

DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

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Dickinson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mardi Allen	Board of Supervisors	Jan 2011
Paul Johnson	Board of Supervisors	Jan 2011
Wayne Northey	Board of Supervisors	Jan 2011
David Gottsche	Board of Supervisors	Jan 2013
Pam Jordan	Board of Supervisors	Jan 2013
Nancy Reiman	County Auditor	Jan 2013
Kris Rowley	County Treasurer	Jan 2011
Janice Bortscheller	County Recorder	Jan 2011
Gregory Baloun	County Sheriff	Jan 2013
Rosalise Olson	County Attorney	Jan 2011
Patricia Dodds	County Assessor	Jan 2016

Dickinson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dickinson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

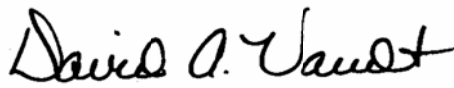
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The County's financial statements for the year ended June 30, 2010 have been restated. A description of the nature of the restatement is described in Note 15.


In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2011 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 54 through 58 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of the supplies inventory, pertaining primarily to the Secondary Roads Fund. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 13, 2011, except for Exhibits A, B, D and
F and Notes 4 and 15, as to which the date is
February 22, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities increased 33.7%, or approximately \$4,731,000, from fiscal year 2009 to fiscal year 2010. Property tax and other county tax increased approximately \$596,000, charges for service decreased approximately \$196,000, operating grants, contributions and restricted interest increased approximately \$614,000, capital grants, contributions and restricted interest increased approximately \$3,947,000, local option sales tax decreased approximately \$118,000 and unrestricted investment earnings decreased approximately \$63,000.
- ◆ Program expenses of the County's governmental activities decreased 7.3%, or approximately \$947,000, from fiscal year 2009 to fiscal year 2010. Administration expenses increased approximately \$328,000 while county environment and education, roads and transportation and non-program expenses decreased approximately \$138,000, \$875,000 and \$438,000, respectively.
- ◆ The County's net assets increased 27.3%, or approximately \$6,679,000, from June 30, 2009 to June 30, 2010.

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 Assets and a Statement of Activities. These provide information about the activities of Dickinson 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 Dickinson County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Dickinson County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

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 Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets 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 periods.

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

Fund Financial Statements

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. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, Secondary Roads and Tax Increment Financing (TIF) and Urban Renewal, 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 governmental 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) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

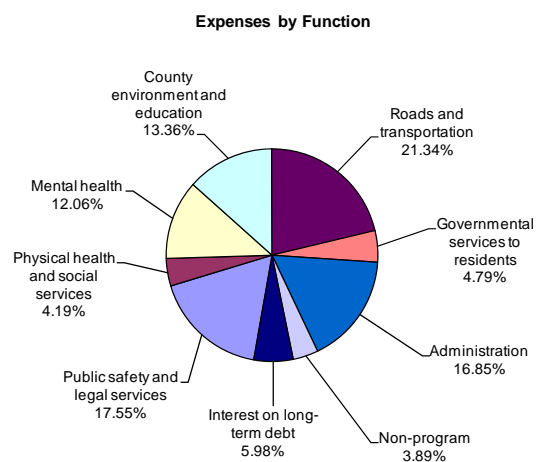
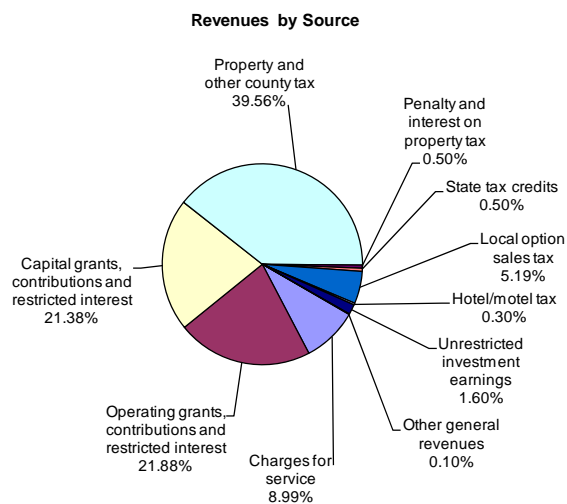
As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 27.3%, from approximately \$24.51 million at June 30, 2009 to approximately \$31.19 million at June 30, 2010. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2010	2009
Current and other assets	\$ 19,954	22,464
Capital assets	38,163	28,494
Total assets	58,117	50,958
Long-term liabilities	17,459	18,037
Other liabilities	9,470	8,412
Total liabilities	26,929	26,449
Net assets:		
Invested in capital assets, net of related debt	22,872	15,313
Restricted	5,092	4,967
Unrestricted	3,224	4,229
Total net assets	\$ 31,188	24,509

Net assets of Dickinson County's governmental activities increased approximately \$6,679,000 (\$31.19 million compared to \$24.51 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at approximately \$3.2 million at June 30, 2010.

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

	Year ended June 30,	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 1,688	1,884
Operating grants, contributions and restricted interest	4,118	3,504
Capital grants, contributions and restricted interest	4,016	69
General revenues:		
Property and other county tax, including tax increment financing	7,418	6,822
Penalty and interest on property tax	95	108
State tax credits	90	103
Local option sales tax	977	1,095
Hotel/motel tax	51	55
Unrestricted investment earnings	306	369
Other general revenues	21	40
Total revenues	18,780	14,049
Program expenses:		
Public safety and legal services	2,129	2,136
Physical health and social services	506	476
Mental health	1,461	1,413
County environment and education	1,616	1,754
Roads and transportation	2,573	3,448
Governmental services to residents	581	575
Administration	2,040	1,712
Non-program	472	910
Interest on long-term debt	723	624
Total expenses	12,101	13,048
Increase in net assets	6,679	1,001
Net assets beginning of year	24,509	23,508
Net assets end of year	\$ 31,188	24,509



The County increased property tax rates for fiscal year 2010 an average of 5.24%, which was coupled with a taxable valuation increase, resulting in an increase in the County's property tax revenue of approximately \$596,000 for fiscal year 2010. Based on increases in the taxable valuation and increases in levy rates for fiscal year 2011, property tax is expected to increase approximately \$922,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$9.9 million, a decrease of approximately \$3,346,000 from last year's total of approximately \$13.3 million. The decrease in fund balance is primarily attributable to completion of the courthouse and jail project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$417,600 and expenditures increased approximately \$363,700. The ending fund balance decreased approximately \$1,123,000 from the prior year to approximately \$3.14 million, due primarily to a decrease in transfers from other funds and expenditure increases due to increased salaries, FICA, IPERS and health insurance benefits.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.46 million, an increase of approximately 3.35% over the prior year. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$111,000 from the prior year. Revenues decreased approximately \$510,000, due primarily to decreased state growth dollars and an increase in case management rates. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent tax are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look at eliminating programs and services currently fully funded.
- The Special Revenue, Rural Services Fund revenues increased approximately \$42,000. This was primarily due to an increase in property tax of approximately \$128,500 offset by a decrease in local option sales tax revenue of approximately \$88,500. Expenditures decreased approximately \$27,400. The County decreased the amount transferred from the Rural Services Fund to the Special Revenue, Secondary Roads Fund approximately \$129,700. This resulted in a fund balance increase of approximately \$6,000 at June 30, 2010 to \$377,599.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$812,400 from the prior year, due principally to capital projects which were completed early in fiscal year 2010. Secondary Roads Fund revenues increased approximately \$479,200, which was primarily due to an increase in road use tax receipts and state project reimbursements. Transfers from the Rural Services Fund decreased approximately \$129,700 while transfers from the General Fund increased approximately \$27,000. The decrease in expenditures, tempered with the overall decrease in transfers, resulted in an increase in the Secondary Roads Fund ending balance of approximately \$654,000, or 44.66%.
- The Special Revenue, Tax Increment Financing (TIF) and Urban Renewal Fund reported a significant increase in expenditures of approximately \$2,397,000. The balance in the fund at June 30, 2010 was approximately \$1,198,500. The increase in expenditures of approximately \$2,334,000 was due primarily to undertaking the East Okoboji, East Beach urban renewal project in fiscal year 2010.
- Revenues of the Debt Service Fund increased approximately \$152,000. Expenditures increased approximately \$387,400 as a result of servicing new debt issued in fiscal year 2009. Debt service payments were approximately \$1.6 million in fiscal year 2010. The ending balance in the Debt Service Fund increased approximately \$140,000.

