



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE May 10, 2012

Auditor of State David A. Vaudt today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$139,523,019 for the year ended June 30, 2011, which included \$2,157,368 in tax credits from the state. The County forwarded \$119,918,735 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$19,604,284 of the local tax revenue to finance County operations, a 3.6% decrease from the prior year. Other revenues included charges for service of \$6,074,134, operating grants, contributions and restricted interest of \$6,485,750, capital grants, contributions and restricted interest of \$1,733,110, unrestricted investment earnings of \$250,939 and other general revenues of \$209,773.

Expenses for County operations totaled \$30,541,697 a 3.5% increase over the prior year. Expenses included \$7,798,742 for roads and transportation, \$7,473,761 for public safety and legal services and \$4,616,043 for mental health.

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/1110-0025-B00F.pdf>.

###

DALLAS COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	15
Statement of Activities	B	16
Governmental Fund Financial Statements:		
Balance Sheet	C	18-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26-27
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	28
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	29
Statement of Cash Flows	I	30
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	31
Notes to Financial Statements		32-49
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		52-53
Budget to GAAP Reconciliation		54
Notes to Required Supplementary Information – Budgetary Reporting		55
Schedule of Funding Progress for the Retiree Health Plan		56
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	58-59
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	60-61
Internal Service Funds:		
Combining Schedule of Net Assets	3	63
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	4	64
Combining Schedule of Cash Flows	5	65
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	6	66-67
Combining Schedule of Changes in Fiduciary Assets and Liabilities	7	68-69
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	8	70-71
Schedule of Expenditures of Federal Awards	9	72-73
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		75-76
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		79-80
Schedule of Findings and Questioned Costs		81-86
Staff		87

Dallas County

Officials

(Before January 2011)

Brad Golightly	Board of Supervisors	Jan 2011
Bob Ockerman	Board of Supervisors	Jan 2011
Mark Hanson	Board of Supervisors	Jan 2013
Gene Krumm	County Auditor	Jan 2013
Darrell Bauman	County Treasurer	Jan 2011
Carol Hol	County Recorder	Jan 2011
Chad Leonard	County Sheriff	Jan 2013
Wayne M. Reisetter	County Attorney	Jan 2011
Steve C. Helm	County Assessor	Jan 2016

(After January 2011)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Hanson	Board of Supervisors	Jan 2013
Kim Chapman	Board of Supervisors	Jan 2015
Brad Golightly	Board of Supervisors	Jan 2015
Gene Krumm	County Auditor	Jan 2013
Darrell Bauman	County Treasurer	Jan 2015
Chad C. Airhart	County Recorder	Jan 2015
Chad Leonard	County Sheriff	Jan 2013
Wayne M. Reisetter	County Attorney	Jan 2015
Steve C. Helm	County Assessor	Jan 2016

Dallas County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas 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 Dallas 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 Dallas 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 25, 2012 on our consideration of Dallas 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 13 and 52 through 56 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 Dallas 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 nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 25, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities 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 10.2%, or approximately \$3.9 million, from fiscal year 2010 to fiscal year 2011 compared to an 11.6% increase from fiscal year 2009 to fiscal year 2010. Capital grants, contributions and restricted interest decreased approximately \$2.9 million and property and other county tax, including tax increment financing, decreased approximately \$672,000 compared to fiscal year 2010.
- Program expenses of the County's governmental activities increased approximately \$1.0 million over fiscal year 2010. Roads and transportation expenses had the most significant increase.
- The County's net assets increased 5.6%, or approximately \$3.8 million, from June 30, 2010 to June 30, 2011, compared to an increase of approximately \$8.7 million from June 30, 2009 to June 30, 2010.
- The governmental funds ending fund balances increased from \$24,225,896 at June 30, 2010 to \$25,464,693 at 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 Dallas 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 Dallas 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 Dallas 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 Internal Service and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

One of the most important questions asked about Dallas County's finances is, "Is Dallas 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 which 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 Dallas 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 and 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 and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general 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, Professional Services and Employee Group Health Funds. 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. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

