



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 1, 2012

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on Dickinson County, Iowa.

The County had local tax revenue of \$45,854,978 for the year ended June 30, 2011, which included \$586,437 in tax credits from the state. The County forwarded \$38,185,318 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,669,660 of the local tax revenue to finance County operations, a 6.2% increase over the prior year. Other revenues included charges for service of \$1,709,216, operating grants, contributions and restricted interest of \$3,785,621, capital grants, contributions and restricted interest of \$1,889,965, tax increment financing of \$902,236, local option sales tax of \$1,128,198, hotel/motel tax of \$61,655, unrestricted investment earnings of \$272,484 and other general revenues of \$242,232.

Expenses for County operations totaled \$13,689,840, a 13.1% increase over the prior year. Expenses included \$4,154,980 for roads and transportation, \$2,088,684 for public safety and legal services and \$2,110,381 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1110-0030-B00F.pdf>.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

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Dickinson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2011)		
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	Retired Jan 2011
(After January 2011)		
David Gottsche	Board of Supervisors	Jan 2013
Pam Jordan	Board of Supervisors	Jan 2013
Mardi Allen	Board of Supervisors	Jan 2015
Paul Johnson	Board of Supervisors	Jan 2015
William Leupold	Board of Supervisors	Jan 2015
Nancy Reiman	County Auditor	Jan 2013
Kris Rowley	County Treasurer	Jan 2015
Janice Bortscheller	County Recorder	Jan 2015
Gregory Baloun	County Sheriff	Jan 2013
Jason Carlstrom	County Attorney	Jan 2015
Stephanie Sohn	County Assessor	Jan 2016

Dickinson County



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David A. Vaudt, CPA
Auditor of State

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, 2011, 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, 2011, 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.

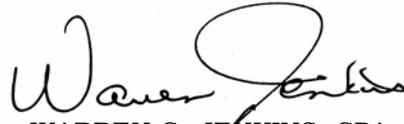
In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2012 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 six years ended June 30, 2010 (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 two 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 5 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

April 10, 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, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities decreased 6%, or approximately \$1,119,000, from fiscal year 2010 to fiscal year 2011. Property tax and other county tax increased approximately \$1,058,000, charges for service increased approximately \$21,000, operating grants, contributions and restricted interest decreased approximately \$332,000, capital grants, contributions and restricted interest decreased approximately \$2,126,000, local option sales tax increased approximately \$151,000 and unrestricted investment earnings decreased approximately \$34,000.
- ◆ Program expenses of the County's governmental activities increased 13.1%, or approximately \$1,589,000, from fiscal year 2010 to fiscal year 2011. Roads and transportation, mental health and administration expenses increased approximately \$1,582,000, \$107,000 and \$75,000, respectively, while non-program and public safety and legal services expenses decreased approximately \$181,000 and \$40,000, respectively.
- ◆ The County's net assets increased 12.7%, or approximately \$3,971,000, from June 30, 2010 to June 30, 2011.

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 12.7%, from approximately \$31.19 million at June 30, 2010 to approximately \$35.16 million at June 30, 2011. The analysis that follows focuses on the changes in the net assets of governmental activities.

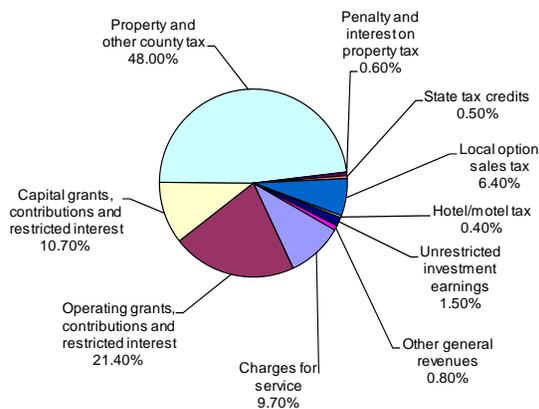
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2011	2010
Current and other assets	\$ 20,523	19,954
Capital assets	40,283	38,163
Total assets	<u>60,806</u>	<u>58,117</u>
Long-term liabilities	16,383	17,459
Other liabilities	9,264	9,470
Total liabilities	<u>25,647</u>	<u>26,929</u>
Net assets:		
Invested in capital assets, net of related debt	25,039	22,872
Restricted	6,706	5,092
Unrestricted	3,414	3,224
Total net assets	<u>\$ 35,159</u>	<u>31,188</u>

Net assets of Dickinson County's governmental activities increased approximately \$3,971,000 (\$31.19 million compared to \$35.16 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—increased from approximately \$3,224,000 at June 30, 2010 to approximately \$3,414,000 at the end of this year, an increase of 5.9%.

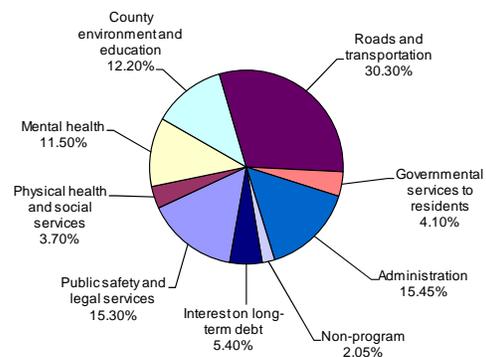
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 1,709	1,688
Operating grants, contributions and restricted interest	3,786	4,118
Capital grants, contributions and restricted interest	1,890	4,016
General revenues:		
Property and other county tax, including tax increment financing	8,476	7,418
Penalty and interest on property tax	100	95
State tax credits	96	90
Local option sales tax	1,128	977
Hotel/motel tax	62	51
Unrestricted investment earnings	272	306
Other general revenues	142	21
Total revenues	17,661	18,780
Program expenses:		
Public safety and legal services	2,089	2,129
Physical health and social services	504	506
Mental health	1,568	1,461
County environment and education	1,664	1,616
Roads and transportation	4,155	2,573
Governmental services to residents	568	581
Administration	2,115	2,040
Non-program	291	472
Interest on long-term debt	736	723
Total expenses	13,690	12,101
Increase in net assets	3,971	6,679
Net assets beginning of year	31,188	24,509
Net assets end of year	\$ 35,159	31,188