- The Capital Projects Fund expenditures decreased approximately \$759,000 because the Oak Haven Care Facility was completed early in fiscal year 2010. No other large project was undertaken through the Capital Projects Fund during fiscal year 2010. Revenues of approximately \$81,400, tempered with expenditures of approximately \$33,100, resulted in an increase in the ending fund balance of approximately \$48,300, from \$479,445 at June 30, 2009 to \$527,764 at June 30, 2010.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget once. The amendment was made on May 2, 2010 and resulted in an increase in budgeted disbursements of \$2,626,007. The following functions increased as a result of the amendment: \$2,483,307 for county environment and education, \$110,000 for non-program, \$27,000 for physical health and social services, \$4,700 for public safety and legal services and \$1,000 for mental health.

The County's receipts were approximately \$201,000 more than budgeted, a variance of 1.4%. The most significant variances resulted from the County collecting more other county tax and miscellaneous receipts than anticipated.

Total disbursements were approximately \$839,400 more than the amended budget. Actual disbursements for the capital projects function were more than the budgeted amount by approximately \$2.75 million while actual disbursements for the county environment and education and roads and transportation functions were approximately \$1.11 million and \$.3 million, respectively, less than budgeted.

Actual disbursements for the capital projects function were more than the budgeted amount by approximately \$2.75 million because of the County failed to amend the budget for expenditures related to the East Okoboji, East Beach urban renewal project.

Actual disbursements for the county environment and education function were less than the budgeted amount by approximately \$1.11 million because of delays in the Dickinson County trail construction project.

Actual disbursements for the roads and transportation function were approximately \$305,500 less than the budgeted amount, which does not appear to be a significant difference.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, Dickinson County had approximately \$38.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$9.7 million, or approximately 33.9 %, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2010	2009
Land	\$ 1,627	1,627
Buildings and improvements	16,000	16,284
Intangibles, road network	530	-
Equipment and vehicles	2,695	2,518
Construction in progress	9,670	1,235
Infrastructure	7,641	6,830
Total	\$ 38,163	28,494

This year's major additions included (in thousands):

Construction in progress for:

Spooky Hollow Bridge	\$ 428
Road Projects	2,954
Nature center improvements	797
Spine & Poyzer Bike Trail	213
Bay Harbor Bike Trail	801
Silver Lake Bike Trail	189
East Okoboji Beach subdivison	3,078
Bike trail right of way	525
Total	\$ 8,985

The County had depreciation expense of approximately \$1,063,000 in fiscal year 2010 and total accumulated depreciation of approximately \$5.7 million at June 30, 2010.

The County's fiscal year 2010 capital projects budget included approximately \$1.75 million for capital projects, principally for completion of construction of the courthouse, parking lot, urban revitalization projects and roadways. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$17.2 million in outstanding debt at June 30, 2010, which included approximately \$15.8 million in general obligation bonds and notes, approximately \$487,000 in general obligation capital loan notes and approximately \$767,000 in urban revitalization bonds, compared to total outstanding debt of approximately \$17.8 million at June 30, 2009.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2010	2009
General obligation bonds and notes	\$ 15,810	16,720
General obligation capital loan notes	487	-
Urban revitalization bonds	767	730
Drainage warrants	133	347
Total	\$ 17,197	17,797

Total debt decreased approximately \$600,000, primarily a result of making principal and interest payments on general obligation debt of \$945,000, paying approximately \$244,000 of stamped drainage warrants and drawing \$522,000 on general obligation capital loan notes for the East Okoboji Beach Renovation project.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. 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. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$196,192,485. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth has mirrored its population growth during 2000-2009, averaging per year gains of 1.2%. Unemployment in the County now stands at 7.7% versus 8.4% a year ago. This compares with the State's unemployment rate of 6.3% and the national rate of 9.4%.

Inflation in the State is somewhat lower than the national Consumer Price Index increase. The State's CPI increase was .64% for 2010 compared with the national increase of 1.5%. Inflation has been modest here due, in part, to the residential housing market.

The County's budgetary fund balance is expected to decrease by the close of fiscal year 2011 from the fiscal year 2010 actual balance of approximately \$8.8 million to approximately \$7.1 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as the ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects ongoing expenses continuing to increase and replace the one time expenses in each budget year, 3) it reflects the efforts of departments to reduce department budgets, where possible, in order to keep the tax asking as low as possible, 4) it reflects a serious concern for the economic effects on fiscal year 2011 and thereafter, 5) it reflects a loss in revenue from state reimbursements and 6) the budget reflects the ongoing large increases in fuels and utilities for the maintenance of the new Courthouse and jail facility which is now fully occupied by county departments and a concerted effort to protect and maintain the new courthouse.

These goals were defined with a desire to keep the tax levy for the General Fund and the Rural Services Fund from increasing substantially, especially in light of the debt service levy to pay interest and principal on the bonds for the Courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months, requiring additional county services such as law enforcement, planning and zoning and County Attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion.

These factors were considerations for the fiscal year 2011 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2011 Dollars Certified	2010 Dollars Certified	Percentage Change
General basic levy	\$ 4,609,560	3,755,920	22.7%
Mental health levy	400,809	371,259	4.6
Rural services levy	1,388,742	1,266,387	2.9
Debt service levy	1,266,186	1,309,730	(7.8)
Total	\$ 7,665,297	6,703,296	11.1%

Levy rates (expressed in \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2011 and fiscal year 2010 are as follows:

	2011	2010	Percentage Change
General basic levy	\$ 2.45135	2.06135	18.9%
Mental health levy	0.21315	0.20376	4.6
Rural services levy	1.80410	1.7541	2.9
Debt service levy	0.59337	0.64352	(7.8)
Total	\$ 5.06197	4.55695	11.1%

Budgeted receipts in the fiscal year 2011 operating budget are approximately \$500,000 more than the fiscal year 2010 actual receipts of approximately \$15 million, which is an increase from the fiscal year 2009 final receipts of 5.4%. Budgeted disbursements in the fiscal year 2011 operating budget are approximately \$16.3 million, which is a \$2.7 million decrease from the fiscal year 2010 actual final disbursements of approximately \$19 million. Total taxable valuations increased approximately \$58 million, from \$1.82 billion to \$1.88 billion.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dickinson 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 the Dickinson County Auditor's Office, 1802 Hill Avenue, Spirit Lake, Iowa 51360 or visit the county's website at www.co.dickinson.ia.us.

Dickinson County

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 9,468,582
Receivables:	
Property tax:	
Delinquent	2,418
Succeeding year	8,346,000
Penalty and interest on property tax	11,727
Accounts	91,352
Accrued interest	22,282
Drainage assessments	139,485
Due from other governments	1,058,497
Inventories	811,485
Assets in excess of net OPEB obligation	1,797
Capital assets (net of accumulated depreciation)	38,162,849
Total assets	<u>58,116,474</u>
Liabilities	
Accounts payable	747,974
Accrued interest payable	31,845
Salaries and benefits payable	134,728
Due to other governments	209,679
Deferred revenue:	
Succeeding year property tax	8,346,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	980,000
General obligation capital loan notes	36,000
Urban revitalization bonds	102,040
Drainage warrants	133,154
Compensated absences	174,541
Portion due or payable after one year:	
General obligation bonds/notes	14,830,000
General obligation capital loan notes	451,432
Urban revitalization bonds	665,000
Compensated absences	86,329
Total liabilities	<u>26,928,722</u>
Net Assets	
Invested in capital assets, net of related debt	22,871,887
Restricted for:	
Mental health purposes	540,011
Secondary roads purposes	2,013,609
Capital projects	527,764
Debt service	174,273
Other purposes	1,836,599
Unrestricted	3,223,609
Total net assets	<u>\$ 31,187,752</u>

