versus 3.7% a year ago. This compares with the State's unemployment rate of 2.2% and the national rate of 3.6%.

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 9.5% for fiscal year 2022, compared with the national rate of 9.1%.

The economy and unemployment indicators were taken into account when adopting the County budget for fiscal year 2023. Budgeted expenditures for fiscal year 2023 are \$112,037,492 a decrease of \$18,641,096 from the fiscal year 2022 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, 2022

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 87,440,087
Receivables:	
Property tax:	
Delinquent	141,716
Succeeding year	47,719,000
Interest and penalty on property tax	1,125,566
Accounts	346,865
Opioid settlement	2,786,078
Drainage assessments	50
Due from other governments	2,602,018
Leases receivable	73,844
Inventories	794,912
Prepaid items	470,301
Net pension asset	10,591,432
Capital assets not being depreciated/amortized	28,312,013
Capital assets net of accumulated depreciation/amortization	106,981,065
Total assets	289,384,947
Deferred Outflows of Resources	
Pension related deferred outflows	5,291,811
OPEB related deferred outflows	812,325
Total deferred outflows of resources	6,104,136
Liabilities	
Accounts payable	1,775,628
Accrued interest payable	40,927
Salaries and benefits payable	1,326,678
Due to other governments	169,434
Unearned revenue	12,004,628
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreement	21,585
General obligation bonds	875,000
General obligation capital loan notes	1,765,000
Compensated absences	1,959,781
OPEB liability	86,367
Portion due or payable after one year:	
Lease agreement	51,415
General obligation bonds	17,765,000
General obligation capital loan notes	3,765,000
Compensated absences	646,106
OPEB liability	2,451,097
Total liabilities	44,703,646
Deferred Inflows of Resources	
Lease related	73,844
Unavailable property tax revenue	47,719,000
Pension related deferred inflows	22,334,610
OPEB related deferred inflows	104,522
Total deferred inflows of resources	70,231,976
Net Position	
Net investment in capital assets	126,669,149
Restricted for:	
Supplemental levy purposes	8,280,080
Rural services purposes	1,744,928
Secondary roads purposes	11,107,287
Opioid abatement	2,786,078
Debt service	778,819
Capital projects	278,716
Other purposes	3,963,232
Unrestricted	24,945,172
Total net position	\$ 180,553,461

See notes to financial statements.

Pottawattamie County
 Statement of Activities
 Year ended June 30, 2022

	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	\$ 29,927,444	5,152,360	578,809	-	(24,196,275)
Physical health and social services	4,571,112	33,871	5,077,567	-	540,326
Mental health	2,759,410	-	-	-	(2,759,410)
County environment and education	10,812,309	1,065,783	1,212,671	70,476	(8,463,379)
Roads and transportation	17,272,615	65,725	8,269,750	1,912,528	(7,024,612)
Governmental services to residents	2,274,932	1,927,019	-	-	(347,913)
Administration	13,624,468	296,278	4,015,763	-	(9,312,427)
Interest on long-term debt	483,046	-	-	-	(483,046)
Total	\$ 81,725,336	8,541,036	19,154,560	1,983,004	(52,046,736)
General Revenues:					
Property and other county tax levied for:					
General purposes					44,799,046
Debt service					2,706,824
Penalty and interest on property tax					448,248
State tax credits					3,233,972
Local option sales tax					4,563,168
Gaming and wagering tax					2,432,836
American Rescue Plan Act					6,099,546
Unrestricted investment earnings					168,874
Gain on disposition of capital assets					317,903
Miscellaneous					1,522,838
Total general revenues					66,293,255
Change in net position					14,246,519
Net position beginning of year					166,306,942
Net position end of year					\$ 180,553,461

See notes to financial statements.

Pottawattamie County

Balance Sheet
Governmental Funds

June 30, 2022

	Special Revenue			
	General	Rural Services	Secondary Roads	Debt Service
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 53,477,694	1,693,723	10,302,700	811,773
Component unit	-	-	-	-
Receivables:				
Property tax:				
Delinquent	118,067	15,676	-	7,973
Succeeding year	38,599,000	6,383,000	-	2,737,000
Interest and penalty on property tax	1,125,566	-	-	-
Accounts	330,001	16,212	649	-
Opioid settlement	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	1,349,266	247,348	909,236	-
Leases receivable	73,844	-	-	-
Inventories	-	-	794,912	-
Prepaid items	470,301	-	-	-
Total assets	\$ 95,543,739	8,355,959	12,007,497	3,556,746
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 757,340	92,025	258,255	-
Salaries and benefits payable	1,077,194	42,747	206,737	-
Due to other governments	168,555	624	255	-
Unearned revenue	12,004,628	-	-	-
Total liabilities	14,007,717	135,396	465,247	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	38,599,000	6,383,000	-	2,737,000
Other	2,011,249	186,704	-	7,963
Lease related	73,844	-	-	-
Total deferred inflows of resources	40,684,093	6,569,704	-	2,744,963
Fund balances:				
Nonspendable:				
Inventories	-	-	794,912	-
Prepaid items	470,301	-	-	-
Restricted for:				
Supplemental levy purposes	7,975,751	-	-	-
Rural services purposes	-	1,643,359	-	-
Secondary roads purposes	-	-	10,747,338	-
Drainage warrants/drainage improvement certificates	-	-	-	-
Conservation purposes	391,141	-	-	-
Law enforcement purposes	-	-	-	-
Debt service	-	-	-	811,783
Capital projects	-	-	-	-
Opioid abatement	-	-	-	-
Other purposes	521,975	7,500	-	-
Assigned for:				
Property tax relief	3,921,971	-	-	-
County Attorney's Office	348,022	-	-	-
Land purchase	4,993,786	-	-	-
Conservation structures	128,887	-	-	-
Veteran relocation	22,500	-	-	-
Unassigned	22,077,595	-	-	-
Total fund balances	40,851,929	1,650,859	11,542,250	811,783
Total liabilities, deferred inflows of resources and fund balances	\$ 95,543,739	8,355,959	12,007,497	3,556,746

See notes to financial statements.

Capital Projects	Nonmajor	Total
16,490,430	2,031,081	84,807,401
-	990,679	990,679
-	-	141,716
-	-	47,719,000
-	-	1,125,566
-	3	346,865
-	2,786,078	2,786,078
-	50	50
35,000	61,168	2,602,018
-	-	73,844
-	-	794,912
-	-	470,301
<u>16,525,430</u>	<u>5,869,059</u>	<u>141,858,430</u>
627,643	40,365	1,775,628
-	-	1,326,678
-	-	169,434
-	-	12,004,628
<u>627,643</u>	<u>40,365</u>	<u>15,276,368</u>
-	-	47,719,000
-	2,690,499	4,896,415
-	-	73,844
-	2,690,499	52,689,259
-	-	794,912
-	-	470,301
-	-	7,975,751
-	-	1,643,359
-	-	10,747,338
-	10,754	10,754
-	1,236,521	1,627,662
-	122,162	122,162
-	-	811,783
15,897,787	-	15,897,787
-	96,699	96,699
-	1,672,059	2,201,534
-	-	3,921,971
-	-	348,022
-	-	4,993,786
-	-	128,887
-	-	22,500
-	-	22,077,595
<u>15,897,787</u>	<u>3,138,195</u>	<u>73,892,803</u>
<u>16,525,430</u>	<u>5,869,059</u>	<u>141,858,430</u>

Pottawattamie County

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

June 30, 2022

Total governmental fund balances (page 19) \$ 73,892,803

**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 \$260,346,884 and the accumulated depreciation/amortization is \$125,053,086. 135,293,078

Other long-term assets are not available to pay current year expenditures, as follows:

Deferred inflows of resources	\$ 4,896,415	
Net pension asset	<u>10,591,432</u>	15,487,847

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 1,642,007

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	6,104,136	
Deferred inflows of resources	<u>(22,439,132)</u>	(16,334,996)

Long-term liabilities, including lease agreements, bonds payable, notes payable, compensated absences payable, 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. (29,427,278)

Net position of governmental activities (page 16) \$ 180,553,461

See notes to financial statements.