Revenues by Source



Expenses by Function



The County increased property tax rates for fiscal year 2011 an average of 8.7%, which was coupled with a taxable valuation increase of approximately 4%, resulting in an increase in the County's property tax revenue of approximately \$1,058,000 for fiscal year 2011. Based on a small increase in the taxable valuation and a small decrease in levy rates for fiscal year 2012, property tax is expected remain stable.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$10.86 million, an increase of approximately \$931,000 from last year's total of approximately \$9.93 million. The increase in fund balance is primarily attributable to the increase in property tax revenue as well as an increase in road use tax revenue. 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 \$510,157 and expenditures decreased approximately \$1,018,500. The ending fund balance increased approximately \$420,000 from the prior year to approximately \$3.7 million, due primarily to a decrease in county environment and education expenditures due to the completion of the Nature Center in fiscal year 2010.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.57 million, an increase of approximately 7.4% over the prior year. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$158,000 from the prior year. Revenues decreased approximately \$19,000, or 1.4%. 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 \$237,000. This was primarily due to an increase in property tax revenue of approximately \$125,400 along with an increase in local option sales tax revenue of approximately \$113,500. Expenditures decreased approximately \$7,900. The County increased the amount transferred from the Rural Services Fund to the Special Revenue, Secondary Roads Fund approximately \$96,400. This resulted in a fund balance increase of approximately \$155,000 at June 30, 2011 to \$532,675.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$816,200 from the prior year, due principally to an increase in roadway maintenance projects in fiscal year 2011. Secondary Roads Fund revenues increased approximately \$1,029,700, which was primarily due to an increase in road use tax revenue and state project reimbursements. Transfers from the Special Revenue, Rural Services Fund increased approximately \$96,400 while transfers from the General Fund increased approximately \$4,000. The increase in expenditures, tempered with the overall increase in revenues and transfers, resulted in an increase in the Secondary Roads Fund ending balance of approximately \$967,000, or 45.68%.
- The Special Revenue, Tax Increment Financing (TIF) and Urban Renewal Fund reported a significant decrease in expenditures of approximately \$1,752,000. The balance in the fund at June 30, 2011 was approximately \$367,800. The decrease in expenditures of approximately \$1,752,000 was due primarily to most of the East Okoboji, East Beach urban renewal project work being done in fiscal year 2010.

- Revenues of the Debt Service Fund decreased approximately \$39,500. Expenditures increased approximately \$360,400 as a result of escalating principal payments per the debt schedules. Debt service payments were approximately \$2 million in fiscal year 2011. The ending balance in the Debt Service Fund increased approximately \$132,900.
- Capital Projects Fund expenditures decreased approximately \$17,000 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 2011. Revenues of approximately \$46,700, tempered with expenditures of approximately \$15,900 and the transfer of unspent bond proceeds of \$345,366 to the Debt Service Fund to help pay off debt early, resulted in a decrease in the ending fund balance of approximately \$314,600, from \$527,764 at June 30, 2010 to \$213,128 at June 30, 2011.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget once. The amendment was made on May 24, 2011 and resulted in an increase in budgeted disbursements of \$1,789,516. The following functions increased as a result of the amendment: \$934,178 for capital projects, \$420,000 for county environment and education, \$345,338 for debt service, \$80,000 for mental health and \$10,000 for physical health and social services.

The County's receipts were approximately \$122,000 less than budgeted, a variance of .75%. The most significant variance resulted from the County collecting less intergovernmental receipts than anticipated.

Total disbursements were approximately \$1,799,700 less than the amended budget. Actual disbursements for the non-program function were more than the budgeted amount by approximately \$26,000 while actual disbursements for the county environment and education and roads and transportation functions were approximately \$726,400 and \$232,900, respectively, less than budgeted.

Actual disbursements for the non-program function were more than the budgeted amount because of the County failed to amend the budget for an increase in expenditures related to the public health grants pass through to the hospital.

Actual disbursements for the county environment and education function were less than the budgeted amount by approximately \$726,400 because of delays in the Nature Center and Dickinson County trails construction projects.

Actual disbursements for the roads and transportation function were approximately \$232,900 less than the budgeted amount because of delays in various road construction projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Dickinson County had approximately \$40.3 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2.1 million, or approximately 5.6 %, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2011	2010
Land	\$ 1,627	1,627
Buildings and improvements	15,668	16,000
Intangibles, road network	530	530
Equipment and vehicles	2,916	2,695
Construction in progress	8,151	9,670
Infrastructure	11,391	7,641
Total	\$ 40,283	38,163
This year's major additions included (in thousands):		
Construction in progress for:		
Nature Center improvements	\$	153
DC/Orleans-Jones Project		753
East Okoboji Beach subdivison		534
Bay Harbor bike trail		841
Garlock Slough bike trail		452
Total	\$	2,733

The County had depreciation expense of approximately \$1,232,000 in fiscal year 2011 and total accumulated depreciation of approximately \$6.4 million at June 30, 2011.

The County's fiscal year 2011 capital projects budget included approximately \$2.5 million for capital projects, principally for completion of construction of the Nature Center, urban revitalization projects and roadways. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$16.1 million in outstanding debt at June 30, 2011, which included approximately \$14.5 million in general obligation bonds and notes, approximately \$759,000 in general obligation capital loan notes and approximately \$750,000 in urban revitalization bonds, compared to total outstanding debt of approximately \$17.2 million at June 30, 2010.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2011	2010
General obligation bonds and notes	\$ 14,485	15,810
General obligation capital loan notes	759	487
Urban revitalization bonds	750	767
Drainage warrants	132	133
Total	\$ 16,126	17,197

Total debt decreased approximately \$1.1 million, primarily a result of making principal payments on general obligation debt of \$1,325,000 and drawing \$307,000 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 \$196,198,195. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 7.8% versus 7.7% a year ago. This compares with the State's unemployment rate of 5.3% and the national rate of 8.3%.

Inflation in the State is somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 2.7% for 2011 compared with the national increase of 2.9%. 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 2012 from the fiscal year 2011 actual balance of approximately \$9.1 million to approximately \$8 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 2012 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2012 Dollars Certified	2011 Dollars Certified	Percentage Change
General basic levy	\$ 4,831,772	4,609,560	4.8%
Mental health levy	402,693	400,809	0.5%
Rural services levy	1,454,405	1,388,742	4.7%
Debt service levy	975,991	1,266,186	-22.9%
Total	\$ 7,664,861	7,665,297	0.0%

Levy rates (expressed in \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2012 and fiscal year 2011 are as follows:

	2012	2011	Percentage Change
General basic levy	\$ 2.45135	2.45135	0.0%
Mental health levy	0.20430	0.21315	-4.2%
Rural services levy	1.80410	1.80410	0.0%
Debt service levy	0.44259	0.59337	-25.4%
Total	\$ 4.90234	5.06197	-3.2%

Budgeted receipts in the fiscal year 2012 operating budget are approximately \$837,000 less than the fiscal year 2011 actual receipts of approximately \$16.2 million, which is an increase from the fiscal year 2010 final receipts of 11.5%. Budgeted disbursements in the fiscal year 2012 operating budget are approximately \$16.2 million, which is the same as the fiscal year 2011 actual final disbursements of approximately \$16.2 million. Total taxable valuations increased approximately \$90 million, from \$1.85 billion to \$1.94 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, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 10,027,080
Receivables:	
Property tax:	
Delinquent	1,317
Succeeding year	7,559,000
Tax increment financing:	
Delinquent	342
Succeeding year	759,000
Accounts	41,192
Accrued interest	21,242
Drainage assessments	89,651
Due from other governments	1,208,152
Inventories	797,497
Assets in excess of net OPEB obligation	18,600
Capital assets (net of accumulated depreciation)	40,282,835
Total assets	<u>60,805,908</u>
Liabilities	
Accounts payable	491,920
Accrued interest payable	109,181
Salaries and benefits payable	150,206
Due to other governments	194,360
Deferred revenue:	
Succeeding year property tax	7,559,000
Succeeding year tax increment financing	759,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	660,000
General obligation capital loan notes	37,000
Urban revitalization bonds	120,439
Drainage warrants	132,406
Compensated absences	172,701
Portion due or payable after one year:	
General obligation bonds/notes	13,825,000
General obligation capital loan notes	721,749
Urban revitalization bonds	630,000
Compensated absences	83,767
Total liabilities	<u>25,646,729</u>
Net Assets	
Invested in capital assets, net of related debt	25,039,086
Restricted for:	
Mental health purposes	382,138
Secondary roads purposes	2,986,853
Rural services purposes	532,675
Capital projects	213,128
Debt service	239,338
Other purposes	2,351,792
Unrestricted	3,414,169
Total net assets	<u>\$ 35,159,179</u>