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,128,819	191,227	113,465	-	(1,824,127)
Physical health and social services	506,010	1,075	170,136	-	(334,799)
Mental health	1,461,155	192,589	793,653	-	(474,913)
County environment and education	1,615,444	202,437	1,217,131	781,738	585,862
Roads and transportation	2,573,113	246,791	1,823,270	3,234,130	2,731,078
Governmental services to residents	581,389	457,834	-	-	(123,555)
Administration	2,040,196	140,980	63	-	(1,899,153)
Non-program	471,547	255,164	-	-	(216,383)
Interest on long-term debt	723,371	-	-	-	(723,371)
Total	\$12,101,044	1,688,097	4,117,718	4,015,868	(2,279,361)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,318,006
Debt service					1,289,825
Tax increment financing					810,057
Penalty and interest on property tax					95,513
State tax credits					89,590
Local option sales tax					976,690
Hotel/motel tax					50,929
Unrestricted investment earnings					306,612
Gain on disposition of capital assets					20,482
Miscellaneous					252
Total general revenues					8,957,956
Change in net assets					6,678,595
Net assets beginning of year					24,509,157
Net assets end of year					\$ 31,187,752

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 3,245,802	704,426	242,838	1,426,269
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	862	83	403	-
Succeeding year	4,544,000	395,000	1,249,000	-
Penalty and interest on property tax	11,727	-	-	-
Accounts	83,990	-	-	2,180
Accrued interest	18,179	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	105,622	10,436	138,025	106,310
Inventories	-	-	-	811,485
Total assets	\$ 8,010,182	1,109,945	1,630,266	2,346,244
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 193,398	75,896	3,264	186,797
Salaries and benefits payable	93,007	1,591	-	40,130
Due to other governments	29,258	89,321	-	1,225
Deferred revenue:				
Succeeding year property tax	4,544,000	395,000	1,249,000	-
Other	13,129	83	403	-
Total liabilities	4,872,792	561,891	1,252,667	228,152
Fund balances:				
Reserved for:				
Drainage warrants	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund:				
Undesignated	2,340,120	-	-	-
Designated for buildings and grounds	797,270	-	-	-
Special revenue funds	-	548,054	377,599	2,118,092
Capital projects fund:				
Designated for:				
New Courthouse and jail facility	-	-	-	-
County care facility	-	-	-	-
Total fund balances	3,137,390	548,054	377,599	2,118,092
Total liabilities and fund balances	\$ 8,010,182	1,109,945	1,630,266	2,346,244

See notes to financial statements.

TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
1,200,640	188,721	527,741	1,366,290	8,902,727
-	-	-	135,456	135,456
760	310	-	-	2,418
907,000	1,251,000	-	-	8,346,000
-	-	-	-	11,727
-	-	4,500	682	91,352
1,648	290	23	1,263	21,403
-	-	-	139,485	139,485
-	-	-	698,104	1,058,497
-	-	-	-	811,485
2,110,048	1,440,321	532,264	2,341,280	19,520,550
-	-	-	279,086	738,441
-	-	-	-	134,728
3,764	-	-	86,111	209,679
907,000	1,251,000	-	-	8,346,000
760	310	4,500	139,485	158,670
911,524	1,251,310	4,500	504,682	9,587,518
-	-	-	118,192	118,192
-	189,011	-	-	189,011
-	-	-	-	2,340,120
-	-	-	-	797,270
1,198,524	-	-	1,718,406	5,960,675
-	-	361,136	-	361,136
-	-	166,628	-	166,628
1,198,524	189,011	527,764	1,836,598	9,933,032
2,110,048	1,440,321	532,264	2,341,280	19,520,550

Dickinson County

Dickinson County

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

June 30, 2010

Total governmental fund balances (page 21) \$ 9,933,032

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$43,820,826 and the accumulated depreciation is \$5,657,977. 38,162,849

Other long-term assets, including other postemployment benefit assets of \$1,797, are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 160,467

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 Assets. 421,745

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (17,490,341)

Net assets of governmental activities (page 18) \$ 31,187,752

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,745,776	356,177	1,242,976	-
Tax increment financing	-	-	-	-
Local option sales tax	244,173	-	732,517	-
Interest and penalty on property tax	109,867	-	-	-
Intergovernmental	522,364	990,057	24,869	2,048,544
Licenses and permits	21,852	-	-	-
Charges for service	590,530	1,780	-	45,577
Use of money and property	233,068	-	-	20,836
Miscellaneous	506,132	-	-	174,122
Total revenues	5,973,762	1,348,014	2,000,362	2,289,079
Expenditures:				
Operating:				
Public safety and legal services	2,067,550	-	32,911	-
Physical health and social services	504,145	-	-	-
Mental health	-	1,459,058	-	-
County environment and education	1,444,191	-	207,034	-
Roads and transportation	-	-	-	2,907,392
Governmental services to residents	573,635	-	-	-
Administration	1,679,526	-	-	2,700
Non-program	216,101	-	-	-
Debt service	-	-	-	-
Capital projects	381,106	-	-	625,515
Total expenditures	6,866,254	1,459,058	239,945	3,535,607
Excess (deficiency) of revenues over (under) expenditures	(892,492)	(111,044)	1,760,417	(1,246,528)
Other financing sources (uses):				
Sale of capital assets	-	-	-	300
Operating transfers in	-	-	-	1,900,123
Operating transfers out	(230,765)	-	(1,754,358)	-
Loan proceeds	-	-	-	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(230,765)	-	(1,754,358)	1,900,423
Net change in fund balances	(1,123,257)	(111,044)	6,059	653,895
Fund balances beginning of year	4,260,647	659,098	371,540	1,464,197
Fund balances end of year	\$ 3,137,390	548,054	377,599	2,118,092

See notes to financial statements.

TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
-	1,289,171	-	-	6,634,100
810,056	-	-	-	810,056
-	-	-	-	976,690
-	-	-	-	109,867
205,538	19,350	-	729,261	4,539,983
-	-	-	-	21,852
-	-	-	64,214	702,101
33,691	290	2,876	24,357	315,118
51,200	-	78,551	911,283	1,721,288
1,100,485	1,308,811	81,427	1,729,115	15,831,055
-	-	-	-	2,100,461
-	-	-	-	504,145
-	-	-	-	1,459,058
-	-	-	892,934	2,544,159
-	-	-	-	2,907,392
-	-	-	-	573,635
-	-	-	-	1,682,226
-	-	-	121,881	337,982
211,568	1,622,505	-	277,860	2,111,933
3,087,461	-	33,108	1,382,189	5,509,379
3,299,029	1,622,505	33,108	2,674,864	19,730,370
(2,198,544)	(313,694)	48,319	(945,749)	(3,899,315)
-	-	-	-	300
-	453,611	-	295,182	2,648,916
(663,793)	-	-	-	(2,648,916)
522,432	-	-	-	522,432
-	-	-	30,498	30,498
(141,361)	453,611	-	325,680	553,230
(2,339,905)	139,917	48,319	(620,069)	(3,346,085)
3,538,429	49,094	479,445	2,456,667	13,279,117
1,198,524	189,011	527,764	1,836,598	9,933,032

Dickinson County

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

Year ended June 30, 2010

Net change in fund balances - Total governmental funds (page 25) \$ (3,346,085)

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

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

Expenditures for capital assets	\$ 7,640,603	
Capital assets contributed by:		
Iowa Department of Transportation	2,953,730	
City of Lake Park	116,756	
Depreciation expense	(1,062,953)	9,648,136

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the proceeds from the disposition is an increase in financial resources in the governmental funds. 20,482

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

Property tax	(5,526)	
Other	(223,375)	(228,901)

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

Issued	(604,943)	
Repaid	1,204,103	599,160

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	(20,957)	
Interest on long-term debt	24,705	
Other postemployment benefits	1,797	5,545

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's employee health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (19,742)

Change in net assets of governmental activities (page 19) \$ 6,678,595

See notes to financial statements.

Dickinson County
Statement of Net Assets
Proprietary Fund

June 30, 2010

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 430,399
Accrued interest receivable	879
Total assets	<u>431,278</u>
Liabilities	
Accounts payable	<u>9,533</u>
Net Assets	
Unrestricted	<u><u>\$ 421,745</u></u>

See notes to financial statements.

Dickinson County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2010

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 50,500
Operating expenses:	
Medical claims	82,573
Operating loss	<u>(32,073)</u>
Non-operating revenues:	
Interest income	12,331
Net loss	<u>(19,742)</u>
Net assets beginning of year	441,487
Net assets end of year	<u>\$ 421,745</u>
See notes to financial statements.	