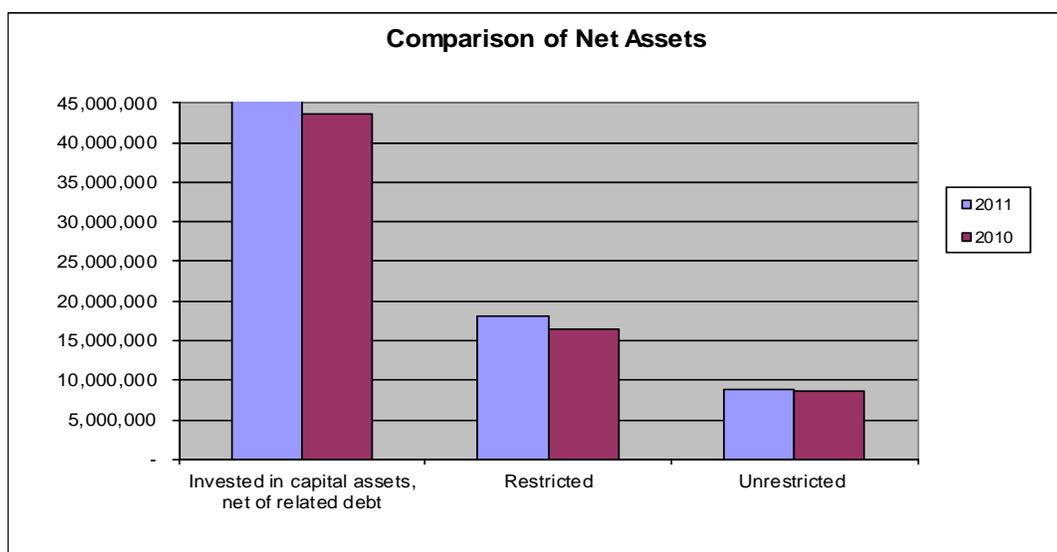
The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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. Dallas County's combined net assets increased from a year ago, increasing from approximately \$68.8 million to approximately \$72.6 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

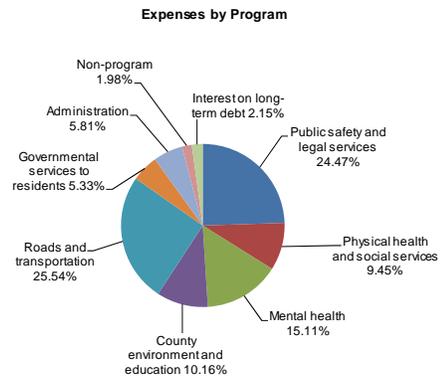
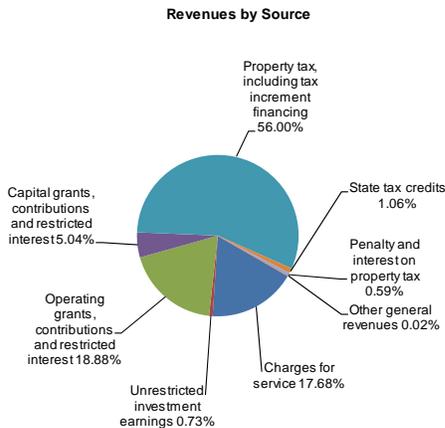
Net Assets of Governmental Activities		
	June 30,	
	2011	2010
Current and other assets	\$ 49,193,538	47,733,215
Capital assets	60,744,680	59,507,450
Total assets	109,938,218	107,240,665
Long-term liabilities	16,032,903	16,807,974
Other liabilities	21,274,187	21,617,856
Total liabilities	37,307,090	38,425,830
Net assets:		
Invested in capital assets, net of related debt	45,785,883	43,606,468
Restricted	18,079,557	16,519,306
Unrestricted	8,765,688	8,689,061
Total net assets	\$ 72,631,128	68,814,835



Dallas County's combined net assets (which is the County's bottom line) increased \$3,816,293 (a 5.55% increase), compared to an \$8,740,229 increase in fiscal year 2010. This increase was due in part to road projects funded through the Iowa Department of Transportation. The largest portion of Dallas 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 may 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 stayed relatively steady, increasing \$76,627 over fiscal year 2010 to \$8,765,688 at June 30, 2011.

Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 6,074,134	5,895,417
Operating grants, contributions and restricted interest	6,485,750	6,979,900
Capital grants, contributions and restricted interest	1,733,110	4,597,478
General revenues:		
Property tax, including tax increment financing	19,239,923	19,911,619
Penalty and interest on property tax	203,582	225,495
State tax credits	364,361	417,741
Unrestricted investment earnings	250,939	222,625
Other general revenues	6,191	53
Total revenues	34,357,990	38,250,328
Program expenses:		
Public safety and legal services	7,473,761	7,224,211
Physical health and social services	2,886,411	2,754,934
Mental health	4,616,043	4,225,481
County environment and education	3,103,853	3,378,223
Roads and transportation	7,798,742	7,202,671
Governmental services to residents	1,628,703	1,560,110
Administration	1,773,849	1,637,748
Non-program	604,339	824,195
Interest on long-term debt	655,996	702,526
Total expenses	30,541,697	29,510,099
Increase in net assets	3,816,293	8,740,229
Net assets beginning of year	68,814,835	60,074,606
Net assets end of year	\$ 72,631,128	68,814,835



For the year ended June 30, 2011, governmental activities revenues totaled \$34,357,990, a decrease of \$3,892,338 from fiscal year 2010. Property and other county tax revenue, the County's largest revenue source, decreased approximately \$672,000, while capital grants, contributions and restricted interest decreased approximately \$2.9 million. Capital grants, contributions and restricted interest decreased primarily due to a decrease in contributions from the Iowa Department of Transportation for road projects and a decrease in grants received for the bike trail.

The cost of all governmental activities this year was \$30,541,697 compared to \$29,510,099 last year, an increase of \$1031,598. However, as shown in the Statement of Activities on page 16, the amounts taxpayers ultimately financed for these activities was approximately \$16.2 million because some of the cost was paid by those directly benefited from the programs (\$6.1 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$8.2 million).

Dallas County's county-wide property tax levy rates decreased from \$9.19709 to \$8.66742 per \$1,000 of taxable valuation for fiscal year 2011. The rural tax levy rate for fiscal year 2011 remained the same at \$3.95000 per \$1,000 of taxable valuation. The mental health levy decreased from \$.48311 to \$.30943 per \$1,000 of taxable valuation. The debt service levy decreased from \$.38057 to \$.30943 per \$1,000 of taxable valuation and the general supplemental levy decreased from \$.88341 to \$.54374 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$253 million over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$25,464,693, which is greater than the fiscal year 2010 combined fund balance of \$24,225,896.

The General Fund's ending fund balance decreased \$658,627 to \$8,876,134. Of the ending fund balance, \$2 million is committed for County conservation and \$457,624 is committed for other County purposes. As a result of the County implementing GASB Statement No. 54, nine funds previously reported as Special Revenue Funds were reclassified into the General Fund. The beginning fund balance increased \$514,393 due to the reclassification. The general basic levy rate remained unchanged for fiscal year 2011 while the general supplemental levy rate decreased \$.33967 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$253 million over the prior year.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$4.5 million. The Special Revenue, Mental Health Fund's ending balance decreased from \$1,644,993 to \$157,062 at June 30, 2011. The decrease is primarily due to a decrease in revenue of approximately \$1.2 million.

The Special Revenue, Rural Services Fund ended fiscal year 2011 with a \$248,608 balance, an increase of \$198,244 over the prior year ending balance. The rural services tax levy rate remained unchanged at \$3.95000 per \$1,000 of taxable valuation while property valuations increased approximately 17%. The majority of the tax is transferred to the Special Revenue, Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Special Revenue, Secondary Roads Fund ended fiscal year 2011 with a balance of \$3,179,021, a 37% increase compared to the fiscal year 2010 balance of \$2,326,902. Of the ending fund balance, \$308,570 is nonspendable and \$2,870,451 is restricted for road purposes. Revenues decreased 1.6%, or approximately \$60,000. Expenditures increased 2.7%, or approximately \$157,000.