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,088,684	237,049	66,702	-	(1,784,933)
Physical health and social services	503,943	1,425	141,393	-	(361,125)
Mental health	1,567,518	161,952	764,998	-	(640,568)
County environment and education	1,664,283	172,047	689,383	841,456	38,603
Roads and transportation	4,154,980	427,015	2,122,042	1,048,509	(557,414)
Governmental services to residents	568,304	475,677	1,103	-	(91,524)
Administration	2,114,832	98,533	-	-	(2,016,299)
Non-program	291,660	135,518	-	-	(156,142)
Interest on long-term debt	735,636	-	-	-	(735,636)
Total	\$ 13,689,840	1,709,216	3,785,621	1,889,965	(6,305,038)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,320,329
Debt service					1,253,256
Tax increment financing					902,236
Penalty and interest on property tax					100,526
State tax credits					96,075
Local option sales tax					1,128,198
Hotel/motel tax					61,655
Unrestricted investment earnings					272,484
Gain on disposition of capital assets					79,025
Miscellaneous					62,681
Total general revenues					10,276,465
Change in net assets					3,971,427
Net assets beginning of year					31,187,752
Net assets end of year					\$ 35,159,179

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2011

	General	Special	
		Mental Health	Rural Services
Assets			
Cash and pooled investments:			
County Treasurer	\$ 3,472,954	585,862	393,555
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	821	71	202
Succeeding year	4,770,000	398,000	1,425,000
Tax increment financing:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	28,725	-	-
Accrued interest	15,145	-	-
Drainage assessments	-	-	-
Advances to other funds	225,100	-	-
Due from other governments	200,765	29	142,145
Inventories	-	-	-
Total assets	\$ 8,713,510	983,962	1,960,902
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 69,838	79,071	3,025
Salaries and benefits payable	106,090	1,807	-
Due to other governments	69,191	115,166	-
Advances from other funds	-	-	-
Deferred revenue:			
Succeeding year property tax	4,770,000	398,000	1,425,000
Succeeding year tax increment financing	-	-	-
Other	821	71	202
Total liabilities	5,015,940	594,115	1,428,227
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	225,100	-	-
Restricted for:			
Mental health purposes	-	389,847	-
Rural services purposes	-	-	532,675
Secondary roads purposes	-	-	-
Conservation purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Conservation land acquisition/capital improvements	13,002	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for buildings and grounds	585,136	-	-
Unassigned	2,874,332	-	-
Total fund balances	3,697,570	389,847	532,675
Total liabilities and fund balances	\$ 8,713,510	983,962	1,960,902

See notes to financial statements.

Revenue					
Secondary Roads	TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
1,741,365	399,140	321,386	208,128	2,104,588	9,226,978
-	-	-	-	394,753	394,753
-	-	223	-	-	1,317
-	-	966,000	-	-	7,559,000
-	342	-	-	-	342
-	759,000	-	-	-	759,000
6,514	-	-	5,000	626	40,865
-	649	500	-	1,880	18,174
-	-	-	-	89,651	89,651
-	-	-	-	-	225,100
850,445	-	-	-	14,768	1,208,152
797,497	-	-	-	-	797,497
3,395,821	1,159,131	1,288,109	213,128	2,606,266	20,320,829
267,022	6,846	-	-	51,524	477,326
42,309	-	-	-	-	150,206
940	-	-	-	9,063	194,360
-	25,100	-	-	200,000	225,100
-	-	966,000	-	-	7,559,000
-	759,000	-	-	-	759,000
-	342	223	-	89,651	91,310
310,271	791,288	966,223	-	350,238	9,456,302
797,497	-	-	-	-	797,497
-	-	-	-	-	225,100
-	-	-	-	-	389,847
-	-	-	-	-	532,675
2,288,053	-	-	-	-	2,288,053
-	-	-	-	394,753	394,753
-	-	-	-	139,292	139,292
-	-	-	-	-	13,002
-	-	321,886	-	-	321,886
-	-	-	213,128	-	213,128
-	367,843	-	-	1,860,983	2,228,826
-	-	-	-	-	585,136
-	-	-	-	(139,000)	2,735,332
3,085,550	367,843	321,886	213,128	2,256,028	10,864,527
3,395,821	1,159,131	1,288,109	213,128	2,606,266	20,320,829

Dickinson County

Dickinson County

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

June 30, 2011

Total governmental fund balances (page 21) \$ 10,864,527

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 \$46,718,920 and the accumulated depreciation is \$6,436,085. 40,282,835

Other long-term assets, including other postemployment benefit assets of \$18,600, are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 109,910

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. 394,150

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. (16,492,243)

Net assets of governmental activities (page 18) \$ 35,159,179

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2011

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 4,620,823	396,346	1,368,362
Tax increment financing	-	-	-
Local option sales tax	282,009	-	846,028
Interest and penalty on property tax	102,332	-	-
Intergovernmental	476,906	923,585	23,412
Licenses and permits	21,003	-	-
Charges for service	624,538	-	-
Use of money and property	229,112	-	-
Miscellaneous	127,196	8,900	-
Total revenues	6,483,919	1,328,831	2,237,802
Expenditures:			
Operating:			
Public safety and legal services	2,046,406	-	28,594
Physical health and social services	503,091	-	-
Mental health	-	1,567,038	-
County environment and education	868,078	-	189,408
Roads and transportation	-	-	14,000
Governmental services to residents	546,284	-	-
Administration	1,749,855	-	-
Non-program	120,958	-	-
Debt service	-	-	-
Capital projects	13,053	-	-
Total expenditures	5,847,725	1,567,038	232,002
Excess (deficiency) of revenues over (under) expenditures	636,194	(238,207)	2,005,800
Other financing sources (uses):			
Operating transfers in	93,703	80,000	-
Operating transfers out	(309,781)	-	(1,850,724)
Loan proceeds	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(216,078)	80,000	(1,850,724)
Net change in fund balances	420,116	(158,207)	155,076
Fund balances beginning of year	3,277,454	548,054	377,599
Fund balances end of year	\$ 3,697,570	389,847	532,675

See notes to financial statements.