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2010

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 50,500
Cash paid to suppliers for services	(81,288)
Net cash used by operating activities	(30,788)
Cash flows from investing activities:	
Interest on investments	12,796
Net decrease in cash and cash equivalents	(17,992)
Cash and cash equivalents beginning of year	448,391
Cash and cash equivalents end of year	\$ 430,399
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (32,073)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	1,285
Net cash used by operating activities	\$ (30,788)

See notes to financial statements.

Dickinson County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2010

Assets

Cash and pooled investments:

County Treasurer	\$ 1,597,796
Other County officials	75,950

Receivables:

Property tax:

Delinquent	7,410
Succeeding year	35,536,000
Accounts	25,863
Accrued interest	923
Special assessments	336,706
Succeeding year drainage assessments	486,643

Due from other governments

9,230

Total assets38,076,521**Liabilities**

Accounts payable	2,677
Salaries and benefits payable	9,505
Due to other governments	38,011,458
Trusts payable	30,134
Compensated absences	22,747

Total liabilities38,076,521**Net assets**\$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Dickinson 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, Dickinson 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 Dickinson 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.

Eighty-six 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 Dickinson County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Dickinson 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 Dickinson 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 have been reported as a Special Revenue Fund.

Jointly Governed Organizations – The County 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: County Assessor's Conference Board, County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Northwest Iowa Multi-County Regional Juvenile Detention Center, Dickinson County Landfill Commission, Dickinson County Water Quality Commission and the Iowa Great Lakes Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Mental Health Center, Northwest Iowa Alcoholism and Drug Treatment Unit, Inc., Northwest Iowa Planning and Development Commission, Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, Upper Des Moines Opportunity, Inc., FEMA Multi-County Board, Resource Conservation and Development Commission, Safety and Health Issued and Employment Leadership Decision, Inc. and Region III Hazardous Material Response Commission.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds, 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 designated to be used to fund mental health, mental retardation and developmental disabilities services.

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

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

The Tax Increment Financing (TIF) and Urban Renewal Fund is used to account for property tax revenue for the payment of debt incurred for urban renewal projects.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund 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, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – 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 except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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 deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment and vehicles	3 - 20

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

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund 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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Fund are designated for future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$361,136 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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, 2010 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 145,765
	Special Revenue:	
	Rural Services	1,754,358
		<u>1,900,123</u>
Revolving Economic Development	General	35,000
Low and Moderate Income	Special Revenue:	
	TIF and Urban Renewal	210,182
Trails Maintenance	General	50,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	453,611
Total		<u><u>\$ 2,648,916</u></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, 2010 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,627,490	-	-	1,627,490
Intangibles, road network	-	529,900	-	529,900
Construction in progress, road network	28,251	4,072,745	(719,583)	3,381,413
Construction in progress	1,206,853	5,532,161	(450,877)	6,288,137
Total capital assets not being depreciated	2,862,594	10,134,806	(1,170,460)	11,826,940
Capital assets being depreciated:				
Buildings	16,602,860	48,774	-	16,651,634
Improvements other than buildings	166,495	-	-	166,495
Equipment and vehicles	6,134,017	583,183	(349,878)	6,367,322
Infrastructure, road network	7,637,975	719,583	-	8,357,558
Infrastructure, other	-	450,877	-	450,877
Total capital assets being depreciated	30,541,347	1,802,417	(349,878)	31,993,886
Less accumulated depreciation for:				
Buildings	482,526	328,956	-	811,482
Improvements other than buildings	3,330	3,330	-	6,660
Equipment and vehicles	3,616,236	370,815	(314,686)	3,672,365
Infrastructure, road network	807,618	346,970	-	1,154,588
Infrastructure, other	-	12,882	-	12,882
Total accumulated depreciation	4,909,710	1,062,953	(314,686)	5,657,977
Total capital assets being depreciated, net	25,631,637	739,464	(35,192)	26,335,909
Governmental activities capital assets, net	\$ 28,494,231	10,874,270	(1,205,652)	38,162,849

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 66,699
Physical health and social services	1,386
County environment and education	12,074
Roads and transportation	620,827
Administration	361,967
Total depreciation expense - governmental activities	<u>\$ 1,062,953</u>

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 29,258
Special Revenue:		
Mental Health	Services	89,321
Secondary Roads	Services	1,225
TIF and Urban Renewal	Services	3,764
Waste Management Reduction	Services	12,053
Dickinson County Trails	Services	74,058
Total for governmental funds		<u>\$ 209,679</u>
Agency:		
County Offices	Collections	\$ 80,783
Agricultural Extension Education		193,537
County Assessor		491,331
Schools		17,838,854
Community Colleges		1,459,521
Corporations		11,044,187
Townships		354,064
City Special Assessments		336,706
Auto License, Use Tax and Drivers' License		445,036
All other		5,767,439
Total for agency funds		<u>\$ 38,011,458</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revitalization Bonds	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 16,720,000	-	730,000	346,786	239,913	18,036,699
Increases	-	522,432	52,014	30,497	225,572	830,515
Decreases	(910,000)	(35,000)	(14,974)	(244,129)	(204,615)	(1,408,718)
Balance end of year	<u>\$ 15,810,000</u>	<u>487,432</u>	<u>767,040</u>	<u>133,154</u>	<u>260,870</u>	<u>17,458,496</u>
Due within one year	\$ 980,000	36,000	102,040	133,154	174,541	1,425,735

General Obligation Bonds/Notes

A summary of the County's June 30, 2010 general obligation indebtedness is as follows:

Year Ending June 30,	General Obligation Bonds/Notes					
	Series 2004			Series 2007		
	Issued Jan 1, 2004			Issued Dec 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.10%	\$ 705,000	45,780	3.45%	\$ 80,000	23,435
2012	3.30	725,000	23,926	3.50	80,000	20,675
2013		-	-	3.60	90,000	17,875
2014		-	-	3.65	90,000	14,635
2015		-	-	3.70	100,000	11,350
2016-2020		-	-	3.80-3.85	200,000	11,500
2021-2025		-	-		-	-
2026-2029		-	-		-	-
Total		\$ 1,430,000	69,706		\$ 640,000	99,470

Year Ending June 30,	General Obligation Bonds/Notes					
	Series 2009B			Series 2009C		
	Issued Apr 1, 2009			Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	3.25%	\$ -	387,706	2.00%	\$ 70,000	1,400
2012	3.25	-	387,706	2.40	75,000	1,800
2013	3.25	755,000	387,706	2.70	75,000	2,025
2014	3.25	780,000	363,169	3.00	80,000	2,400
2015	3.25	800,000	337,819	3.25	85,000	2,763
2016-2020	3.375-4.25	4,490,000	1,235,519	3.50-4.00	290,000	10,950
2021-2025	4.25	3,175,000	273,062		-	-
2026-2029		-	-		-	-
Total		\$ 10,000,000	3,372,687		\$ 675,000	21,338

Year Ending June 30,	General Obligation Bonds/Notes					
	Series 2009A					
	Issued May 1, 2009			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	3.00%	\$ 125,000	3,750	980,000	462,071	1,442,071
2012	3.00	125,000	3,750	1,005,000	437,857	1,442,857
2013	3.00	130,000	3,900	1,050,000	411,506	1,461,506
2014	3.00	130,000	3,900	1,080,000	384,104	1,464,104
2015	3.00	135,000	4,050	1,120,000	355,982	1,475,982
2016-2020	3.20-4.00	730,000	26,435	5,710,000	1,284,404	6,994,404
2021-2025	4.10-4.65	865,000	37,976	4,040,000	311,038	4,351,038
2026-2029	4.85-5.00	825,000	40,958	825,000	40,958	865,958
Total		\$ 3,065,000	124,719	15,810,000	3,687,920	19,497,920

General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan notes agreement with the Iowa Finance Authority for \$929,000 to pay for expenditures incurred in conjunction with one or more urban renewal projects in the East Okoboji Beach Urban Renewal Area. Projects include the construction of roads, water, sewer and storm sewer improvements. The loan bears interest at 3.00% per annum with final maturity on June 1, 2029. The first payment on the capital loan notes was due May 1, 2010. As funds are needed, the County draws loan proceeds from the State Revolving Fund. As of June 30, 2010, the County has drawn \$522,432 in capital loan note proceeds.