The Capital Projects Fund ended fiscal year 2011 with a fund balance of \$10,559,838 compared to the fiscal year 2010 balance of \$8,138,803. During fiscal year 2011, \$3,000,000 was transferred from the General Fund to the Capital Projects Fund for various land purchases and projects.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2011, Dallas County amended the operating budget two times. The first amendment was made in November 2010 to increase budgeted disbursements approximately \$4.3 million, including \$1,997,694 for repairs due to the 2010 flood and other road, bridge and culvert repairs. The second amendment in April 2011 increased budgeted disbursements approximately \$99,000. The disbursements were primarily for County environment projects.

Actual net disbursements for the year totaled \$30,542,779, which was \$8,524,405 under budgeted disbursements. The major reason was capital projects disbursements were approximately \$4.9 million under budget because cash flow requirements for capital projects were less than anticipated due to delays, public safety and legal services disbursements were approximately \$1.0 million under budget due to staff vacancies and budgeted forfeiture dollar projects which were delayed, as well as carry-over dollars for equipment and replacement and incomplete conservation projects. Actual net receipts for fiscal year 2011 were \$31,925,362, which was approximately \$1,691,000 less than budgeted because anticipated intergovernmental receipts were not received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Dallas County had \$60,744,680 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$59,507,450 at the end of fiscal year 2010. The County's net capital assets increased \$1,237,230, or about 2.1%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2011	2010
Land	\$ 6,115,563	6,315,389
Intangibles, road network	650,456	650,456
Construction in progress	4,467,956	1,774,298
Buildings and improvements	20,455,699	20,243,913
Equipment and vehicles	4,150,539	4,344,536
Intangibles	110,082	51,205
Infrastructure	24,794,385	26,127,653
Total	<u>\$ 60,744,680</u>	<u>59,507,450</u>
This year's major additions included:		
Wagner Gallery project		\$ 148,602
Sheriff storage building		177,725
Sheriff vehicles		121,046
Upgrades to jail		261,327
Wetland bank expenses		96,886
Two motorgraders and dump truck for Secondary Roads Department		573,560
Bike trail project		868,157
Road projects		1,508,979
Total		<u>\$ 3,756,282</u>

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2011, Dallas County had \$14,959,910 in outstanding debt versus \$15,964,276 last year, a net decrease of \$1,004,366.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2011	2010
General obligation bonds	\$ 10,613,797	10,932,781
General obligation capital loan notes	4,345,000	5,030,000
Drainage district warrants	1,113	1,495
Total	\$ 14,959,910	15,964,276

The net change is a result of the retirement of \$318,984 of bonds, the retirement of \$685,000 of notes and a net decrease of \$382 in drainage warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit (\$6,448,395,090 X .05 = \$322,418,755). 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

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2012 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors are committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa. Its population in 2000 was 40,750 compared to 66,155 in 2010, a 62.3% increase. The unemployment rate in Dallas County stands at 4.2% as of November 2011 compared to last year's rate of 5.1% and compared to the state average of 5.7%. Budgeted disbursements for the fiscal year 2012 operating budget are approximately \$39.3 million, as amended November of 2011, an increase of about \$8.8 million in spending from the prior year actual expenditures. This is mainly due to the expected progress of the Bike Trail project and anticipated progress toward a County Administration Building. The adopted 2012 budget (as amended) shows a deficiency of revenues and other financing sources under disbursements and other uses of \$6,472,806. The budget estimates a total ending fund balance of approximately \$19 million at the close of fiscal year 2012.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dallas 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 Connie Kinnard at the Operations Administration Office, 801 Court Street, Adel, Iowa 50003.