Revenue					
Secondary Roads	TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
-	-	1,252,406	-	-	7,637,937
-	902,236	-	-	-	902,236
-	-	-	-	-	1,128,037
-	-	-	-	-	102,332
2,897,471	236,239	16,491	-	149,576	4,723,680
-	-	-	-	-	21,003
94,392	-	-	-	92,359	811,289
39,964	14,975	371	46,658	19,798	350,878
286,930	-	-	-	751,117	1,174,143
3,318,757	1,153,450	1,269,268	46,658	1,012,850	16,851,535
-	-	-	-	-	2,075,000
-	-	-	-	-	503,091
-	-	-	-	-	1,567,038
-	125,008	-	-	640,026	1,822,520
3,582,528	-	-	-	-	3,596,528
-	-	-	-	-	546,284
-	-	-	-	-	1,749,855
-	-	-	-	41,554	162,512
-	52,197	1,982,959	-	5,185	2,040,341
769,276	1,369,624	-	15,928	-	2,167,881
4,351,804	1,546,829	1,982,959	15,928	686,765	16,231,050
(1,033,047)	(393,379)	(713,691)	30,730	326,085	620,485
2,000,505	-	846,566	-	323,419	3,344,193
-	(744,619)	-	(345,366)	(93,703)	(3,344,193)
-	307,317	-	-	-	307,317
-	-	-	-	3,693	3,693
2,000,505	(437,302)	846,566	(345,366)	233,409	311,010
967,458	(830,681)	132,875	(314,636)	559,494	931,495
2,118,092	1,198,524	189,011	527,764	1,696,534	9,933,032
3,085,550	367,843	321,886	213,128	2,256,028	10,864,527

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, 2011

Net change in fund balances - Total governmental funds (page 25) \$ 931,495
**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	\$ 2,619,438	
Capital assets contributed by:		
Iowa Department of Transportation	278,809	
City of West Okoboji	374,722	
Depreciation expense	<u>(1,232,008)</u>	2,040,961

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. 79,025

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	(17,527)	
Other	<u>(49,833)</u>	(67,360)

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	(311,010)	
Repaid	<u>1,382,042</u>	1,071,032

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	4,402	
Interest on long-term debt	(77,336)	
Other postemployment benefits	<u>16,803</u>	(56,131)

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. (27,595)

Change in net assets of governmental activities (page 19) \$ 3,971,427

See notes to financial statements.

Dickinson County
Statement of Net Assets
Proprietary Fund

June 30, 2011

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 405,349
Accounts receivable	327
Accrued interest receivable	3,068
Total assets	<u>408,744</u>
Liabilities	
Accounts payable	<u>14,594</u>
Net Assets	
Unrestricted	<u><u>\$ 394,150</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, 2011

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 51,700
Reimbursements from others	3,600
Miscellaneous reimbursements	327
Total operating revenues	<u>55,627</u>
Operating expenses:	
Medical claims	85,449
Administrative fees	8,457
Total operating expenses	<u>93,906</u>
Operating loss	<u>(38,279)</u>
Non-operating revenues:	
Interest income	10,684
Net loss	<u>(27,595)</u>
Net assets beginning of year	<u>421,745</u>
Net assets end of year	<u>\$ 394,150</u>

See notes to financial statements.

Dickinson County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2011

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 51,700
Cash received from others	3,600
Cash paid to suppliers for services	(88,845)
Net cash used by operating activities	(33,545)
Cash flows from investing activities:	
Interest on investments	8,495
Net decrease in cash and cash equivalents	(25,050)
Cash and cash equivalents beginning of year	430,399
Cash and cash equivalents end of year	\$ 405,349
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (38,279)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in accounts receivable	(327)
Increase in accounts payable	5,061
Net cash used by operating activities	\$ (33,545)

See notes to financial statements.

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,892,369
Other County officials	96,883
Receivables:	
Property tax:	
Delinquent	6,173
Succeeding year	37,054,000
Accounts	22,219
Accrued interest	1,005
Special assessments	270,209
Succeeding year drainage assessments	361,839
Due from other governments	13,787
Total assets	<u>39,718,484</u>

Liabilities

Accounts payable	23,261
Salaries and benefits payable	10,421
Due to other governments	39,642,881
Trusts payable	20,476
Compensated absences	21,445
Total liabilities	<u>39,718,484</u>

Net assets \$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2011

(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 the following 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 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 the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used 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 property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

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

Additionally, the County reports the following funds:

Proprietary Fund - 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

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.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a nonspendable fund balance which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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, 2011. 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, fund balances are classified as follows:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health 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. During the year ended June 30, 2011, disbursements exceeded the amount budgeted in the non-program function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 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 \$435 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) Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	TIF and Urban Renewal	\$ 25,100
	Resource Enhancement and Protection	200,000
Total		<u>\$ 225,100</u>

During the year ended June 30, 2011, the County approved advances to/from other funds for loans of \$25,100 and \$200,000 from the General Fund to the Special Revenue, TIF and Urban Renewal and Resource Enhancement and Protection (REAP) Funds, respectively. The advance to the REAP Fund was to help finance the completion of the Nature Center project while the advancement to the TIF and Urban Renewal Fund was to help finance completion of the Dickinson County/Orleans Urban Renewal area project. The REAP Fund is to make annual payments in an amount no less than the Conservation Board's annual REAP allocation to repay the loan from the General Fund. The TIF and Urban Renewal Fund is to repay the loan from the General Fund with urban renewal divided taxes collected in the project area.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Resource Enhancement and Protection	\$ 93,703
Special Revenue:		
Mental Health	General	80,000
Secondary Roads	General	149,781
	Special Revenue:	
	Rural Services	1,850,724
Low and Moderate Income	Special Revenue:	
	TIF and Urban Renewal	243,419
Trails Maintenance	General	80,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	501,200
	Capital Projects	345,366
Total		<u>\$ 3,344,193</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2011 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	3,381,413	807,416	(2,550,403)	1,638,426
Construction in progress	6,288,137	1,950,755	(1,726,953)	6,511,939
Total capital assets not being depreciated	<u>11,826,940</u>	<u>2,758,171</u>	<u>(4,277,356)</u>	<u>10,307,755</u>
Capital assets being depreciated:				
Buildings	16,651,634	-	-	16,651,634
Improvements other than buildings	166,495	-	-	166,495
Equipment and vehicles	6,367,322	625,048	(485,125)	6,507,245
Infrastructure, road network	8,357,558	2,550,403	-	10,907,961
Infrastructure, other	450,877	1,726,953	-	2,177,830
Total capital assets being depreciated	<u>31,993,886</u>	<u>4,902,404</u>	<u>(485,125)</u>	<u>36,411,165</u>
Less accumulated depreciation for:				
Buildings	811,482	328,956	-	1,140,438
Improvements other than buildings	6,660	3,330	-	9,990
Equipment and vehicles	3,672,365	372,602	(453,900)	3,591,067
Infrastructure, road network	1,154,588	445,160	-	1,599,748
Infrastructure, other	12,882	81,960	-	94,842
Total accumulated depreciation	<u>5,657,977</u>	<u>1,232,008</u>	<u>(453,900)</u>	<u>6,436,085</u>
Total capital assets being depreciated, net	<u>26,335,909</u>	<u>3,670,396</u>	<u>(31,225)</u>	<u>29,975,080</u>
Governmental activities capital assets, net	<u>\$ 38,162,849</u>	<u>6,428,567</u>	<u>(4,308,581)</u>	<u>40,282,835</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 55,626
Physical health and social services	1,386
County environment and education	83,325
Roads and transportation	729,180
Administration	362,491
Total depreciation expense - governmental activities	<u>\$ 1,232,008</u>