Since repayment of the capital loan notes is dependent upon the amount of loan proceeds drawn down, a formal repayment schedule has not been established for the general obligation capital loan notes. Interest is due and payable from tax increment financing revenues on November 1, 2009 and semi-annually thereafter until final maturity on June 1, 2029. The capital loan notes are a general obligation of the County subject to the constitutional debt limitation of the County.

Urban Revitalization Bonds

A summary of the County's June 30, 2010 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.30%	\$ 102,040	35,596	137,636
2012	4.40	35,000	34,090	69,090
2013	4.50	35,000	32,550	67,550
2014	4.60	40,000	30,975	70,975
2015	4.70	40,000	29,136	69,136
2016-2020	4.80 to 5.20	225,000	115,188	340,188
2021-2025	5.30 to 5.70	290,000	50,460	340,460
Total		\$ 767,040	327,995	1,095,035

The \$102,040 principal amount due for the year ending June 30, 2011 includes prior year scheduled amounts of bonds not paid which will be paid as incremental property tax collections from the urban renewal project area increase.

Senior Housing Revenue Bonds

On December 21, 2006, the County issued Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006A of \$7,080,000, Taxable Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006B of \$345,000 and Subordinate Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006C of \$250,000 as permitted by Chapter 419 of the Code of Iowa to be used by the borrower to construct a senior housing facility in Dickinson County, consisting of 42 assisted living units and 20 memory loss units. The bonds were dated December 1, 2006. The bonds shall never constitute indebtedness, a general or moral obligation or a loan of credit of the issuer, Dickinson County, or a lien, charge or encumbrance, legal or equitable, against the issuer's property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the issuer, but rather shall be special obligations payable solely from revenues pledged and assigned to the payment thereof and secured by the Loan Agreement. Since these bonds do not constitute indebtedness of the County, a liability has not been included in the Statement of Net Assets.

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$273,421, 256,197 and \$226,024, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, during the year ended June 30, 2010.

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 87 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 31,913
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>31,393</u>
Contributions made	<u>(33,710)</u>
Decrease in net OPEB obligation	(1,797)
Net OPEB obligation beginning of year	-
(Assets in excess of) net OPEB obligation end of year	<u>\$ (1,797)</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$33,710 to the medical plan and there were no contributions from plan members eligible for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the assets in excess of net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in excess of) Net OPEB Obligation
2010	\$ 31,913	105.6%	\$ (1,797)

Funded Status and Funding Progress – As of July 1, 2009, the actuarial accrued liability was \$320,928, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$320,298. The covered payroll (annual payroll of active employees covered by the plan) was \$3,443,000 and the ratio of the UAAL to covered payroll was 9.3%. As of June 30, 2010, there were no trust fund assets.

The projection of future benefit payments for the ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 valuation date, a simplified version of the projected unit credit actuarial cost method was used. The assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables, projected to 2010 using scale AA. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are \$1,175 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Revolving Loan Fund

The Special Revenue, Revolving Economic Development Fund was established to promote economic development in the County through grants and loans. Upon receipt of loan payments from the business, the funds remain in the Revolving Economic Development Fund for subsequent loans to other businesses. There are no outstanding loans at June 30, 2010.

(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 634 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$242,331.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, 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) Public Health

On July 1, 1996, an agreement was entered into between Dickinson County Memorial Hospital (Hospital), the Dickinson County Board of Health (Board) and the County for the purpose of consolidating services offered by the Hospital and the Board. In the agreement, the Hospital agrees to provide all public health nursing services and home care services for and on behalf of the Board to the residents of the County. Under the agreement, the Board shall continue as an organizational entity and shall continue to act in compliance with Chapter 137 of the Code of Iowa and Chapter 79 of the Iowa Administrative Code, where applicable. The agreement was effective and commenced July 1, 1996, and continues year to year unless terminated.

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of the County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, the County and the Board agree to reimburse the Hospital up to \$126,000 per year for public health services, including reimbursement for indigent fees.

(12) Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with TPA, Ltd. The agreement with TPA, Ltd. is renewable on an annual basis. After an eligible employee with single coverage has paid \$100 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$200 of the applicable deductible amount under the contract during a calendar year, the County will pay directly or reimburse any eligible employee for 70% (90% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any one calendar year for deductibles and co-insurance shall be \$750 with respect to single coverage and \$1,500 with respect to family coverage. After an employee has made the maximum prescribed payments, the County will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, but subject to deductible or co-insurance provisions of the contract.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund were recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2010 was \$50,500

The amounts payable from the Employee Group Health Fund at June 30, 2010 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(13) Jointly Governed Organization

The County participates in the Dickinson County Water Quality Commission, 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 part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2010:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Arnolds Park	7,600	
City of Milford	16,000	
City of West Okoboji	14,800	
City of Wahpeton	13,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	
Dickinson County Soil and Water Conservation District	2,795	\$ 202,995
Interest on investments		3,464
Total additions		<u>206,459</u>

Deductions:

Dickinson County Soil and Water Conservation District	107,352	
Iowa Natural Heritage Foundation	100,000	
Iowa Department of Natural Resources	86,216	
East Okoboji Beach Homeowners Association	51,200	
First Lutheran Church for wetland easement Conservation Foundation	28,784	
	4,280	
East Okoboji Lakes Improvement Corporation	3,286	
Jacobsen Westergard Association	2,795	
Iowa Municipalities Workers' Compensation Association	291	
Printing of minutes	46	384,250
Net		<u>(177,791)</u>
Balance beginning of year		198,329
Balance end of year		<u><u>\$ 20,538</u></u>

(14) Development Agreements

The County entered into development agreements to assist in urban renewal projects, as follows:

East Okoboji Beach Urban Renewal Area – In November 1997, the County determined construction of a sanitary sewer line was necessary to eliminate unsanitary and unsafe conditions which limit the use of land. The County designated the Plat of East Okoboji Beach as an urban renewal area, which permitted the County to reimburse the Iowa Great Lakes Sanitary District (IGLSD) for a portion of the costs associated with construction of the line, thereby preserving and enhancing the continued development of the County. The County determined tax increment

financing would be used for the costs associated with construction of the sanitary sewer line. It was anticipated future County indebtedness would finance project-related activities within the area relating to the installation of sanitary sewer lines, grading, paving and drainage improvement. The original East Okoboji Beach Urban Renewal Plan was amended on February 10, 2004 to extend the time frame of the plan by 18 years to December 31, 2022. General obligation bonds totaling \$3,190,000 were sold during the year ended June 30, 2009 for additional revitalization construction costs. Property tax levied for fiscal year 2011 totals \$186,000.

Silver Shores Urban Renewal Area – In January 2002, the County entered into a private development agreement with the City of Lake Park and Silver Lake Development, LLC. The County agreed to rebate 66.4% of the incremental property tax paid by the developer in exchange for the development of a new 157-acre development abutting Silver Lake in the City of Lake Park. The project includes single-family residential lots, multi-family housing which will be available for low-and-moderate-income (LMI) families and commercial development on lots abutting roadways and parks and green space areas. In accordance with the agreement, 33.6% of the incremental property tax paid by the developer is required to provide assistance for LMI housing, either by ensuring at least 33.6% of the units constructed in the area are occupied by families whose income are at or below 80% of the median County income or by setting aside 33.6% of the project costs for LMI housing activities elsewhere in the County. The amount of LMI funds held by the County for this project at June 30, 2010 in the Special Revenue, Low and Moderate Income Fund was \$106,235. The County started rebating the incremental property tax to be received under Chapter 403.19 of the Code of Iowa to the developer during the year ended June 30, 2005. The total to be paid by the County under this agreement is not to exceed \$400,000. During the year ended June 2010, \$72,840 was rebated to the developer and the cumulative amount rebated at June 30, 2010 was \$249,645. Property tax levied for fiscal year 2011 totals \$126,000.