Basic Financial Statements

Dallas County
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Cash and pooled investments	\$ 28,068,554
Receivables:	
Property tax:	
Delinquent	16,941
Succeeding year	18,302,000
Interest and penalty on property tax	25,370
Succeeding year tax increment financing	127,000
Accounts	336,152
Accrued interest	28,333
Drainage assessments	2,752
Due from other governments (net)	1,808,198
Inventories	282,514
Prepaid insurance	140,105
Capital assets (net of accumulated depreciation)	60,744,680
Deferred charges - unamortized bond issue costs	55,619
	109,938,218
Liabilities	
Accounts payable	1,203,914
Accrued interest payable	59,963
Salaries and benefits payable	845,219
Due to other governments	736,091
Deferred revenue:	
Succeeding year property tax	18,302,000
Succeeding year tax increment financing	127,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	395,000
General obligation capital loan notes	680,000
Drainage district warrants payable	1,113
Compensated absences	433,365
Portion due or payable after one year:	
General obligation bonds	10,218,797
General obligation capital loan notes	3,665,000
Compensated absences	549,221
Net OPEB liability	90,407
	37,307,090
Net Assets	
Invested in capital assets, net of related debt	45,785,883
Restricted for:	
Supplemental levy purposes	1,122,577
Mental health purposes	143,850
Rural services purposes	203,132
Secondary roads purposes	2,812,810
Economic development loans	401,974
Debt service	441,979
Capital projects	10,643,756
Other purposes	2,309,479
Unrestricted	8,765,688
	\$ 72,631,128

See notes to financial statements.

Exhibit B

Dallas County
Statement of Activities
Year ended June 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 7,473,761	1,649,278	292,950	-	(5,531,533)
Physical health and social services	2,886,411	1,197,625	586,421	-	(1,102,365)
Mental health	4,616,043	678,672	1,330,146	-	(2,607,225)
County environment and education	3,103,853	206,674	897,946	83,918	(1,915,315)
Roads and transportation	7,798,742	143,128	3,357,570	1,648,865	(2,649,179)
Governmental services to residents	1,628,703	1,353,334	1,752	-	(273,617)
Administration	1,773,849	65,125	6,165	-	(1,702,559)
Non-program	604,339	780,298	9,289	327	185,575
Interest on long-term debt	655,996	-	3,511	-	(652,485)
Total	\$ 30,541,697	6,074,134	6,485,750	1,733,110	(16,248,703)
General Revenues:					
Property and other county tax levied for:					
General purposes					17,737,438
Debt service					1,387,398
Tax increment financing					115,087
Penalty and interest on property tax					203,582
State tax credits					364,361
Unrestricted investment earnings					250,939
Miscellaneous					6,191
Total general revenues					20,064,996
Change in net assets					3,816,293
Net assets beginning of year					68,814,835
Net assets end of year					\$ 72,631,128

See notes to financial statements.

Dallas County

Dallas County
Balance Sheet
Governmental Funds

June 30, 2011

	Special		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments:			
County Treasurer	\$ 8,970,338	980,306	251,022
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	10,699	1,306	3,849
Succeeding year	12,035,000	1,470,000	3,392,000
Interest and penalty on property tax	25,370	-	-
Succeeding year tax increment financing	-	-	-
Accounts	219,363	540	
Accrued interest	24,612	-	-
Drainage assessments	-	-	-
Due from other funds	82	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$435,793)	863,785	150,652	-
Inventories	-	-	-
Prepaid insurance	113,354	695	-
Total assets	\$ 22,262,603	2,603,499	3,646,871

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
2,919,779	10,190,392	2,387,601	25,699,438
-	-	57,345	57,345
-	-	1,087	16,941
-	-	1,405,000	18,302,000
-	-	-	25,370
-	-	127,000	127,000
22,169	85,659	767	328,498
-	-	1,787	26,399
-	-	2,752	2,752
763	-	-	845
295,189	498,438	-	1,808,064
282,514	-	-	282,514
26,056	-	-	140,105
3,546,470	10,774,489	3,983,339	46,817,271