(6) 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:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 69,191
Special Revenue:		
Mental Health	Services	115,166
Secondary Roads	Services	940
Dickinson County Trails	Services	10
Trails Maintenance	Services	9,053
Total for governmental funds		<u>\$ 194,360</u>
Agency:		
County Offices	Collections	\$ 101,144
Agricultural Extension Education		194,380
County Assessor		643,426
Schools		18,687,008
Community Colleges		1,513,908
Corporations		11,823,631
Townships		354,716
Auto License, Use Tax and Drivers' License		483,538
All other		5,841,130
Total for agency funds		<u>\$ 39,642,881</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	<u>General</u>	<u>General</u>	<u>Urban</u>	<u>Drainage</u>	<u>Compen-</u>	<u>Total</u>
	<u>Obligation</u>	<u>Obligation</u>	<u>Revitalization</u>	<u>Warrants</u>	<u>sated</u>	
	<u>Bonds/Notes</u>	<u>Capital Loan</u>	<u>Bonds</u>		<u>Absences</u>	
		<u>Notes</u>				
Balance beginning of year	\$ 15,810,000	487,432	767,040	133,154	260,870	17,458,496
Increases	-	307,317	-	3,693	216,841	527,851
Decreases	(1,325,000)	(36,000)	(16,601)	(4,441)	(221,243)	(1,603,285)
Balance end of year	<u>\$ 14,485,000</u>	<u>758,749</u>	<u>750,439</u>	<u>132,406</u>	<u>256,468</u>	<u>16,383,062</u>
Due within one year	\$ 660,000	37,000	120,439	132,406	172,701	1,122,546

General Obligation Bonds/Notes

A summary of the County's June 30, 2011 general obligation indebtedness is as follows:

General Obligation Bonds/Notes						
Year Ending June 30,	Series 2004 Issued Jan 1, 2004			Series 2007 Issued Dec 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2012	3.30%	\$ 380,000	12,540	3.50%	\$ 80,000
2013		-	-	3.60	90,000	17,875
2014		-	-	3.65	90,000	14,635
2015		-	-	3.70	100,000	11,350
2016		-	-	3.80	100,000	7,650
2017-2021		-	-	3.85	100,000	3,850
2022-2026		-	-		-	-
2027-2029		-	-		-	-
Total		\$ 380,000	12,540		\$ 560,000	76,035

General Obligation Bonds/Notes						
Year Ending June 30,	Series 2009B Issued Apr 1, 2009			Series 2009C Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2012	3.25%	\$ -	387,706	2.40%	\$ 75,000
2013	3.25	755,000	387,706	2.70	75,000	18,137
2014	3.25	780,000	363,169	3.00	80,000	16,113
2015	3.25	800,000	337,819	3.25	85,000	13,712
2016	3.375	825,000	311,819	3.50	85,000	10,950
2017-2021	4.00-4.25	4,690,000	1,058,637	3.75-4.00	205,000	12,575
2022-2026	4.25	2,150,000	138,125		-	-
2027-2029		-	-		-	-
Total		\$ 10,000,000	2,984,981		\$ 605,000	91,425

General Obligation Bonds/Notes						
Year Ending June 30,	Series 2009A Issued May 1, 2009			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
	2012	3.00%	\$ 125,000	120,968	660,000	561,827
2013	3.00	130,000	117,217	1,050,000	540,935	1,590,935
2014	3.00	130,000	113,318	1,080,000	507,235	1,587,235
2015	3.00	135,000	109,417	1,120,000	472,298	1,592,298
2016	3.20	140,000	105,368	1,150,000	435,787	1,585,787
2017-2021	3.40-4.10	750,000	451,987	5,745,000	1,527,049	7,272,049
2022-2026	4.25-4.85	900,000	285,910	3,050,000	424,035	3,474,035
2027-2029	5.00	630,000	64,000	630,000	64,000	694,000
Total		\$ 2,940,000	1,368,185	14,485,000	4,533,166	19,018,166

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 capital loan notes bear 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, 2011, the County has drawn \$829,749 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, 2011 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2012	4.40%	\$ 120,439	34,090	154,529
2013	4.50	35,000	32,550	67,550
2014	4.60	40,000	30,976	70,976
2015	4.70	40,000	29,136	69,136
2016	4.80	40,000	27,256	67,256
2017-2021	4.90 - 5.30	235,000	103,918	338,918
2022-2025	5.40 - 5.70	240,000	34,474	274,474
Total		\$ 750,439	292,400	1,042,839

The \$120,439 principal amount due for the year ending June 30, 2012 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.

The County issued \$790,000 of urban revitalization bonds in November 2005 for the purpose of carrying out an urban renewal project, including funding a \$700,000 forgivable loan to B.V. Building L.L.C. The notes are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the Dickinson County/Spirit Lake urban renewal area and credited to the Special Revenue, TIF and Urban Renewal Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban revitalization bonds shall be expended only for purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. Total principal and interest remaining on the notes is \$1,042,839, payable through June 2025. For the current year, interest paid and total TIF receipts for the Dickinson County/Spirit Lake urban renewal area were \$35,596 and \$52,197, respectively.

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, Drainage Districts Fund solely from drainage assessments against benefited properties.

(8) 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 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$292,285, \$273,421 and \$256,197, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and employees and their spouses. There are 82 active and 6 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, 2011, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 31,900
Interest on net OPEB obligation	(100)
Adjustment to annual required contribution	<u>100</u>
Annual OPEB cost	31,900
Contributions made	<u>(48,703)</u>
Decrease in net OPEB obligation	(16,803)
Net OPEB obligation beginning of year	<u>(1,797)</u>
(Assets in excess of) net OPEB obligation end of year	<u>\$ (18,600)</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, 2011.

For the year ended June 30, 2011, the County contributed \$48,703 to the medical plan. Plan members eligible for benefits contributed \$47,258, or 49% of the premium costs.

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, 2011 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	107%	\$ (1,797)
2011	31,900	153	(18,600)

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 \$3,178,600 and the ratio of the UAAL to covered payroll was 10.1%. As of June 30, 2011, 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 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.

(10) Revolving Loan Account

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2011.

(11) 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 645 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, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% 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, 2011 were \$234,897.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, 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 by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty 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 \$1,000,000 and \$50,000, 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.

(12) 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.

(13) 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 Two Rivers Insurance Company, Inc. The agreement with Two Rivers Insurance Company, Inc. is renewable on an annual basis. After an eligible employee with single coverage has paid \$500 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$1,000 of the applicable deductible amount under the contract during a calendar year, the County will pay directly or reimburse any eligible employee for 60% (80% 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 \$1,000 with respect to single coverage and \$2,000 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 are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Two Rivers Insurance Company, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2011 was \$51,700.

The amounts payable from the Employee Group Health Fund at June 30, 2011 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.