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

Year ended June 30, 2022

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 39,191,208	1,900,659	6,133,540
Local option sales tax	-	-	684,476
Interest and penalty on property tax	370,954	-	-
Intergovernmental	17,848,744	135,635	488,887
Licenses and permits	250	-	339,554
Charges for service	3,576,290	-	51,900
Use of money and property	193,609	-	-
Miscellaneous	2,178,270	-	149,000
Total revenues	63,359,325	2,036,294	7,847,357
Expenditures:			
Operating:			
Public safety and legal services	30,009,478	-	447,088
Physical health and social services	4,534,994	-	180,370
Mental health	-	2,983,089	-
County environment and education	8,687,429	-	2,213,567
Roads and transportation	-	-	-
Governmental services to residents	2,338,555	-	5,620
Administration	15,973,529	-	11,717
Debt service	-	-	-
Capital projects	6,615	-	-
Total expenditures	61,550,600	2,983,089	2,858,362
Excess (deficiency) of revenues over (under) expenditures	1,808,725	(946,795)	4,988,995
Other financing sources (uses):			
Transfers in	3,147,128	-	20,477
Transfers out	-	-	(4,934,794)
General obligation bonds and notes issued	-	-	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	3,147,128	-	(4,914,317)
Change in fund balances	4,955,853	(946,795)	74,678
Fund balances beginning of year	35,896,076	946,795	1,576,181
Fund balances end of year	\$ 40,851,929	-	1,650,859

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	2,706,393	-	-	49,931,800
3,194,218	-	-	684,474	4,563,168
-	-	-	-	370,954
8,528,198	192,374	59,690	129,911	27,383,439
21,570	-	-	-	361,374
-	-	-	17,955	3,646,145
-	3,316	24,676	219	221,820
44,527	-	-	802,332	3,174,129
11,788,513	2,902,083	84,366	1,634,891	89,652,829
-	-	-	88,081	30,544,647
-	-	-	-	4,715,364
-	-	-	-	2,983,089
-	-	-	975,060	11,876,056
15,092,434	-	-	-	15,092,434
-	-	-	57,619	2,401,794
-	-	113,396	-	16,098,642
-	3,405,304	-	-	3,405,304
159,548	-	5,675,000	-	5,841,163
15,251,982	3,405,304	5,788,396	1,120,760	92,958,493
(3,463,469)	(503,221)	(5,704,030)	514,131	(3,305,664)
4,934,794	602,638	38,354	-	8,743,391
(640,992)	-	(1,699,897)	(1,467,708)	(8,743,391)
-	-	19,860,000	-	19,860,000
-	-	883,064	-	883,064
4,293,802	602,638	19,081,521	(1,467,708)	20,743,064
830,333	99,417	13,377,491	(953,577)	17,437,400
10,711,917	712,366	2,520,296	4,091,772	56,455,403
11,542,250	811,783	15,897,787	3,138,195	73,892,803

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, 2022

Change in fund balances - Total governmental funds (page 23) \$ 17,437,400

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	\$ 12,007,238	
Capital assets contributed by others	1,912,528	
Depreciation/amortization expense	<u>(8,388,413)</u>	5,531,353

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. 317,903

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	7,001	
Other	<u>3,288,085</u>	3,295,086

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	(19,860,000)	
Repaid	<u>2,970,844</u>	(16,889,156)

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. 2,952,443

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	(53,986)	
Interest on long-term debt	(27,742)	
Pension expense	2,378,107	
OPEB expense	<u>(184,768)</u>	2,111,611

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. (510,121)

Change in net position of governmental activities (page 17) \$ 14,246,519

See notes to financial statements.

Pottawattamie County
Statement of Net Position
Proprietary Fund
June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 821,268
Cash held by health plan trustee	<u>820,739</u>
	<u>\$ 1,642,007</u>
Net Position	
Unrestricted	<u>\$ 1,642,007</u>

See notes to financial statements.

Exhibit H

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

Year ended June 30, 2022

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 9,304,381
Miscellaneous	<u>145,467</u>
Total operating revenues	9,449,848
Operating expenses:	
Medical claims	\$ 1,712,411
Administrative and other fees	178,977
Insurance premiums	<u>8,069,716</u>
Operating income	<u>9,961,104</u>
	(511,256)
Non-operating revenues:	
Interest income	<u>1,135</u>
Net loss	(510,121)
Net position beginning of year	<u>2,152,128</u>
Net position end of year	<u>\$ 1,642,007</u>

See notes to financial statements.

Pottawattamie County
 Statement of Cash Flows
 Proprietary Fund
 Year ended June 30, 2022

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds	\$ 9,304,381
Cash received from miscellaneous operations	145,467
Cash paid for medical claims	(1,712,411)
Cash paid for administrative and other fees	(178,977)
Cash paid for insurance premiums	(8,069,716)
Net cash used by operating activities	(511,256)
Cash flows from investing activities:	
Interest on investments	1,135
Net decrease in cash and cash equivalents	(510,121)
Cash and cash equivalents beginning of year	2,152,128
Cash and cash equivalents end of year	\$ 1,642,007
Reconciliation of operating income to net cash provided by operating activities:	
Operating income and net cash provided by operating activities	\$ (511,256)

See notes to financial statements.

Pottawattamie County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2022

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 12,067,280
Other County officials	527,780
Receivables:	
Property tax:	
Delinquent	461,747
Succeeding year	154,558,000
Accounts	24,527
Special assessments	829,680
Drainage assessments	5,399,186
Due from other governments	384,370
Prepaid items	48,014

Total assets174,300,584**Liabilities**

Accounts payable	491,922
Stamped warrants payable	4,522,146
Salaries and benefits payable	96,432
Due to other governments	4,866,453
Trusts payable	117,402
Compensated absences	556,404

Total liabilities10,650,759**Deferred Inflows of Resources**

Unavailable revenues	<u>154,558,000</u>
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Net position

Restricted for individuals, organizations and other governments	<u>\$ 9,091,825</u>
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See notes to financial statements.

Pottawattamie County
 Statement of Changes in Fiduciary Net Position
 Custodial Funds

June 30, 2022

Additions:	
Property and other county tax	\$ 151,033,265
911 surcharge	171,574
State tax credits	11,571,589
Intergovernmental	15,359,108
Office fees and collections	3,055,842
Auto licenses, use tax and postage	32,438,763
Assessments	1,685,446
Trusts	8,082,945
Miscellaneous	<u>583,662</u>
Total additions	<u>223,982,194</u>
Deductions:	
Agency remittances:	
To other funds	2,860,749
To other governments	218,060,447
Trusts paid out	5,888,061
Operating expenses	<u>1,651,104</u>
Total deductions	<u>228,460,361</u>
Change in net position	(4,478,167)
Net position beginning of year	<u>13,569,992</u>
Net position end of year	<u>\$ 9,091,825</u>

See notes to financial statements.