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The proposed project involves two primary components, which are the extension of the City's sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. The amount of LMI funds held by the County for this project at June 30, 2010 in the Special Revenue, Low and Moderate Income Fund was \$110,570. The developer's project involves the establishment of a 33-acre lakeshore residential subdivision. Under the proposal, the first \$650,000 generated through tax increment financing would be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district will be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental property tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental property tax shall be limited to twenty (20) years. During the year ended June 30, 2010, \$86,915 was rebated to the developer and the cumulative amount rebated at June 30, 2010 was \$189,468. Property tax levied for fiscal year 2011 totals \$199,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developer in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developer. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2010, \$51,814 was provided for debt service on the urban revitalization bonds.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford for the purpose of establishing an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2010 in the Special Revenue, Low and Moderate Income Fund was \$31,041. Property tax levied for fiscal year 2011 totals \$30,000.

Shore Acres Urban Renewal Area – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and a service road within the subdivision. The County is going to use tax increment financing to support this development, which has an estimated cost of \$150,000. In addition, general obligation bonds totaling \$800,000 were sold during the year ended June 30, 2007 for additional construction costs. Under this plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2010 in the Special Revenue, Low and Moderate Income Fund was \$86,274. During the year ended June 30, 2010, \$93,146 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2011 totals \$171,000.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is going to use tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2010 in the Special Revenue, Low and Moderate Income Fund was \$108,080. The estimated costs will be the City’s cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. During the year ended June 30, 2010, \$50,492 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2011 totals \$142,000.

(15) Restatement of Financial Statements

The County's previously issued financial statements for the year ended June 30, 2010 were reissued due to a material amount of unrecorded capital grants and capital assets discovered subsequent to issuance. Adjustments have been made to the County's financial statements as follows:

	<u>Governmental Activities</u>
<u>Statement of Net Assets (Exhibit A):</u>	
Increase capital assets (net of accumulated depreciation) and net assets invested in capital assets, net of related debt	\$ 3,778,965
<u>Statement of Activities (Exhibit B):</u>	
Increase capital grants, contributions and restricted interest	\$ 3,070,486
Decrease county environment and education/ roads and transportation expenses	<u>708,479</u>
Increase net assets/fund balance, end of year	<u>\$ 3,778,965</u>

In addition, the condensed financial statements in the government-wide financial analysis section of Management's Discussion and Analysis and Note 4 to the Financial Statements for capital assets were revised.

The Schedule of Expenditures of Federal Awards was not included in the financial statements for the year ended June 30, 2010 issued on May 13, 2011. After the above adjustments were made to properly report the capital grants and capital assets, the County met the threshold requiring a Single Audit.

Dickinson County

Required Supplementary Information

Dickinson 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, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 8,432,740	-	8,432,740
Interest and penalty on property tax	109,867	-	109,867
Intergovernmental	4,063,923	-	4,063,923
Licenses and permits	64,104	-	64,104
Charges for service	664,934	-	664,934
Use of money and property	353,316	-	353,316
Miscellaneous	1,523,163	660,754	862,409
Total receipts	15,212,047	660,754	14,551,293
Disbursements:			
Public safety and legal services	2,091,075	-	2,091,075
Physical health and social services	511,332	-	511,332
Mental health	1,463,676	-	1,463,676
County environment and education	3,192,777	-	3,192,777
Roads and transportation	3,155,072	-	3,155,072
Governmental services to residents	579,535	-	579,535
Administration	1,675,035	-	1,675,035
Non-program	593,312	386,782	206,530
Debt service	1,952,179	277,860	1,674,319
Capital projects	4,504,204	-	4,504,204
Total disbursements	19,718,197	664,642	19,053,555
Excess (deficiency) of receipts over (under) disbursements	(4,506,150)	(3,888)	(4,502,262)
Other financing sources, net	516,579	30,497	486,082
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,989,571)	26,609	(4,016,180)
Balance beginning of year	13,027,754	238,849	12,788,905
Balance end of year	\$ 9,038,183	265,458	8,772,725

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,307,823	8,307,823	124,917
52,900	52,900	56,967
4,164,412	4,274,412	(210,489)
69,050	69,050	(4,946)
676,983	681,783	(16,849)
327,677	327,677	25,639
366,443	636,443	225,966
13,965,288	14,350,088	201,205
2,263,439	2,268,139	177,064
551,988	578,988	67,656
1,463,815	1,463,815	139
1,820,458	4,303,765	1,110,988
3,460,600	3,460,600	305,528
581,068	582,068	2,533
1,861,885	1,861,885	186,850
74,200	184,200	(22,330)
1,758,693	1,758,693	84,374
1,752,000	1,752,000	(2,752,204)
15,588,146	18,214,153	(839,402)
(1,622,858)	(3,864,065)	(638,197)
2,000	2,000	484,082
(1,620,858)	(3,862,065)	(154,115)
6,751,476	6,582,360	6,206,545
5,130,618	2,720,295	6,052,430

Dickinson County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 15,212,047	619,008	15,831,055
Expenditures	19,718,197	12,173	19,730,370
Net	(4,506,150)	606,835	(3,899,315)
Other financing sources, net	516,579	36,651	553,230
Beginning fund balances	13,027,754	251,363	13,279,117
Ending fund balances	\$ 9,038,183	894,849	9,933,032

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$2,626,007. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the capital projects and non-program functions. Also, disbursements in Department 99 exceeded the amount appropriated.

Dickinson County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 320	320	0.00%	\$ 3,443	9.3%

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

Other Supplementary Information

Dickinson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2010

	County						Special
	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Watershed Study
Assets							
Cash and pooled investments:							
County Treasurer	\$ 112,202	1,550	134,151	810	130,002	8,081	5,000
Conservation Foundation	-	-	-	-	-	-	-
Receivables:							
Accounts	682	-	-	-	-	-	-
Accrued interest	563	-	-	-	-	-	-
Drainage assessments	-	-	-	-	139,485	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 113,447	1,550	134,151	810	269,487	8,081	5,000
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Deferred revenue:							
Other	-	-	-	-	139,485	-	-
Total liabilities	-	-	-	-	139,485	-	-
Fund equity:							
Fund balances:							
Reserved for drainage warrants	-	-	-	-	118,192	-	-
Unreserved	113,447	1,550	134,151	810	11,810	8,081	5,000
Total fund equity	113,447	1,550	134,151	810	130,002	8,081	5,000
Total liabilities and fund equity	\$ 113,447	1,550	134,151	810	269,487	8,081	5,000

See accompanying independent auditor's report.

Revenue									
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Court-house Memorial	Total
442,200	13,632	3	913	420,762	96,387	-	-	597	1,366,290
-	-	-	-	-	-	135,456	-	-	135,456
-	-	-	-	-	-	-	-	-	682
-	-	-	-	700	-	-	-	-	1,263
-	-	-	-	-	-	-	-	-	139,485
-	12,204	-	-	525,000	160,900	-	-	-	698,104
442,200	25,836	3	913	946,462	257,287	135,456	-	597	2,341,280
-	5,235	-	-	23,883	249,968	-	-	-	279,086
-	12,053	-	-	74,058	-	-	-	-	86,111
-	-	-	-	-	-	-	-	-	139,485
-	17,288	-	-	97,941	249,968	-	-	-	504,682
-	-	-	-	-	-	-	-	-	118,192
442,200	8,548	3	913	848,521	7,319	135,456	-	597	1,718,406
442,200	8,548	3	913	848,521	7,319	135,456	-	597	1,836,598
442,200	25,836	3	913	946,462	257,287	135,456	-	597	2,341,280

Dickinson County

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

Year ended June 30, 2010

	County						Special
	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Watershed Study
Revenues:							
Intergovernmental	\$ -	-	-	16,966	-	-	-
Charges for service	7,069	-	-	-	-	-	-
Use of money and property	2,640	31	-	686	-	-	-
Miscellaneous	-	-	-	-	349,587	-	-
Total revenues	9,709	31	-	17,652	349,587	-	-
Expenditures:							
Operating:							
County environment and education	-	-	25,500	55,366	-	-	-
Non-program	4,299	-	-	-	39,032	-	-
Debt service	-	-	-	-	277,860	-	-
Capital projects	-	-	-	-	-	-	-
Total expenditures	4,299	-	25,500	55,366	316,892	-	-
Excess (deficiency) of revenues over (under) expenditures	5,410	31	(25,500)	(37,714)	32,695	-	-
Other financing sources:							
Operating transfers in	-	-	35,000	-	-	-	-
Drainage warrants issued	-	-	-	-	30,498	-	-
Total other financing sources	-	-	35,000	-	30,498	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	5,410	31	9,500	(37,714)	63,193	-	-
Fund balances beginning of year	108,037	1,519	124,651	38,524	66,809	8,081	5,000
Fund balances end of year	\$ 113,447	1,550	134,151	810	130,002	8,081	5,000

See accompanying independent auditor's report.