(14) 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, 2011:

Additions:

Contributions from governmental units:

Dickinson County	\$ 74,957	
City of Spirit Lake	23,266	
City of Okoboji	19,111	
City of Arnolds Park	14,800	
City of Milford	10,802	
City of West Okoboji	6,315	
City of Wahpeton	13,295	
City of Orleans	5,484	
City of Lake Park	3,489	
City of Superior	1,163	
City of Terril	831	\$ 173,513
Interest on investments		1,200
Total additions		<u>174,713</u>

Deductions:

Dickinson County Soil and Water Conservation District	47,073	
Lakes Community Land Trust	4,300	
Presbyterian Camp on Okoboji	11,000	
Silver Lake Improvement Association	2,500	
Conservation Foundation	4,600	
Okoboji Protective Association	26,783	
Iowa Municipalities Workers' Compensation Association	287	
Printing of minutes	25	96,568
Net		<u>78,145</u>
Balance beginning of year		<u>20,538</u>
Balance end of year		<u><u>\$ 98,683</u></u>

(15) Development Agreements

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

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, 2011 in the Special Revenue, Low and Moderate Income Fund was \$148,192. 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 2011, \$82,916 was rebated to the developer and the cumulative amount rebated at June 30, 2011 was \$332,561. Property tax levied for fiscal year 2012 totals \$137,000.

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 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, 2011 in the Special Revenue, Low and Moderate Income Fund was \$184,692. The developer’s project involves the establishment of a 33-acre lakeshore residential subdivision. The first \$650,000 generated through tax increment financing will 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, 2011, \$125,007 was rebated to the developer and the cumulative amount rebated at June 30, 2011 was \$314,475. Property tax levied for fiscal year 2012 totals \$203,000.

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, 2011, \$52,197 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2012 totals \$53,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish 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 at 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, 2011 in the Special Revenue, Low and

Moderate Income Fund was \$17,861. Property tax levied for fiscal year 2012 totals \$31,000.

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, 2011 in the Special Revenue, Low and Moderate Income Fund was \$149,534. During the year ended June 30, 2011, \$134,494 was provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2012.

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 a 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, 2011 in the Special Revenue, Low and Moderate Income Fund was \$160,340. 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, 2011, \$91,788 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2012 totals \$142,000.

(16) Deficit Fund Balance

The Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$139,000 as of June 30, 2011. The deficit balance will be eliminated through the future collection of the County's REAP allocation from the State.

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Special Revenue			
	General	Conservation Land Acquisition	Revolving Economic Development	Watershed Study
Balances June 30, 2010, as previously reported	\$ 3,137,390	913	134,151	5,000
Changes in fund type classification per implementation of GASB Statement No. 54	140,064	(913)	(134,151)	(5,000)
Balances July 1, 2010, as restated	<u>\$ 3,277,454</u>	-	-	-

Required Supplementary Information

Dickinson County

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, 2011

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,652,654	-	9,652,654
Interest and penalty on property tax	102,332	-	102,332
Intergovernmental	4,884,512	-	4,884,512
Licenses and permits	110,719	-	110,719
Charges for service	711,914	-	711,914
Use of money and property	341,129	-	341,129
Miscellaneous	946,519	520,621	425,898
Total receipts	<u>16,749,779</u>	<u>520,621</u>	<u>16,229,158</u>
Disbursements:			
Public safety and legal services	2,091,637	-	2,091,637
Physical health and social services	493,249	-	493,249
Mental health	1,537,802	-	1,537,802
County environment and education	1,893,652	-	1,893,652
Roads and transportation	3,464,595	-	3,464,595
Governmental services to residents	556,889	-	556,889
Administration	1,713,479	-	1,713,479
Non-program	360,688	229,365	131,323
Debt service	2,040,340	5,184	2,035,156
Capital projects	2,325,684	-	2,325,684
Total disbursements	<u>16,478,015</u>	<u>234,549</u>	<u>16,243,466</u>
Excess (deficiency) of receipts over (under) disbursements	271,764	286,072	(14,308)
Other financing sources, net	<u>311,784</u>	<u>3,693</u>	<u>308,091</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	583,548	289,765	293,783
Balance beginning of year	<u>9,038,183</u>	<u>265,458</u>	<u>8,772,725</u>
Balance end of year	<u>\$ 9,621,731</u>	<u>555,223</u>	<u>9,066,508</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
9,554,074	9,542,374	110,280
67,900	67,900	34,432
4,535,631	5,300,631	(416,119)
48,700	86,700	24,019
616,263	616,263	95,651
351,170	392,170	(51,041)
345,355	345,355	80,543
15,519,093	16,351,393	(122,235)
2,256,119	2,256,119	164,482
575,024	585,024	91,775
1,487,323	1,567,323	29,521
2,200,101	2,620,101	726,449
3,697,540	3,697,540	232,945
606,016	606,016	49,127
1,803,778	1,803,778	90,299
105,000	105,000	(26,323)
1,966,874	2,312,212	277,056
1,555,882	2,490,060	164,376
16,253,657	18,043,173	1,799,707
(734,564)	(1,691,780)	1,677,472
2,000	2,000	306,091
(732,564)	(1,689,780)	1,983,563
7,869,699	7,869,699	903,026
7,137,135	6,179,919	2,886,589

Dickinson County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,749,779	101,756	16,851,535
Expenditures	16,478,015	(246,965)	16,231,050
Net	271,764	348,721	620,485
Other financing sources, net	311,784	(774)	311,010
Beginning fund balances	9,038,183	251,363	9,933,032
Ending fund balances	\$ 9,621,731	599,310	10,864,527

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,789,516. 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, 2011, disbursements exceeded the amount budgeted in the non-program function. Also, disbursements in one department 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	-	\$ 321	321	0.00%	\$ 3,443	9.3%
2011	Jul 1, 2009	-	321	321	0.00	3,179	10.1

See Note 9 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, 2011

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Assets					
Cash and pooled investments:					
County Treasurer	\$ 109,407	1,581	60,983	160,470	8,081
Conservation Foundation	-	-	-	-	-
Receivables:					
Accounts	626	-	-	-	-
Accrued interest	181	16	17	-	-
Drainage assessments	-	-	-	89,651	-
Due from other governments	-	-	-	-	-
Total assets	\$ 110,214	1,597	61,000	250,121	8,081
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,022	-	-	1,775	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	200,000	-	-
Deferred revenue:					
Other	-	-	-	89,651	-
Total liabilities	1,022	-	200,000	91,426	-
Fund balances:					
Restricted for:					
Conservation purposes	-	-	-	-	-
Drainage warrants	-	-	-	139,292	-
Other purposes	109,192	1,597	-	19,403	8,081
Unassigned	-	-	(139,000)	-	-
Total fund balances	109,192	1,597	(139,000)	158,695	8,081
Total liabilities and fund balances	\$ 110,214	1,597	61,000	250,121	8,081

See accompanying independent auditor's report.