Pottawattamie County

Notes to Financial Statements

June 30, 2022

(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.

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.

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

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2021.

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
Right to use leased assets	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
Right to use leased assets	2 - 50
Equipment	3 - 20
Vehicles	3 - 15

Leases – County as Lessee: Pottawattamie County is the lessee for a lease of office space. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial individual value of \$50,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases included how Pottawattamie County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Pottawattamie County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor: Pottawattamie County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Pottawattamie County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Pottawattamie County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term included the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 (asset), 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 (asset) attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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, Rural Services and Secondary Roads Funds.

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

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

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, 2022, disbursements exceeded the amounts budgeted in the mental health function.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2022 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, 2022, the Conservation Foundation had the following investments:

Investments	Carrying Amount	Fair Value
Conservation Foundation: Vanguard Mutual Funds	\$ 380,587	482,612

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 \$482,612 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, 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Special Law Enforcement	\$ 1,467,708
	Capital Projects	<u>1,679,420</u>
		<u>3,147,128</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	<u>4,934,794</u>
Special Revenue:	Capital Projects	<u>20,477</u>
Rural Services	Special Revenue:	
Capital Projects	Secondary Roads	<u>38,354</u>
Debt Service	Special Revenue:	
	Secondary Roads	<u>602,638</u>
Total		<u>\$ 8,743,391</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated Beginning Balance of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 7,129,923	1,505,773	-	8,635,696
Intangibles, road network	4,185,189	-	-	4,185,189
Construction in progress	21,619,290	8,882,774	15,010,936	15,491,128
Total capital assets not being depreciated/amortized	32,934,402	10,388,547	15,010,936	28,312,013
Capital assets being depreciated/amortized:				
Buildings	40,656,850	8,626,193	-	49,283,043
Improvements other than buildings	3,079,064	1,358,552	-	4,437,616
Right to Use - Leased Buildings	93,844	-	-	93,844
Equipment and vehicles	44,533,039	2,596,812	1,226,700	45,903,151
Intangibles, other	1,324,356	-	-	1,324,356
Infrastructure, road network	123,521,943	3,782,904	-	127,304,847
Infrastructure, other	1,021,776	2,666,238	-	3,688,014
Total capital assets being depreciated/amortized	214,230,872	19,030,699	1,226,700	232,034,871
Less accumulated depreciation/amortization for:				
Buildings	19,668,022	1,129,381	-	20,797,403
Improvements other than buildings	1,669,838	146,052	-	1,815,890
Right to Use - Leased Buildings	-	22,081	-	22,081
Equipment and vehicles	27,890,064	3,010,372	1,056,059	29,844,377
Intangibles, other	579,829	148,694	-	728,523
Infrastructure, road network	67,518,545	3,879,107	-	71,397,652
Infrastructure, other	395,154	52,726	-	447,880
Total accumulated depreciation/amortization	117,721,452	8,388,413	1,056,059	125,053,806
Total capital assets being depreciated/amortized, net	96,509,420	10,642,286	170,641	106,981,065
Governmental activities capital assets, net	\$ 129,443,822	21,030,833	15,181,577	135,293,078

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 2,213,490
Physical health and social services	47,156
County environment and education	543,648
Roads and transportation	4,949,679
Governmental services to residents	39,060
Administration	595,380
Total depreciation/amortization expense - governmental activities	\$ 8,388,413

(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, 2022 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 168,555
Special Revenue:		
Rural Services		624
Secondary Roads		255
Total for governmental funds		<u>\$ 169,434</u>
Custodial:		
Mental Health Region	Collections	\$ 54,032
Schools		736,489
Community Colleges		70,446
Corporations		590,719
Auto License and Use Tax		2,778,866
All other		635,901
Total for custodial funds		<u>\$ 4,866,453</u>

(6) County Farm Leases Receivable

The County rents out parcels of land for farming or business uses. These leases have varying terms including inception dates from May 2021 through March 2022, with annual and semi-annual payments of \$3,218 to \$9,000 and have terms remaining of 1½ to 4 years. During year ended June 30, 2022, principal and interest payments received were approximately \$21,362 and \$1,237, respectively.

Governmental activities future principal and interest lease receivables as of June 30, 2022 are as follows:

<u>Year</u>	<u>Ending</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 34,856	1,341	36,197
2024	21,767	832	22,599
2025	8,483	517	9,000
2026	8,738	262	9,000
	<u>\$ 73,844</u>	<u>2,952</u>	<u>76,796</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Lease Agreements	General Obligation Bonds	General Obligation Capital Loan Notes	Compensated Absences	Net Pension Liability (asset)	Total OPEB Liability	Total
Balance beginning of year, restated	\$ 93,844	1,845,000	5,415,000	2,551,901	17,313,367	2,440,620	29,659,732
Increases	-	17,955,000	1,905,000	2,630,745	-	183,211	22,673,956
Decreases	20,844	1,160,000	1,790,000	2,576,759	27,904,799	86,367	33,538,769
Balance end of year	73,000	18,640,000	5,530,000	2,605,887	(10,591,432)	2,537,464	18,794,919
Due within one year	\$ 21,585	875,000	1,765,000	1,959,781	-	86,367	4,707,733

Lease Agreements

On October 1, 2019, the County had entered into a lease agreement for space to house County offices with an initial lease liability of \$128,613. The agreement requires monthly payments of \$1,983 over 6 years, with an implicit interest rate of 3.5% and final payment due September 1, 2025. During the year ended June 30, 2022, the County paid principal of \$20,844 and interest of \$2,952.

Future principal and interest lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 21,585	2,211	23,796
2024	22,353	1,443	23,796
2025	23,148	648	23,796
2026	5,914	35	5,949
	<u>\$ 73,000</u>	<u>4,337</u>	<u>77,337</u>

General Obligation Bonds

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, 2022, the County paid principal of \$185,000 and interest of \$18,450 on the bond.

On August 18, 2021, the County issued \$12,000,000 general obligation urban renewal bonds with an interest rate of 2% per annum to pay costs of planning, undertaking, and carrying out urban renewal projects. During the year ended June 30, 2022, the County paid principal of \$650,000 and interest of \$188,667 on the bonds.

On October 12, 2021, the County issued \$5,955,000 general obligation local option sales tax bonds with an interest rate of 2% per annum to pay costs of land acquisition, construction and equipping of county shops to service secondary roads. During the year ended June 30, 2022, the County paid principal of \$325,000 and interest of \$75,761 on the bonds.

Year Ending June 30,	Issued Oct 27, 2020			Issued Aug 18, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	1.00%	\$ 190,000	16,600	2.00%	\$ 400,000	227,000
2024	1.00	195,000	14,700	2.00	400,000	219,000
2025	1.00	200,000	12,750	2.00	725,000	211,000
2026	1.00	205,000	10,750	2.00	740,000	196,500
2027	1.00	210,000	8,700	2.00	800,000	181,700
2028-2032	1.00	660,000	13,300	2.00	4,375,000	658,500
2033-2036		-	-	2.00	3,910,000	197,400
Total		<u>\$ 1,660,000</u>	<u>76,800</u>		<u>\$ 11,350,000</u>	<u>1,891,100</u>

Year Ending June 30,	Issued Oct 12, 2021			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	2.00%	\$ 285,000	112,600	\$ 875,000	356,200	1,231,200
2024	2.00	285,000	106,900	880,000	340,600	1,220,600
2025	2.00	290,000	101,200	1,215,000	324,950	1,539,950
2026	2.00	290,000	95,400	1,235,000	302,650	1,537,650
2027	2.00	295,000	89,600	1,305,000	280,000	1,585,000
2028-2032	2.00	1,980,000	354,000	7,015,000	1,025,800	8,040,800
2033-2036	2.00	2,205,000	108,400	6,115,000	305,800	6,420,800
Total		<u>\$ 5,630,000</u>	<u>968,100</u>	<u>\$ 18,640,000</u>	<u>2,936,000</u>	<u>21,576,000</u>

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, 2022, the County paid principal of \$115,000 and interest of \$12,425 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, 2022, the County paid principal of \$700,000 and interest of \$40,050 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 situations. A portion of the notes (\$45,000) to pay the costs of a risk management 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, 2022, the County paid principal of \$750,000 and interest of \$87,300 on the notes.