Revenue									
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Courthouse Memorial	Total
-	-	-	7,500	543,895	160,900	-	-	-	729,261
-	57,145	-	-	-	-	-	-	-	64,214
-	-	15	319	20,462	-	-	192	12	24,357
-	-	-	-	250,530	-	311,166	-	-	911,283
-	57,145	15	7,819	814,887	160,900	311,166	192	12	1,729,115
75,000	52,273	911	-	56,343	291,907	335,634	-	-	892,934
-	-	-	-	-	-	-	78,550	-	121,881
-	-	-	-	-	-	-	-	-	277,860
-	-	-	32,980	1,349,209	-	-	-	-	1,382,189
75,000	52,273	911	32,980	1,405,552	291,907	335,634	78,550	-	2,674,864
(75,000)	4,872	(896)	(25,161)	(590,665)	(131,007)	(24,468)	(78,358)	12	(945,749)
210,182	-	-	-	-	50,000	-	-	-	295,182
-	-	-	-	-	-	-	-	-	30,498
210,182	-	-	-	-	50,000	-	-	-	325,680
135,182	4,872	(896)	(25,161)	(590,665)	(81,007)	(24,468)	(78,358)	12	(620,069)
307,018	3,676	899	26,074	1,439,186	88,326	159,924	78,358	585	2,456,667
442,200	8,548	3	913	848,521	7,319	135,456	-	597	1,836,598

Dickinson County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,494	136,895	137,053	11,196
Other County officials	75,950	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	43	94	3,801	325
Succeeding year	-	192,000	382,000	17,698,000	1,448,000
Accounts	4,833	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 80,783	193,537	518,989	17,838,854	1,459,521
Liabilities					
Accounts payable	\$ -	-	896	-	-
Salaries and benefits payable	-	-	7,985	-	-
Due to other governments	80,783	193,537	491,331	17,838,854	1,459,521
Trusts payable	-	-	-	-	-
Compensated absences	-	-	18,777	-	-
Total liabilities	\$ 80,783	193,537	518,989	17,838,854	1,459,521

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License, Use Tax and Drivers' License	Other	Total
146,268	2,957	-	445,036	716,897	1,597,796
-	-	-	-	-	75,950
1,919	107	-	-	1,121	7,410
10,896,000	351,000	-	-	4,569,000	35,536,000
-	-	-	-	21,030	25,863
-	-	-	-	923	923
-	-	336,706	-	-	336,706
-	-	-	-	486,643	486,643
-	-	-	-	9,230	9,230
<u>11,044,187</u>	<u>354,064</u>	<u>336,706</u>	<u>445,036</u>	<u>5,804,844</u>	<u>38,076,521</u>
-	-	-	-	1,781	2,677
-	-	-	-	1,520	9,505
11,044,187	354,064	336,706	445,036	5,767,439	38,011,458
-	-	-	-	30,134	30,134
-	-	-	-	3,970	22,747
<u>11,044,187</u>	<u>354,064</u>	<u>336,706</u>	<u>445,036</u>	<u>5,804,844</u>	<u>38,076,521</u>

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

Year ended June 30, 2010

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 52,638	187,526	527,547	16,638,726	1,407,743
Additions:					
Property and other county tax	-	192,807	382,399	17,736,659	1,450,928
E911 surcharges	-	-	-	-	-
State tax credits	-	2,921	6,357	282,888	21,895
Office fees and collections	397,441	-	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	545,188	-	-	-	-
Miscellaneous	-	-	8,170	-	-
Total additions	942,629	195,728	396,926	18,019,547	1,472,823
Deductions:					
Agency remittances:					
To other funds	392,608	-	-	-	-
To other governments	-	189,717	405,484	16,819,419	1,421,045
Trusts paid out	521,876	-	-	-	-
Total deductions	914,484	189,717	405,484	16,819,419	1,421,045
Balances end of year	\$ 80,783	193,537	518,989	17,838,854	1,459,521

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License, Use Tax and Drivers' License	Other	Total
10,105,129	372,732	145,263	404,299	5,817,084	35,658,687
10,904,219	352,049	-	-	5,053,876	36,072,937
-	-	-	-	106,381	106,381
150,811	8,160	-	-	44,429	517,461
-	-	-	-	-	397,441
-	-	-	4,963,525	-	4,963,525
87,366	-	191,443	-	91,494	370,303
-	-	-	-	204,554	749,742
-	-	-	-	378,746	386,916
11,142,396	360,209	191,443	4,963,525	5,879,480	43,564,706
-	-	-	179,900	-	572,508
10,203,338	378,877	-	4,742,888	5,697,508	39,858,276
-	-	-	-	194,212	716,088
10,203,338	378,877	-	4,922,788	5,891,720	41,146,872
11,044,187	354,064	336,706	445,036	5,804,844	38,076,521

Dickinson County

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

For the Last Ten Years

	2010	2009	2008	2007
Revenues:				
Property and other county tax	\$ 6,634,100	6,138,717	6,005,253	6,373,101
Tax increment financing	810,056	726,935	339,504	290,732
Local option sales tax	976,690	1,094,722	1,099,717	1,160,279
Interest and penalty on property tax	109,867	106,336	92,108	75,523
Intergovernmental	4,539,983	3,884,878	3,445,434	3,721,046
Licenses and permits	21,852	55,517	27,664	95,448
Charges for service	702,101	728,348	714,019	641,431
Use of money and property	315,118	367,074	604,102	768,551
Miscellaneous	1,721,288	681,048	903,971	910,311
Total	\$ 15,831,055	13,783,575	13,231,772	14,036,422
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,100,461	2,156,711	2,053,184	1,901,283
Physical health and social services	504,145	480,887	516,069	511,953
Mental health	1,459,058	1,411,752	1,443,277	1,265,297
County environment and education	2,544,159	1,768,270	1,924,663	1,556,431
Roads and transportation	2,907,392	3,321,261	3,061,942	2,716,267
Governmental services to residents	573,635	573,533	509,223	445,929
Administration	1,682,226	1,787,404	1,400,817	1,414,191
Non-program	337,982	215,994	506,128	449,629
Debt service	2,111,933	1,809,695	2,106,582	1,417,441
Capital projects	5,509,379	2,414,730	1,761,521	3,617,262
Total	\$ 19,730,370	15,940,237	15,283,406	15,295,683

See accompanying independent auditor's report.

Modified Accrual Basis					
2006	2005	2004	2003	2002	2001
6,139,577	5,906,749	4,720,535	4,596,022	4,222,366	3,555,814
171,729	2,323	4,113	-	3	48
1,047,358	1,058,442	916,299	941,677	834,927	807,633
81,543	62,408	58,733	60,667	63,304	63,467
3,485,650	2,845,820	3,259,793	2,744,395	2,778,515	3,079,100
81,844	62,898	38,780	78,449	38,799	34,767
614,667	588,365	593,054	518,611	489,628	431,068
653,734	451,300	284,191	202,093	311,180	568,812
365,884	302,052	220,397	403,562	192,683	104,339
12,641,986	11,280,357	10,095,895	9,545,476	8,931,405	8,645,048
1,714,531	1,720,927	1,587,426	1,604,315	1,473,792	1,364,445
514,913	421,851	449,745	357,515	335,984	342,783
1,248,013	1,223,340	1,278,802	1,308,190	1,223,252	1,304,546
899,827	984,730	846,446	726,174	671,285	1,010,073
2,313,687	2,312,848	1,489,590	2,116,774	2,064,231	2,117,979
533,722	384,786	402,091	404,188	353,681	319,087
1,312,669	1,203,923	1,104,097	1,030,319	1,098,307	1,266,968
178,861	149,786	158,392	210,738	145,815	210,555
1,387,082	1,247,880	163,663	216,824	205,390	48,491
7,535,865	6,691,149	1,606,225	1,213,017	1,600,705	515,064
17,639,170	16,341,220	9,086,477	9,188,054	9,172,442	8,499,991