Special Revenue								
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Court-house Memorial	Total	
660,619	23,797	3	987,679	91,359	-	609	2,104,588	
-	-	-	-	-	394,753	-	394,753	
-	-	-	-	-	-	-	626	
-	-	-	1,660	-	-	6	1,880	
-	-	-	-	-	-	-	89,651	
-	14,768	-	-	-	-	-	14,768	
660,619	38,565	3	989,339	91,359	394,753	615	2,606,266	
-	12,759	-	34,456	1,512	-	-	51,524	
-	-	-	10	9,053	-	-	9,063	
-	-	-	-	-	-	-	200,000	
-	-	-	-	-	-	-	89,651	
-	12,759	-	34,466	10,565	-	-	350,238	
-	-	-	-	-	394,753	-	394,753	
-	-	-	-	-	-	-	139,292	
660,619	25,806	3	954,873	80,794	-	615	1,860,983	
-	-	-	-	-	-	-	(139,000)	
660,619	25,806	3	954,873	80,794	394,753	615	2,256,028	
660,619	38,565	3	989,339	91,359	394,753	615	2,606,266	

Dickinson County

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

Year ended June 30, 2011

	County				
	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Revenues:					
Intergovernmental	\$ -	-	9,148	-	-
Charges for service	7,467	-	-	-	-
Use of money and property	2,336	47	129	-	-
Miscellaneous	-	-	-	57,681	-
Total revenues	9,803	47	9,277	57,681	-
Expenditures:					
Operating:					
County environment and education	-	-	55,384	-	-
Non-program	14,058	-	-	27,496	-
Debt service	-	-	-	5,185	-
Total expenditures	14,058	-	55,384	32,681	-
Excess (deficiency) of revenues over (under) expenditures	(4,255)	47	(46,107)	25,000	-
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(93,703)	-	-
Drainage warrants issued	-	-	-	3,693	-
Total other financing sources (uses)	-	-	(93,703)	3,693	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,255)	47	(139,810)	28,693	-
Fund balances beginning of year	113,447	1,550	810	130,002	8,081
Fund balances end of year	\$ 109,192	1,597	(139,000)	158,695	8,081

See accompanying independent auditor's report.

Special Revenue								
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Courthouse Memorial	Total	
-	-	-	114,963	25,465	-	-	149,576	
-	84,892	-	-	-	-	-	92,359	
-	-	-	17,268	-	-	18	19,798	
-	-	-	230,495	-	462,941	-	751,117	
-	84,892	-	362,726	25,465	462,941	18	1,012,850	
25,000	67,634	-	256,374	31,990	203,644	-	640,026	
-	-	-	-	-	-	-	41,554	
-	-	-	-	-	-	-	5,185	
25,000	67,634	-	256,374	31,990	203,644	-	686,765	
(25,000)	17,258	-	106,352	(6,525)	259,297	18	326,085	
243,419	-	-	-	80,000	-	-	323,419	
-	-	-	-	-	-	-	(93,703)	
-	-	-	-	-	-	-	3,693	
243,419	-	-	-	80,000	-	-	233,409	
218,419	17,258	-	106,352	73,475	259,297	18	559,494	
442,200	8,548	3	848,521	7,319	135,456	597	1,696,534	
660,619	25,806	3	954,873	80,794	394,753	615	2,256,028	

Dickinson County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	2,345	207,761	217,964
Other County officials	96,883	-	-	-
Receivables:				
Property tax:				
Delinquent	-	35	69	3,044
Succeeding year	-	192,000	461,000	18,466,000
Accounts	4,261	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 101,144	194,380	668,830	18,687,008
Liabilities				
Accounts payable	\$ -	-	34	-
Salaries and benefits payable	-	-	8,643	-
Due to other governments	101,144	194,380	643,426	18,687,008
Trusts payable	-	-	-	-
Compensated absences	-	-	16,727	-
Total liabilities	\$ 101,144	194,380	668,830	18,687,008

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
17,646	200,615	3,665	483,538	758,835	1,892,369
-	-	-	-	-	96,883
262	1,807	51	-	905	6,173
1,496,000	11,351,000	351,000	-	4,737,000	37,054,000
-	-	-	-	17,958	22,219
-	-	-	-	1,005	1,005
-	270,209	-	-	-	270,209
-	-	-	-	361,839	361,839
-	-	-	-	13,787	13,787
1,513,908	11,823,631	354,716	483,538	5,891,329	39,718,484
-	-	-	-	23,227	23,261
-	-	-	-	1,778	10,421
1,513,908	11,823,631	354,716	483,538	5,841,130	39,642,881
-	-	-	-	20,476	20,476
-	-	-	-	4,718	21,445
1,513,908	11,823,631	354,716	483,538	5,891,329	39,718,484

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 80,783	193,537	518,989	17,838,854
Additions:				
Property and other county tax	-	193,115	462,509	18,525,445
E911 surcharges	-	-	-	-
State tax credits	-	2,697	5,356	267,039
Office fees and collections	434,578	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	652,836	-	-	-
Miscellaneous	-	-	7,818	-
Total additions	1,087,414	195,812	475,683	18,792,484
Deductions:				
Agency remittances:				
To other funds	382,905	-	-	-
To other governments	-	194,969	325,842	17,944,330
Trusts paid out	684,148	-	-	-
Total deductions	1,067,053	194,969	325,842	17,944,330
Balances end of year	\$ 101,144	194,380	668,830	18,687,008

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License, Use Tax and Drivers' License	Other	Total
1,459,521	11,380,893	354,064	445,036	5,804,844	38,076,521
1,500,797	11,303,093	354,212	-	5,355,785	37,694,956
-	-	-	-	106,318	106,318
20,290	146,846	6,996	-	41,138	490,362
-	-	-	-	-	434,578
-	-	-	5,272,810	-	5,272,810
-	38,272	-	-	53,743	92,015
-	-	-	-	168,596	821,432
-	-	-	-	339,029	346,847
1,521,087	11,488,211	361,208	5,272,810	6,064,609	45,259,318
-	-	-	199,957	-	582,862
1,466,700	11,045,473	360,556	5,034,351	5,799,870	42,172,091
-	-	-	-	178,254	862,402
1,466,700	11,045,473	360,556	5,234,308	5,978,124	43,617,355
1,513,908	11,823,631	354,716	483,538	5,891,329	39,718,484

Dickinson County

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

For the Last Ten Years

	2011	2010	2009	2008
Revenues:				
Property and other county tax	\$ 7,637,937	6,634,100	6,138,717	6,005,253
Tax increment financing	902,236	810,056	726,935	339,504
Local option sales tax	1,128,037	976,690	1,094,722	1,099,717
Interest and penalty on property tax	102,332	109,867	106,336	92,108
Intergovernmental	4,723,680	4,539,983	3,884,878	3,445,434
Licenses and permits	21,003	21,852	55,517	27,664
Charges for service	811,289	702,101	728,348	714,019
Use of money and property	350,878	315,118	367,074	604,102
Miscellaneous	1,174,143	1,721,288	681,048	903,971
Total	\$ 16,851,535	15,831,055	13,783,575	13,231,772
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,075,000	2,100,461	2,156,711	2,053,184
Physical health and social services	503,091	504,145	480,887	516,069
Mental health	1,567,038	1,459,058	1,411,752	1,443,277
County environment and education	1,822,520	2,544,159	1,768,270	1,924,663
Roads and transportation	3,596,528	2,907,392	3,321,261	3,061,942
Governmental services to residents	546,284	573,635	573,533	509,223
Administration	1,749,855	1,682,226	1,787,404	1,400,817
Non-program	162,512	337,982	215,994	506,128
Debt service	2,040,341	2,111,933	1,809,695	2,106,582
Capital projects	2,167,881	5,509,379	2,414,730	1,761,521
Total	\$ 16,231,050	19,730,370	15,940,237	15,283,406