On August 18, 2021 the County issued \$1,905,000 general obligation capital loan notes with an interest rate of 2% per annum. A portion of the notes (\$1,175,000) was issued to pay the costs of acquisition and development of land for a public parks or conservation purposes. A portion of the notes (\$300,000) to pay the costs and acquisition and equipping sheriff vehicles. A portion of notes (\$25,000) for the cost of acquisition and equipping a vehicle for planning and zoning. A portion of the notes (\$300,000) to pay the costs of acquiring and equipping of a road grader for secondary roads. A portion of the notes (\$60,000) to pay the costs of equipping public buildings including computer hardware and software upgrades. A portion of the notes (\$45,000) to pay the costs of issuing the obligations. During the year ended June 30, 2022, the County paid principal of \$225,000 and interest of \$29,951 on the bonds.

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
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	-	-	-
2028-2032		-	-	-	-	-
Total		\$ 470,000	31,613		\$ 1,220,000	38,100

Year Ending June 30,	Issued Oct 27, 2020			Issued Aug 18, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.00%	\$ 750,000	64,800	2.00%	\$ 225,000	33,600
2024	3.00	750,000	42,300	2.00	230,000	29,100
2025	3.00	660,000	19,800	2.00	235,000	24,500
2026		-	-	2.00	240,000	19,800
2027		-	-	2.00	245,000	15,000
2028-2032		-	-	2.00	505,000	15,200
Total		\$ 2,160,000	126,900		\$ 1,680,000	137,200

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 1,765,000	134,925	1,899,925
2024	1,590,000	91,425	1,681,425
2025	990,000	50,825	1,040,825
2026	335,000	24,188	359,188
2027	345,000	17,250	362,250
2028-2032	505,000	15,200	520,200
	\$ 5,530,000	333,813	5,863,813

(8) 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 2022, 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 9.01% of covered payroll, for a total rate of 18.02%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County's contributions to IPERS for the year ended June 30, 2022 totaled \$2,952,443.

Net Pension Asset, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the County had an asset of \$10,591,432 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability used in its calculation of the overall plan net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the overall plan net pension asset was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the County's proportion of the overall plan net pension asset was 3.067962%, which was an increase of 2.821499% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense (reduction) of (\$2,378,107). At June 30, 2022, 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	\$ 1,053,504	295,631
Changes of assumptions	332,280	225,356
Net difference between projected and actual earnings on IPERS' investments	-	21,654,191
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	953,584	159,432
County contributions subsequent to the measurement date	2,952,443	-
Total	<u>\$ 5,291,811</u>	<u>22,334,610</u>

\$2,952,443 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 (asset) in the year ending June 30, 2023. 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
2023	\$ (5,095,750)
2024	(4,912,959)
2025	(4,524,215)
2026	(5,593,767)
2027	131,449
Total	<u>\$ (19,995,242)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 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, 2021 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 2021 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	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension asset 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 asset.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 8,980,968	(10,591,432)	(26,984,102)

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, 2022.

(9) 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>439</u>
Total	<u>450</u>

Total OPEB Liability – The County's total OPEB liability of \$2,537,464 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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, 2022)	3.00% per annum.
Rates of salary increase (effective June 30, 2022)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2022)	2.16% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	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>\$ 2,440,620</u>
Changes for the year:	
Service cost	128,647
Interest	54,564
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	<u>(86,367)</u>
Net changes	<u>96,844</u>
Total OPEB liability end of year	<u>\$ 2,537,464</u>

There was no change in discount rate was from 2021 to 2022.

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.

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 2,785,441	2,537,464	2,311,307

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

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 2,231,437	2,537,464	2,902,053

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the County recognized OPEB expense of \$184,768. At June 30, 2022, 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	\$ 341,109	104,522
Changes in assumptions	471,216	-
Total	\$ 812,325	104,522

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

Year ending June 30,	Amount
2023	\$ 87,924
2024	87,924
2025	87,924
2026	87,924
2027	87,924
Thereafter	268,183
	<u>\$ 707,803</u>

(10) 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 794 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, employment practices liability, public officials liability and police professional liability. 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, 2022 were \$710,922.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in the County's financial statements. As of June 30, 2022, 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.

(11) 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, 2022, the County paid \$8,745,048 to the EBS account.

(12) 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, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Council Bluffs	Urban renewal and economic development projects	\$ 427,387
City of Underwood	Urban renewal and economic development projects	31,651
City of Walnut	Urban renewal and economic development projects	20,190

(13) Construction Commitment

The County has entered into contracts including change orders totaling \$18,310,868 for various county projects. As of June 30, 2022, costs of \$14,410,113 have been incurred. The \$3,900,755 balance remaining on the contract at June 30, 2022 will be paid as work on the projects progress.

(14) 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, 2022:

Additions:

Reimbursements from Counties:

Pottawattamie County	\$ 1,065,624	
Shelby County	75,346	
Harrison County	115,259	
Cass County	180,522	
Audubon County	55,039	
Mills County	95,933	
Montgomery County	64,282	
Fremont County	60,080	
Page County	<u>78,987</u>	\$ 1,791,072
State direct receiving grant		45,000
State reimbursement		181,299
Interest on investments		1,765
ICAP Reimbursment		2,000
Miscellaneous		<u>3,795</u>
Total additions		2,024,931

Deductions:

Salaries	1,005,966	
Employee benefits	413,633	
Commodities and nutrition services	54,352	
Office supplies	24,119	
Communications and transportation	7,287	
Professional services	15,329	
Utilities	23,604	
Building repair and maintenance	61,570	
Insurance	56,256	
Refunds to counties	327,832	
Miscellaneous	<u>6,266</u>	<u>1,996,214</u>
Net		28,717
Balance beginning of year		<u>626,251</u>
Balance end of year		<u>\$ 654,968</u>

(15) 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 \$329,312 has been recorded in the Custodial, County Assessor Fund for this benefit program.

For the year ended June 30, 2022, two employees have retired and received benefits totaling \$28,512 under the Sick Leave upon Retirement program.

(16) Transfer Station Closure Care

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

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

The total closure care costs for the County as of June 30, 2022 have been estimated at \$6,842. The County has restricted \$7,500 at June 30, 2022 in the Special Revenue, Rural Services Fund to cover these costs.

(17) 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, 2022 as follows:

Revenues:		
Property and other county tax		\$ 1,900,659
Intergovernmental:		
State tax credits		<u>135,635</u>
Total revenues		<u>2,036,294</u>
Expenditures:		
Services to persons with:		
Mental illness		997,170
General administration:		
Direct administration	405,781	
Distribution to regional fiscal agent	<u>1,580,138</u>	<u>1,985,919</u>
Total expenditures		<u>2,983,089</u>
Excess of revenues over expenditures		(946,795)
Fund balance beginning of year		<u>946,795</u>
Fund balance end of year		<u>\$ -</u>

(18) Opioid Litigation Settlement

The State of Iowa along with other states settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failed to monitor for, detect and prevent diversion of the drugs. The County also settled the same claims and related claims. Due to its settlement of these claims, the County will receive payments from the Defendant companies over the next seventeen years. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction, and recovery services.