Dallas County
Balance Sheet
Governmental Funds

June 30, 2011

	Special		
	General	Mental Health	Rural Services
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 189,468	230,421	500
Salaries and benefits payable	569,428	45,313	-
Due to other funds	665	82	98
Due to other governments	24,627	699,355	1,927
Deferred revenue:			
Succeeding year property tax	12,035,000	1,470,000	3,392,000
Succeeding year tax increment financing	-	-	-
Other	567,281	1,266	3,738
Total liabilities	13,386,469	2,446,437	3,398,263
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	113,354	695	-
Restricted for:			
Supplemental levy purposes	1,076,960	-	-
Mental health purposes	-	156,367	-
Forfeitures	-	-	-
Rural services purposes	-	-	248,608
Secondary roads purposes	-	-	-
Drainage warrants/drainage improvement certificates	-	-	-
Conservation land acquisition/capital improvements	102,816	-	-
Debt service	-	-	-
Urban renewal	-	-	-
Capital projects	-	-	-
Other purposes	254,618	-	-
Committed for:			
County conservation	2,000,000	-	-
County farm	243,382	-	-
County care facility	161,108	-	-
Jail commissary	53,134	-	-
Assigned for capital projects	-	-	-
Unassigned	4,870,762	-	-
Total fund balances	8,876,134	157,062	248,608
Total liabilities and fund balances	\$ 22,262,603	2,603,499	3,646,871

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
181,892	130,733	3,504	736,518
176,497	-	-	791,238
	-	-	845
9,060	-	-	734,969
-	-	1,405,000	18,302,000
-	-	127,000	127,000
-	83,918	3,805	660,008
367,449	214,651	1,539,309	21,352,578
282,514	-	-	282,514
26,056	-	-	140,105
-	-	-	1,076,960
-	-	-	156,367
-	-	494,272	494,272
-	-	-	248,608
2,870,451	-	-	2,870,451
-	-	76,035	76,035
-	-	693,658	796,474
-	-	500,389	500,389
-	-	4,296	4,296
-	1,651,133	-	1,651,133
-	-	675,380	929,998
-	-	-	2,000,000
-	-	-	243,382
-	-	-	161,108
-	-	-	53,134
-	8,908,705	-	8,908,705
-	-	-	4,870,762
3,179,021	10,559,838	2,444,030	25,464,693
3,546,470	10,774,489	3,983,339	46,817,271

Dallas County

Dallas County

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

June 30, 2011

Total governmental fund balances (page 21) \$ 25,464,693

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, excluding Internal Service Funds, is \$91,974,537 and the accumulated depreciation/amortization is \$31,565,203. 60,409,334

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 660,008

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets, as follows:

\$342,733	\$ 335,346	
Compensated absences	(52,577)	
Other net assets	<u>1,795,965</u>	2,078,734

Bond issue costs are reported as current expenditures in the governmental funds. However, bond issue costs are amortized over the life of the bonds and the unamortized cost is included in governmental activities in the Statement of Net Assets. 55,619

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, drainage district warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (16,037,260)

Net assets of governmental activities (page 15) \$ 72,631,128

See notes to financial statements.

Dallas 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	\$ 13,330,214	1,020,045	3,381,185
Interest and penalty on property tax	199,956	-	-
Tax increment financing	-	-	-
Intergovernmental	2,590,067	2,020,397	81,973
Licenses and permits	107,329	-	-
Charges for service	2,375,927	-	-
Use of money and property	381,086	-	-
Miscellaneous	207,383	6,970	-
Total revenues	19,191,962	3,047,412	3,463,158
Expenditures:			
Operating:			
Public safety and legal services	7,401,213	-	-
Physical health and social services	2,879,816	-	-
Mental health	-	4,535,343	-
County environment and education	2,736,501	-	282,919
Roads and transportation	200,000	-	198,554
Governmental services to residents	1,565,074	-	-
Administration	1,578,800	-	-
Non-program	21,956	-	-
Debt service	173,558	-	-
Capital projects	20,427	-	-
Total expenditures	16,577,345	4,535,343	481,473
Excess (deficiency) of revenues over (under) expenditures	2,614,617	(1,487,931)	2,981,685
Other financing sources (uses):			
Sale of capital assets	127,875	-	-
Drainage warrants/drainage improvement certificates issued	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(3,401,119)	-	(2,783,441)
Total other financing sources (uses)	(3,273,244)	-	(2,783,441)
Net change in fund balances	(658,627)	(1,487,931)	198,244
Fund balances beginning of year, as restated	9,534,761	1,644,993	50,364
Fund balances end of year	\$ 8,876,134	157,062	248,608