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
6,373,101	6,139,577	5,906,749	4,720,535	4,596,022	4,222,366
290,732	171,729	2,323	4,113	-	3
1,160,279	1,047,358	1,058,442	916,299	941,677	834,927
75,523	81,543	62,408	58,733	60,667	63,304
3,721,046	3,485,650	2,845,820	3,259,793	2,744,395	2,778,515
95,448	81,844	62,898	38,780	78,449	38,799
641,431	614,667	588,365	593,054	518,611	489,628
768,551	653,734	451,300	284,191	202,093	311,180
910,311	365,884	302,052	220,397	403,562	192,683
14,036,422	12,641,986	11,280,357	10,095,895	9,545,476	8,931,405
1,901,283	1,714,531	1,720,927	1,587,426	1,604,315	1,473,792
511,953	514,913	421,851	449,745	357,515	335,984
1,265,297	1,248,013	1,223,340	1,278,802	1,308,190	1,223,252
1,556,431	899,827	984,730	846,446	726,174	671,285
2,716,267	2,313,687	2,312,848	1,489,590	2,116,774	2,064,231
445,929	533,722	384,786	402,091	404,188	353,681
1,414,191	1,312,669	1,203,923	1,104,097	1,030,319	1,098,307
449,629	178,861	149,786	158,392	210,738	145,815
1,417,441	1,387,082	1,247,880	163,663	216,824	205,390
3,617,262	7,535,865	6,691,149	1,606,225	1,213,017	1,600,705
15,295,683	17,639,170	16,341,220	9,086,477	9,188,054	9,172,442

Dickinson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of 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, 2011, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 10, 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

Management of Dickinson County is responsible for establishing and maintaining effective 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.

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 Dickinson County's financial statements will not be prevented or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings as items (A) through (D), which we consider to be significant deficiencies in internal control over financial reporting. 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.

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 that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2011 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.

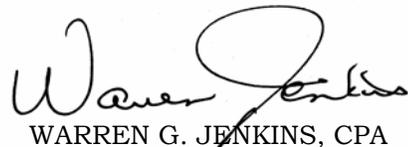
Dickinson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Dickinson County's responses and, accordingly, we express no opinion on them.

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. 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

April 10, 2012

Dickinson County

Schedule of Findings

Year ended June 30, 2011

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- (A) Information Systems – 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 – A draft written disaster recovery plan has been completed. A copy of this proposed plan has been given to the Sheriff and Emergency Management Coordinator for their review prior to submitting to the Board of Supervisors for approval and adoption. It is anticipated the plan will be in place before April 1, 2012.

Conclusion – Response accepted.

- (B) 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 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 earned by the Deputies.

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 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 Personnel Policy Committee for a recommendation to the Board of Supervisors.

Conclusion – Response accepted.

Dickinson County
Schedule of Findings
Year ended June 30, 2011

- (C) Job Descriptions – The County has not established employee job descriptions.

Recommendation – The County should develop employee job descriptions.

Response – Most of the job descriptions for county employees have been completed. It is anticipated these will be approved and adopted by the end of fiscal year 2012.

Conclusion – Response accepted.

- (D) Tax Increment Financing (TIF) – For the year ended June 30, 2011, the County did not reconcile TIF receipts with the amount of TIF debt certified for the various urban renewal areas.

Recommendation – The County should reconcile TIF receipts with the amount of TIF debt certified for all urban renewal areas within the County.

Response – TIF certifications will be better kept and a record compiled as to what has been certified as TIF debt and also TIF taxes collected. This information is currently being compiled from proper documents.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County

Schedule of Findings

Year ended June 30, 2011

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 exceeded the amount budgeted in the non-program function. Also, disbursements in one department exceeded the amount appropriated. In addition, disbursements for four departments exceeded the amounts appropriated prior to amendment.

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 Chapters 331.435 and 331.434(6) of the Code of Iowa concerning the amendment of department budgets and appropriations.

Conclusion – Response accepted.

- (2) 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.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) 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.
- (6) 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 they 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. Board minutes are also available on the County’s website in addition to the publication in newspaper.

Conclusion – Response accepted.

- (7) 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

Year ended June 30, 2011

- (8) 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).
- (9) 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, 2011 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 Office may have control over bank reconciliations.

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

Response – Since we have only three full-time staff in the office, we are limited to segregating financial deposits to these three people. We try to have all three record deposits in the register book and take deposits to the bank each month.

Conclusion – Response accepted.

- (10) Noncurrent Advance To/From Other Funds – On November 23, 2010, the Board approved a \$200,000 advance from the General Fund to the Special Revenue, Resource Enhancement and Protection Fund. Also, on June 28, 2011, the Board approved a \$25,100 advance from the General Fund to the Special Revenue, TIF and Urban Renewal Fund. However, the County did not publish notice of or hold a public hearing prior to authorizing either advance as noncurrent debt as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should comply with Chapters 331.478 and 331.479 of the Code of Iowa when entering into future noncurrent debt obligations.

Response – The Board of Supervisors will make every effort to comply with Iowa Code Chapters 331.478 and 331.749 regarding a public hearing prior to incurring noncurrent debt.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2011

- (11) Tax Increment Financing (TIF) Indebtedness Certification – Chapter 403.19 of the Code of Iowa provides a municipality shall certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide available TIF incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal and interest on the certified indebtedness.

Dickinson County/Orleans urban renewal area incurred project costs in excess of the amount of debt issued and certified as TIF debt in 2009.

Recommendation – By resolution of the Board of Supervisors, the County should also establish TIF debt for the additional costs for the Dickinson County/Orleans urban renewal area and certify the debt as TIF debt.

Response – The County will adopt a resolution authorizing the additional costs for the Dickinson County/Orleans urban renewal area and certify those additional costs as TIF debt.

Conclusion – Response accepted.

- (12) 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 County will make every effort to comply with Iowa Code Chapter 509A.15 to obtain an actuarial opinion in the future.

Conclusion – Response accepted.

- (13) Financial Condition – At June 30, 2011, the Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$139,000.

Recommendation – The County should investigate alternatives to eliminate this deficit to return this fund to a sound financial position.

Response – The deficit balance will be eliminated as the REAP allocations are annually received from the State of Iowa and deposited into the fund.

Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Keith C. Kistenmacher, Senior Auditor
Jennifer M. Kopp, Senior Auditor
Brett A. Hoffman, Staff Auditor
Laura E. Grinnell, Assistant Auditor
Stephen J. Hoffman, Auditor Intern

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

Andrew E. Nielsen, CPA
Deputy Auditor of State