(19) Accounting Change

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Lease Agreements
Net position June 30, 2021, as previously reported	\$ 129,349,978	-
Change to implement GASBS No. 87	<u>93,844</u>	<u>93,844</u>
Net position July 1, 2022, as restated	<u>\$ 129,443,822</u>	<u>93,844</u>

(20) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

(21) Subsequent Event

On August 17, 2022, the County issued a \$1,745,000 General Obligation Capital Loan, Series 2022 for equipping and remodeling the courthouse including new furniture and audio/video system hardware and software, equipping and remodeling the County jail and Sheriff's Office including new furniture and audio/visual hardware and software, construction of a storage shed at County Sheriff's Office and jail, acquiring and equipping new sheriffs vehicles, acquiring and equipping new secondary roads mowing equipment, and to provide funds for acquisition of land and park improvements.

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, 2022

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 54,483,808	-	54,483,808
Interest and penalty on property tax	377,915	-	377,915
Intergovernmental	33,838,357	-	33,838,357
Licenses and permits	356,665	-	356,665
Charges for service	3,637,283	-	3,637,283
Use of money and property	323,627	-	323,627
Miscellaneous	4,458,551	328,949	4,129,602
Total receipts	<u>97,476,206</u>	<u>328,949</u>	<u>97,147,257</u>
Disbursements:			
Public safety and legal services	34,175,051	-	34,175,051
Physical health and social services	4,719,564	-	4,719,564
Mental health	3,004,515	-	3,004,515
County environment and education	11,766,739	350,024	11,416,715
Roads and transportation	14,917,243	-	14,917,243
Governmental services to residents	2,394,979	-	2,394,979
Administration	15,756,287	-	15,756,287
Debt service	3,405,303	-	3,405,303
Capital projects	5,257,120	-	5,257,120
Total disbursements	<u>95,396,801</u>	<u>350,024</u>	<u>95,046,777</u>
Excess (deficiency) of receipts over (under) disbursements	2,079,405	(21,075)	2,100,480
Other financing, sources, net	<u>20,629,668</u>	<u>-</u>	<u>20,629,668</u>
Change in balances	22,709,073	(21,075)	22,730,148
Balance beginning of year	<u>63,089,007</u>	<u>1,022,508</u>	<u>62,066,499</u>
Balance end of year	<u>\$ 85,798,080</u>	<u>1,001,433</u>	<u>84,796,647</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
53,090,402	52,917,039	1,566,769
147,000	147,000	230,915
21,618,665	31,514,471	2,323,886
307,300	307,300	49,365
2,822,475	2,822,475	814,808
335,455	335,455	(11,828)
2,339,800	4,253,773	(124,171)
<u>80,661,097</u>	<u>92,297,513</u>	<u>4,849,744</u>
36,012,813	36,027,813	1,852,762
4,611,229	5,519,022	799,458
2,175,518	2,925,518	(78,997)
7,953,612	18,074,159	6,657,444
16,053,596	17,203,596	2,286,353
2,572,543	2,634,922	239,943
9,037,818	18,438,340	2,682,053
3,016,600	4,110,218	704,915
4,665,000	25,745,000	20,487,880
<u>86,098,729</u>	<u>130,678,588</u>	<u>35,631,811</u>
(5,437,632)	(38,381,075)	40,481,555
600,000	25,210,524	(4,580,856)
(4,837,632)	(13,170,551)	35,900,699
<u>46,541,428</u>	<u>46,541,428</u>	<u>15,525,071</u>
<u>41,703,796</u>	<u>33,370,877</u>	<u>51,425,770</u>

Pottawattamie County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2022

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 97,476,206	(7,823,377)	89,652,829
Expenditures	95,396,801	(2,438,308)	92,958,493
Net	2,079,405	(5,385,069)	(3,305,664)
Other financing sources, net	20,629,668	113,396	20,743,064
Beginning fund balances	63,089,007	(6,633,604)	56,455,403
Ending fund balances	<u>\$ 85,798,080</u>	<u>(11,905,277)</u>	<u>73,892,803</u>

See accompanying independent auditor's report.

Pottawattamie County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2022

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, three budget amendments increased budgeted disbursements by \$44,579,859. 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, 2022, disbursements exceeded the amount budgeted in the mental health function.

Pottawattamie County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2022	2021	2020	2019
County's proportion of the net pension liability (asset)	3.067962% **	0.246463%	0.215954%	0.220005%
County's proportionate share of the net pension liability (asset)	\$ (10,591)	17,313	12,505	13,922
County's covered payroll	\$ 31,154	29,369	28,360	26,891
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(34.00)%	58.95%	44.09%	51.77%
IPERS' net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%

* 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.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.254000%	0.245823%	0.218903%	0.198134%
16,920	15,470	10,815	7,858
27,371	25,415	24,863	24,508
61.82%	60.87%	43.50%	32.06%
82.21%	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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 2,952	2,942	2,829	2,737
Contributions in relation to the statutorily required contribution	<u>(2,952)</u>	<u>(2,942)</u>	<u>(2,829)</u>	<u>(2,737)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 31,661	31,154	29,369	28,360
Contributions as a percentage of covered payroll	9.32%	9.44%	9.63%	9.65%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
2,474	2,532	2,355	2,324	2,289	2,212
(2,474)	(2,532)	(2,355)	(2,324)	(2,289)	(2,212)
-	-	-	-	-	-
26,891	27,371	25,415	24,863	24,508	24,038
9.20%	9.25%	9.27%	9.35%	9.34%	9.20%

Pottawattamie County

Pottawattamie County

Notes to Required Supplementary Information – Pension Liability (Asset)

Year ended June 30, 2022

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 Six Years
 Required Supplementary Information

	2022	2021	2020	2019
Service cost	\$ 128,647	100,787	97,851	59,432
Interest cost	54,564	79,748	79,562	60,905
Difference between expected and actual experiences	-	(127,494)	-	311,343
Changes in assumptions	-	293,566	-	240,863
Benefit payments	(86,367)	(167,417)	(182,635)	(95,417)
Net change in total OPEB liability	96,844	179,190	(5,222)	577,126
Total OPEB liability beginning of year	2,440,620	2,261,430	2,266,652	1,689,526
Total OPEB liability end of year	\$ 2,537,464	2,440,620	2,261,430	2,266,652
Covered-employee payroll	\$ 29,878,200	29,007,961	27,439,137	26,639,939
Total OPEB liability as a percentage of covered-employee payroll	8.49%	8.41%	8.24%	8.51%

See accompanying independent auditor's report.