Dickinson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 14,704
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division	16.575	VA-10-59	19,478
Violence Against Women Formula Grants	16.588	VW-10-59	32,273
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C030(35)--8J-30	342,146
ARRA - Highway Planning and Construction	20.205	ESL-C030(039)--7S-30	186,365
			<u>528,511</u>
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
Safety Belt Performance Grants	20.609	10-406, Task 49	4,500
Safety Belt Performance Grants	20.609	09-406, Task 51	3,919
			<u>8,419</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Governmental Services, Recovery Act	84.397	S397A090016A	19,166
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT30	52,952
Immunization Grants	93.268	5889I426	2,305
Immunization Grants	93.268	5880I426	4,336
			<u>6,641</u>
ARRA - Immunization	93.712	5880I426	3,400

Dickinson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		7,144
Refugee and Entrant Assistance_State Administered Program	93.566		42
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,865
Foster Care-Title IV-E	93.658		7,814
Adoption Assistance	93.659		1,956
State Children's Insurance Program	93.767		87
Medical Assistance Program	93.778		16,550
Social Services Block Grant	93.667		7,667
Social Services Block Grant	93.667		48,846
			<u>56,513</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1877 DR IA	30,718
Emergency Management Performance Grants	97.042		27,605
Total			<u>\$ 837,838</u>

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

See accompanying independent auditor's report.

Dickinson County



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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 Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated May 13, 2011 except for Exhibits A and B and Notes 4 and 15 as to which the date is February 22, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 through II-D-10 to be significant deficiencies.

Compliance and Other Matters

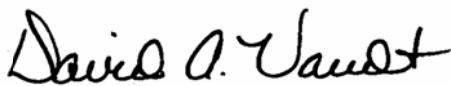
As part of obtaining reasonable assurance about whether Dickinson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

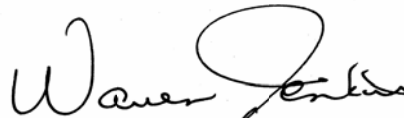
Dickinson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dickinson County's responses and, accordingly, we express no opinion on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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 13, 2011, except for Exhibits A, B, D
and F and Notes 4 and 15, as to which the
date is February 22, 2012

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

Dickinson County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133

To the Officials of Dickinson County:

Compliance

We have audited Dickinson County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Dickinson County's major federal program for the year ended June 30, 2010. Dickinson County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Dickinson County's management. Our responsibility is to express an opinion on Dickinson County's compliance based on our audit.

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

In our opinion, Dickinson County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

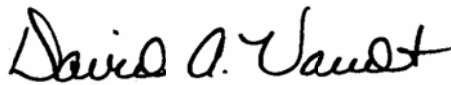
The management of Dickinson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dickinson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickinson County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

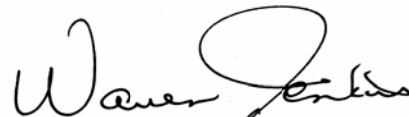
A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

Dickinson County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Dickinson County's response and, accordingly, we express no opinion on it.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 22, 2012

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Part I: Summary of the Independent Auditor's Results - Revised:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies 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) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dickinson County did not qualify as a low-risk auditee.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Financial Reporting – During the audit, we identified a material amount of capital grants and capital assets not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include the capital grants and capital assets in the financial statements.

Recommendation – The County should implement procedures to ensure all capital grants and capital assets are properly accounted for in the County’s financial statements.

Response – The County will make every effort to ensure all capital grants and capital assets are accounted for in the County’s future financial statements. The Supervisors will discuss a capital asset policy with department heads at an upcoming department head meeting. Reporting of capital grants and capital assets will be part of the discussions of the policy review.

Conclusion – Response accepted.

II-B-10 Information System – The County does not have an adequate written disaster recovery plan for its information system.

Recommendation – A comprehensive written disaster recovery plan should be developed for the information system.

Response – The County IT Department has been informed a comprehensive written disaster recovery plan needs to be developed, presented to and approved by official action of the Board of Supervisors. This has been started and is anticipated to be completed by end of fiscal year 2011.

Conclusion – Response accepted.

II-C-10 Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County’s personnel policy states, “Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act.” However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of an employee’s tenure with the County. In addition, not all balances of compensatory time have been shown on the County’s payroll records, nor have the hours earned or used been recorded. Section 10.10 of the personnel policy states, “Department Heads shall report all leave time, accrued and/or taken for each employee with the first payroll each month.”

Deputy Sheriffs are being credited with a year’s total compensatory time for holiday pay at the start of each fiscal year. Compensatory time for holidays should only be added as compensatory time for holiday pay when it is earned by the Deputies.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The County should amend its personnel policy to address when compensatory time must be used, how many hours can be carried over from year to year and the disposition of compensatory time when an employee leaves County employment. All department heads should report all compensatory time accrued and/or taken for each employee with the first payroll each month as required by the personnel policy and the amounts accrued and/or taken for each employee should be shown on the payroll records of the County, in addition to the unused balance at the end of each month.

The County should only add Deputy Sheriff compensatory time for holiday pay when it is earned and not as a balance at the start of each year.

Response – The County Department Heads are reporting compensatory time earned and taken for employees in their offices. This is also being shown on the payroll records. This information is also on the employees payroll check stub. The carry-over and disposition of compensatory time will be referred to the County Personnel Policy Committee for a recommendation to the Board of Supervisors.

Conclusion – Response accepted.

II-D-10 Job Descriptions – The County has not established employee job descriptions.

Recommendation – The County should develop employee job descriptions.

Response – The County has completed a draft of most job descriptions for County employees. The descriptions are being reviewed by the departments. It is anticipated approval and adoption of these job descriptions will be completed by the end of fiscal year 2011.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**CFDA Number 20.205: Highway Planning and Construction
U.S. Department of Transportation
Passed through the Iowa Department of Transportation**

III-A-10 Financial Reporting – A Schedule of Expenditures of Federal Awards (SEFA) was not previously included for the year ended June 30, 2010. After the adjustments were made to properly report capital grants and capital assets, the County met the threshold requiring a Single Audit.

Recommendation – The County should implement procedures to ensure all federal expenditures are properly included in the Schedule of Expenditures of Federal Awards.

Response and Corrective Action Planned – We will make every effort to properly identify federal expenditures to help ensure the SEFA is complete and accurate.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010 exceeded the amounts budgeted in the capital projects and non-program functions. Also, disbursements in Department 99 exceeded the amount appropriated.

Recommendation – The budget and departmental appropriations should be amended in accordance with Chapters 331.435 and 331.434(6) of the Code of Iowa before disbursements are allowed to exceed the budget or appropriation.

Response – The County will make efforts to comply with Chapter 331.435 and 331.434(6) of the Code of Iowa concerning the amendment of department's budgets, and departmental appropriation.

Conclusion – Response accepted.

IV-B-10 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-10 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of Board proceedings were published, there were a few instances where the minutes were not published within the time period specified by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure all Board proceedings are published as required.

Response – The County will make every effort to ensure minutes are published within the time period specified by the Code of Iowa.

Conclusion – Response accepted.

IV-G-10 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.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-H-10 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-10 Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.

Response – The Board of Supervisors will be approving an agreement with Silverstone for an actuarial opinion at their meeting of February 8, 2011. It is anticipated an opinion will then be forwarded on to the Office of Auditor of State following the completion.

Conclusion – Response accepted.

IV-J-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Office's financial statements. Generally, one or two individuals in the agency may have control over bank reconciliations.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the office should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. Bank reconciliations should be reviewed by an independent person and evidenced by the initials of the person reviewing the reconciliation and the date of the review.

Response – In the future our staffing should allow for others to share in the reconciliation process to ensure reconciliations are reviewed by an independent person.

Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Ronald D. Swanson, CPA, Manager
Brian R. Brustkern, CPA, Manager
Steven O. Fuqua, CPA, Senior Auditor II
Jennifer M. Kopp, Staff Auditor
Elizabeth A. Harriss, Assistant Auditor
Clinton J. Krapfl, Assistant Auditor
Nancy J. Umsted, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State