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	2.16%
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%

<u>2018</u>	<u>2017</u>
57,701	43,437
60,020	57,423
-	248,898
-	125,289
<u>(94,017)</u>	<u>(82,807)</u>
23,704	392,240
<u>1,665,822</u>	<u>1,273,582</u>
<u>1,689,526</u>	<u>1,665,822</u>
25,355,419	24,616,912
6.66%	6.77%

Pottawattamie County

Supplementary Information

Pottawattamie County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2022

	Special						
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Local Government Opioid Abatement	Drainage Districts	Juvenile Diversion	Soil Conservation District East
Assets							
Cash, cash equivalents and pooled investments:							
County Treasurer	\$ 236,428	40,226	43,858	-	10,754	7,204	690,639
Component unit	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Opioid settlement	-	-	-	2,786,078	-	-	-
Drainage assessments receivable	-	-	-	-	50	-	-
Due from other governments	18,414	-	-	-	-	-	18,414
Total assets	\$ 254,842	40,226	43,858	2,786,078	10,804	7,204	709,053
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	\$ 9,000	-	-	-	-	-	25,685
Total liabilities	9,000	-	-	-	-	-	25,685
Deferred inflows of resources:							
Unavailable revenues:							
Other	-	-	-	2,689,379	50	-	-
Fund balances:							
Restricted for:							
Drainage warrants/drainage improvement certificates	-	-	-	-	10,754	-	-
Conservation purposes	245,842	-	-	-	-	-	-
Law enforcement purposes	-	-	-	-	-	-	-
Opioid abatement	-	-	-	96,699	-	-	-
Other purposes	-	40,226	43,858	-	-	7,204	683,368
Total fund balances	245,842	40,226	43,858	96,699	10,754	7,204	683,368
Total liabilities, deferred inflows of resources and fund balances	\$ 254,842	40,226	43,858	2,786,078	10,804	7,204	709,053

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	Veterans Affairs Donation	Total
428,494	-	24,824	296,970	117,306	437	128,683	5,258	2,031,081
-	990,679	-	-	-	-	-	-	990,679
-	-	3	-	-	-	-	-	3
-	-	-	-	-	-	-	-	2,786,078
-	-	-	-	-	-	-	-	50
18,414	-	-	-	5,926	-	-	-	61,168
446,908	990,679	24,827	296,970	123,232	437	128,683	5,258	5,869,059
2,680	-	-	-	-	-	3,000	-	40,365
2,680	-	-	-	-	-	3,000	-	40,365
-	-	-	-	1,070	-	-	-	2,690,499
-	-	-	-	-	-	-	-	10,754
-	990,679	-	-	-	-	-	-	1,236,521
-	-	-	-	122,162	-	-	-	122,162
-	-	-	-	-	-	-	-	96,699
444,228	-	24,827	296,970	-	437	125,683	5,258	1,672,059
444,228	990,679	24,827	296,970	122,162	437	125,683	5,258	3,138,195
446,908	990,679	24,827	296,970	123,232	437	128,683	5,258	5,869,059

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

Year ended June 30, 2022

	Special						
	Conservation Local Option Tax	Resource Enhance- ment and Protection	County Recorder's Records Management	Local Government Opioid Abatement	Drainage Districts	Juvenile Diversion	Soil Conservation District East
Revenues:							
Local option sales tax	\$ 228,158	-	-	-	-	-	228,158
Intergovernmental	-	33,914	-	-	-	-	-
Charges for service	-	-	17,955	-	-	-	-
Use of money and property	-	63	156	-	-	-	-
Miscellaneous	2,591	-	-	96,699	-	-	-
Total revenues	230,749	33,977	18,111	96,699	-	-	228,158
Expenditures:							
Operating:							
Public safety and legal services	-	-	-	-	-	-	-
County environment and education	134,317	15,422	-	-	-	-	99,793
Governmental services to residents	-	-	57,619	-	-	-	-
Total expenditures	134,317	15,422	57,619	-	-	-	99,793
Excess (deficiency) of revenues over (under) expenditures	96,432	18,555	(39,508)	96,699	-	-	128,365
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Change in fund balances	96,432	18,555	(39,508)	96,699	-	-	128,365
Fund balances beginning of year	149,410	21,671	83,366	-	10,754	7,204	555,003
Fund balances end of year	\$ 245,842	40,226	43,858	96,699	10,754	7,204	683,368

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	Veterans Affairs Donation		Total
228,158	-	-	-	-	-	-	-	-	684,474
-	-	-	5,667	90,330	-	-	-	-	129,911
-	-	-	-	-	-	-	-	-	17,955
-	-	-	-	-	-	-	-	-	219
-	328,949	1,313	-	-	-	367,522	5,258	-	802,332
228,158	328,949	1,313	5,667	90,330	-	367,522	5,258	-	1,634,891
-	-	-	-	88,081	-	-	-	-	88,081
69,153	350,024	206	-	-	-	306,145	-	-	975,060
-	-	-	-	-	-	-	-	-	57,619
69,153	350,024	206	-	88,081	-	306,145	-	-	1,120,760
159,005	(21,075)	1,107	5,667	2,249	-	61,377	5,258	-	514,131
-	-	-	-	(1,467,708)	-	-	-	-	(1,467,708)
159,005	(21,075)	1,107	5,667	(1,465,459)	-	61,377	5,258	-	(953,577)
285,223	1,011,754	23,720	291,303	1,587,621	437	64,306	-	-	4,091,772
444,228	990,679	24,827	296,970	122,162	437	125,683	5,258	-	3,138,195

Pottawattamie County
Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	5,290	1,539,945	4,903,303	736,489	70,446
Other County officials	527,780	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	1,693	5,516	-	237,334	23,431
Succeeding year	-	629,000	1,901,000	-	76,766,000	7,696,000
Accounts	7	-	-	1,682	-	-
Special assessments	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Due from other governments	-	-	-	2,599	-	-
Prepaid items	-	-	-	-	-	-
Total assets	527,787	635,983	3,446,461	4,907,584	77,739,823	7,789,877
Liabilities						
Accounts payable	-	-	6,303	464,016	-	-
Stamped warrants payable	-	-	-	-	-	-
Salaries and benefits payable	-	-	40,493	-	-	-
Due to other governments	410,385	5,290	953	54,032	736,489	70,446
Trusts payable	117,402	-	-	-	-	-
Compensated absences	-	-	471,703	-	-	-
Total liabilities	527,787	5,290	519,452	518,048	736,489	70,446
Deferred Inflows of Resources						
Unavailable revenues	-	629,000	1,901,000	-	76,766,000	7,696,000
Net Position						
Restricted for individuals, organizations and other governments	\$ -	1,693	1,026,009	4,389,536	237,334	23,431

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
590,719	9,553	60,114	344	549,368	383,677	2,778,866	439,166	12,067,280
-	-	-	-	-	-	-	-	527,780
190,798	2,933	-	-	-	-	-	42	461,747
66,324,000	1,229,000	-	-	-	-	-	13,000	154,558,000
-	-	-	-	1,000	21,838	-	-	24,527
-	-	829,680	-	-	-	-	-	829,680
-	-	174,715	766,956	-	-	-	4,457,515	5,399,186
-	-	-	-	183,068	153,703	-	45,000	384,370
-	-	-	-	48,014	-	-	-	48,014
<u>67,105,517</u>	<u>1,241,486</u>	<u>1,064,509</u>	<u>767,300</u>	<u>781,450</u>	<u>559,218</u>	<u>2,778,866</u>	<u>4,954,723</u>	<u>174,300,584</u>
-	-	-	-	8,627	10,126	-	2,850	491,922
-	-	-	-	-	-	-	4,522,146	4,522,146
-	-	-	-	45,345	-	-	10,594	96,432
590,719	9,553	-	777	16,646	46	2,778,866	192,251	4,866,453
-	-	-	-	-	-	-	-	117,402
-	-	-	-	55,864	-	-	28,837	556,404
<u>590,719</u>	<u>9,553</u>	<u>-</u>	<u>777</u>	<u>126,482</u>	<u>10,172</u>	<u>2,778,866</u>	<u>4,756,678</u>	<u>10,650,759</u>
<u>66,324,000</u>	<u>1,229,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>154,558,000</u>
<u>190,798</u>	<u>2,933</u>	<u>1,064,509</u>	<u>766,523</u>	<u>654,968</u>	<u>549,046</u>	<u>-</u>	<u>185,045</u>	<u>9,091,825</u>

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

Year ended June 30, 2022

	County Offices	Agricultural Extension Education	County Assessor	Mental Health Region	Schools	Community Colleges
Additions:						
Property and other county tax	\$ -	592,211	1,806,407	-	74,533,135	7,732,058
911 surcharge	-	-	-	-	-	-
State tax credits	-	40,957	128,900	-	5,476,763	551,071
Intergovernmental	-	-	-	6,845,152	-	-
Office fees and collections	3,037,887	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	5,745,314	-	-	12,243	-	-
Miscellaneous	-	10	2,719	2,854	-	-
Total additions	8,783,201	633,178	1,938,026	6,860,249	80,009,898	8,283,129
Deductions:						
Agency remittances:						
To other funds	1,707,764	-	-	-	-	-
To other governments	1,379,660	633,107	2,370,775	8,943,581	80,006,889	8,279,516
Trusts paid out	5,695,777	-	-	-	-	-
Operating expenses	-	-	-	-	-	-
Total deductions	8,783,201	633,107	2,370,775	8,943,581	80,006,889	8,279,516
Changes in net position	-	71	(432,749)	(2,083,332)	3,009	3,613
Net position beginning of year	-	1,622	1,458,758	6,472,868	234,325	19,818
Net position end of year	\$ -	1,693	1,026,009	4,389,536	237,334	23,431

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
65,175,360	1,180,428	-	-	-	-	-	13,666	151,033,265
-	-	-	-	-	171,574	-	-	171,574
5,320,224	52,698	-	-	-	-	-	976	11,571,589
-	-	-	-	2,017,371	-	-	6,496,585	15,359,108
-	-	-	-	-	-	-	17,955	3,055,842
-	-	-	-	-	-	32,438,763	-	32,438,763
-	-	767,749	766,750	-	-	-	150,947	1,685,446
-	-	-	-	-	-	-	2,325,388	8,082,945
-	-	-	-	7,560	526,335	-	44,184	583,662
70,495,584	1,233,126	767,749	766,750	2,024,931	697,909	32,438,763	9,049,701	223,982,194
-	-	-	-	195,048	-	957,937	-	2,860,749
70,497,718	1,233,425	764,962	767,403	150,062	2,095,928	31,480,826	9,456,595	218,060,447
-	-	-	-	-	-	-	192,284	5,888,061
-	-	-	-	1,651,104	-	-	-	1,651,104
70,497,718	1,233,425	764,962	767,403	1,996,214	2,095,928	32,438,763	9,648,879	228,460,361
(2,134)	(299)	2,787	(653)	28,717	(1,398,019)	-	(599,178)	(4,478,167)
192,932	3,232	1,061,722	767,176	626,251	1,947,065	-	784,223	13,569,992
190,798	2,933	1,064,509	766,523	654,968	549,046	-	185,045	9,091,825

Pottawattamie County

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

For the Last Ten Years

	2022	2021	2020	2019
Revenues:				
Property and other county tax	\$ 49,931,800	47,940,390	46,785,270	45,581,389
Local option sales tax	4,563,168	4,672,432	4,281,173	3,864,062
Interest and penalty on property tax	370,954	647,035	257,363	370,328
Intergovernmental	27,383,439	22,144,689	17,795,586	17,195,198
Licenses and permits	361,374	378,194	364,289	981,308
Charges for service	3,646,145	3,627,681	3,210,669	3,070,466
Use of money and property	221,820	394,846	791,053	775,086
Miscellaneous	3,174,129	1,815,164	1,952,439	1,687,670
Total	\$ 89,652,829	81,620,431	75,437,842	73,525,507
Expenditures:				
Operating:				
Public safety and legal services	\$ 30,544,647	29,599,216	28,630,031	27,538,819
Physical health and social services	4,715,364	6,091,234	4,168,025	3,556,376
Mental health	2,983,089	2,387,114	1,967,655	2,026,370
County environment and education	11,876,056	5,868,548	5,490,306	5,165,521
Roads and transportation	15,092,434	15,269,158	15,234,656	15,226,457
Governmental services to residents	2,401,794	2,370,740	2,347,702	2,193,031
Administration	16,098,642	13,672,306	8,240,170	7,429,696
Debt service	3,405,304	2,900,022	4,014,081	3,023,707
Capital projects	5,841,163	7,740,323	4,147,726	4,692,556
Total	\$ 92,958,493	85,898,661	74,240,352	70,852,533

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
44,958,746	44,891,722	45,486,380	45,742,273	39,548,540	37,694,564
3,341,048	3,494,236	3,196,050	4,349,793	3,405,980	3,174,885
355,815	339,351	347,738	384,464	344,692	376,744
15,611,477	17,530,095	16,583,665	17,741,021	16,549,486	17,335,587
208,602	246,073	222,617	349,597	306,705	261,812
3,140,296	3,009,434	2,901,437	2,718,505	2,696,599	2,695,884
458,157	129,399	140,007	147,657	160,514	193,326
2,037,362	2,236,008	2,008,879	2,530,247	1,162,080	1,708,008
70,111,503	71,876,318	70,886,773	73,963,557	64,174,596	63,440,810
26,663,989	24,694,953	24,491,150	23,413,305	22,832,688	21,367,688
3,491,566	4,296,741	4,847,817	5,155,835	5,410,187	3,472,444
2,499,749	2,547,003	3,469,916	8,580,556	2,613,398	5,229,934
5,499,199	4,516,085	4,804,455	5,420,349	7,374,041	6,494,809
13,886,826	12,061,549	12,107,500	11,758,649	9,700,321	12,574,966
2,113,367	2,165,946	2,008,389	2,069,334	1,942,339	2,110,519
7,745,381	7,139,445	6,886,005	6,540,195	6,205,492	7,031,198
2,971,908	3,334,750	4,339,507	4,077,315	3,793,670	4,642,100
3,732,016	3,430,468	7,406,853	1,127,231	1,580,254	3,258,248
68,604,001	64,186,940	70,361,592	68,142,769	61,452,390	66,181,906

Schedule 6

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A052	\$ 129,304
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5880A091	11,103
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A091E	28,796
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5881A052E	<u>407,839</u>
			<u>577,042</u>
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00002128118	<u>67,010</u>
Total U.S. Department of Agriculture			<u>644,052</u>
U.S Department of Housing and Urban Development			
Passed through Iowa Department of Economic Development:			
Community Development Block Grants/States program and Non-Entitlement Grants in Hawaii	14.228	18-DTR-004	326,734
Community Development Block Grants/States program and Non-Entitlement Grants in Hawaii	14.228	19-DRMB-006	<u>354,140</u>
Total U.S. Department of Housing and Urban Development			<u>680,874</u>
U.S. Department of Transportation:			
Passed through Omaha - Council Bluffs Metropolitan Area Planning Agency:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	22903100001	<u>30,000</u>
Passed through Iowa Department of Public Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	402-MOPT, Task 91-40-00	<u>7,962</u>
Total U.S. Department of Transportation			<u>37,962</u>
U.S. Department of Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY22	<u>6,099,546</u>
Total U.S. Department of Treasury			<u>6,099,546</u>
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (OHEP) Aligned			
Cooperative Agreements	93.074	5885BT478	<u>369,252</u>
Affordable Care Act (ACA) Personal Responsibility	93.092	5881CH15PAE	<u>30,000</u>
Immunization Cooperative Agreements	93.268	5881I474E	<u>14,040</u>
HIV Care Formula Grant	93.917	5881AP05A	83,023
HIV Care Formula Grant	93.917	5882AP05A	<u>73,091</u>
			<u>156,114</u>
HIV Prevention Activites_Health Department Based	93.940	5881AP05A	17,070
HIV Prevention Activites_Health Department Based	93.940	5882AP05A	<u>14,860</u>
			<u>31,930</u>
Passed through Mills County Board of Health			
Public Health Emergency Preparedness	93.069	5881BT07	<u>27,146</u>

Pottawattamie County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Program Expenditures
Passed through Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Title IV-E Prevention Program	93.472	00002128118	2,306
Refugee and Entrant Assistance_State Administered Programs	93.566	00002128118	85
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	00002128118	17,450
Foster Care_Title IV-E	93.658	00002128118	17,769
Adoption Assistance	93.659	00002128118	9,721
Social Services Block Grant	93.667	00002128118	18,173
Children's Health Insurance Program	93.767	00002128118	1,364
Medicaid Cluster:			
Medical Assistance Program	93.778	00002128118	78,339
Total U.S. Department of Health and Human Services			773,689
U.S. Department of Homeland Security:			
Passed through Iowa Department of Public Defense			
Iowa Homeland Security and Emergency Management Division Hazard Mitigation Grant Program	97.039	FEMA 4421 DR IA	1,448,791
Total U.S Department of Homeland Security			1,448,791
Total			\$ 9,684,914

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, 2022. 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 auditing standards generally accepted in the United States of America 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, 2022, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 12, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pottawattamie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pottawattamie County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part II of the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that 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 that a material misstatement of Pottawattamie County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that 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 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pottawattamie County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance 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 Pottawattamie County's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Pottawattamie County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

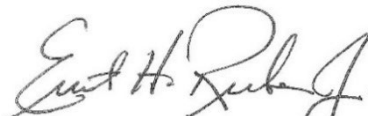
Pottawattamie County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pottawattamie County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Pottawattamie County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

June 12, 2023

Pottawattamie County



**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

Opinion on each Major Federal Program

We have audited Pottawattamie County, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Pottawattamie County's major federal programs for the year ended June 30, 2022. Pottawattamie County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Pottawattamie County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pottawattamie County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pottawattamie County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pottawattamie County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pottawattamie County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Pottawattamie County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pottawattamie County's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pottawattamie County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Pottawattamie County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

Report on 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 that 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink, appearing to read "Ernest H. Ruben, Jr.", written in a cursive style.

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

June 12, 2023

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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 programs.
- (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:
 - Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Recovery Funds
 - Assistance Listing Number 97.039 – Hazard Mitigation Grant Program
- (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, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Financial Reporting

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. In addition, there were receivables and transfers which were not recorded correctly in the County's financial statements. Adjustments were subsequently made by the County to properly record 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, construction in progress, receivables and transfers activity is identified and properly reported in the County's financial statements.

Response – A Fixed Asset policy is in the process of being put in place. There has been so many capital projects and construction in progress the last few years and we rely heavily on our Department Heads/Elected Officials to turn in the fixed asset forms to us. The acquisition and disposal asset have been placed on the intranet for added convenience. The Auditor's Office has taken the fixed asset piece back within the last three years. We are trying to get the files cleaned up. The transfers are being better tracked. The Auditor's Office will put better internal controls in place to prevent these deficiencies in the future. The Treasurer's office has added instructions for the transfer of revenues and expenditure line item numbers. The receivables are received from all departments, and we ask if they are new or an accrual.

Conclusion – Response accepted.

2022-002 County Sheriff Jail Account Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Pottawattamie County

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Condition – Bank to book reconciliations were not performed for the jail account for the last six months of the fiscal year ended June 30, 2022.

Cause – Procedures have not been designed and implemented to ensure the jail account is reconciled, reviewed and approved each month.

Effect – Lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The County Sheriff should establish procedures to ensure monthly bank reconciliations are performed, reviewed and approved for the jail account, and the independent reviews are documented by the signature or initials of the reviewer and the date of the review.

Response – We will create a policy that requires bank reconciliations to be performed, reviewed and approved monthly for the jail account. We will also add these steps to our schedule.

Conclusion – Response accepted.

2022-003 County Recorder Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring bank and book balances are reconciled monthly and reviewed by an independent individual.

Condition – Bank to book reconciliations were performed for the County Recorder’s bank account, however there is no evidence the reconciliation was reviewed and approved by an independent individual for nine months during the fiscal year ending June 30, 2022.

Cause – Procedures have not been designed and implemented to ensure the bank reconciliation is reviewed and approved monthly.

Effect – Lack of independent review of the bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The County Recorder should establish procedures to ensure monthly bank reconciliations are reviewed and approved.

Response – Upon further discussion with the team, it does appear that reconciliation and approval were performed by different people but not properly documented. On our monthly bank reconciliation sheet only the person reviewing and approving the reconciliation signed off and there was no indication as to who prepared the reconciliation. Going forward, we will make it much clearer who performed the reconciliation and who approves it.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Pottawattamie County
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

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, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022, exceeded the amount budgeted in the mental health function.

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

Response – The County exceeded the budget on June 28, 2022, due to the transfer of all funds remaining at year end to the Mental Health Region. This will not occur in the future.

Conclusion – Response accepted.

2022-B 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.

2022-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2022-D Business Transactions – The following business transactions between the County and County officials or employees were noted:

Name, Title and Business Connection	Transaction Description	Amount
Brandon Ramsey, Deputy at Sheriff’s Office	Tree cutting	\$ 1,800
Justin Schultz, County Board Member, Regulatory Manager of Southwest Iowa Renewable Energy	Hand sanitizer	78

The above transactions do not appear to represent conflicts of interest in accordance with Chapter 331.342(2)(j) of the Code of Iowa since the total transactions with each employee or Board Member were less than \$6,000 during the fiscal year.

2022-E 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.

2022-F 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.

2022-G 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, 2022

2022-H 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.

2022-I 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).

2022-J Solid Waste Fees – During the year ended June 30, 2022, the County retained \$7,500 of solid waste fees in accordance with Chapter 455B.30 of the Code of Iowa.

2022-K 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, 2022 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.

2022-L 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 for two of the accounts maintained 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 – We have had some challenges in the civil department getting the banks to send both sides, but we believe this has now been resolved.

Conclusion – Response accepted.

2022-M Paid Lunch Period – The Pottawattamie County Sheriff’s Office Policy Manual states meal periods and breaks are to be in accordance with the bargaining agreement and the County employee handbook. The County employees’ handbook indicates all full-time employees are allowed a 30-minute unpaid “meal period” which may be combined with the two fifteen-minute paid rest periods for a one-hour meal period with approval of department head. Non-union jail secretaries are allowed to take one hour paid lunch daily, which does not comply with the County policy.

Recommendation – The County Sheriff’s Office should follow the County’s policy for meal periods or change their policy to allow meal periods to be paid.

Response – This practice was changed by the Board of Supervisor’s resolution last fall. The issue no longer exists.

Conclusion – Response accepted.

Pottawattamie County

Staff

This audit was performed by:

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