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
-	-	1,387,398	19,118,842
-	-	-	199,956
-	-	115,087	115,087
3,516,007	712,967	45,292	8,966,703
740	-	-	108,069
-	21,521	16,957	2,414,405
5,354	502	134,883	521,825
120,548	104,488	73,695	513,084
<u>3,642,649</u>	<u>839,478</u>	<u>1,773,312</u>	<u>31,957,971</u>
-	-	241,247	7,642,460
-	-	-	2,879,816
-	-	-	4,535,343
-	3,942	56,140	3,079,502
5,982,746	-	-	6,381,300
-	-	49,201	1,614,275
-	-	4,088	1,582,888
-	-	70,656	92,612
-	-	1,486,099	1,659,657
2,544	1,369,501	32,014	1,424,486
<u>5,985,290</u>	<u>1,373,443</u>	<u>1,939,445</u>	<u>30,892,339</u>
<u>(2,342,641)</u>	<u>(533,965)</u>	<u>(166,133)</u>	<u>1,065,632</u>
10,200	-	-	138,075
-	-	35,090	35,090
3,184,560	3,405,000	524,729	7,114,289
	(450,000)	(479,729)	(7,114,289)
<u>3,194,760</u>	<u>2,955,000</u>	<u>80,090</u>	<u>173,165</u>
852,119	2,421,035	(86,043)	1,238,797
<u>2,326,902</u>	<u>8,138,803</u>	<u>2,530,073</u>	<u>24,225,896</u>
<u>3,179,021</u>	<u>10,559,838</u>	<u>2,444,030</u>	<u>25,464,693</u>

Dallas 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) \$ 1,238,797

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

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

Expenditures for capital assets	\$ 2,734,786	
Capital assets contributed by the Iowa Department of Transportation	1,508,980	
Depreciation/amortization expense	<u>(2,972,581)</u>	1,271,185

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the proceeds from the disposition increase financial resources in the governmental funds. (72,806)

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

Property tax	5,994	
Other	<u>225,242</u>	231,236

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 debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt repayments exceeded debt issuances, as follows:

Issued	(35,090)	
Repaid	<u>1,035,472</u>	1,000,382

Dallas 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

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	(193,675)	
Interest on long-term debt	3,661	
Other postemployment benefits	(30,616)	
Amortization of bond issuance premium	3,984	
Amortization of bond issue costs	(6,180)	(222,826)

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The increase in net assets of the Internal Service Funds is included in governmental activities in the Statement of Net Assets.

Change in net assets of governmental activities (page 16)

370,325
<u>\$ 3,816,293</u>

See notes to financial statements

Dallas County
Statement of Net Assets
Proprietary Funds

June 30, 2011

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 2,311,771
Receivables:	
Accounts	7,654
Accrued interest	1,934
Due from other governments	134
Capital assets, net of accumulated depreciation	335,346
Total assets	<u>2,656,839</u>
Liabilities	
Accounts payable	467,396
Salaries and benefits payable	53,981
Due to other governments	1,122
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	30,065
Portion due or payable after one year:	
Compensated absences	22,512
Net OPEB liability	3,029
Total liabilities	<u>578,105</u>
Net Assets	
Invested in capital assets	335,346
Unrestricted	1,743,388
Total net assets	<u>\$ 2,078,734</u>

See notes to financial statements.

Dallas County

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

Year ended June 30, 2011

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,216,036
Reimbursements from employees and others		410,573
Insurance reimbursements		60,437
Miscellaneous		6,743
Total operating revenues		<u>4,693,789</u>
Operating expenses:		
Medical claims	\$ 1,918,519	
Administrative and other fees	378,574	
Central services	454,340	
Information technology	884,250	
Operations administration	332,155	
Human resources	364,150	4,331,988
Operating income		<u>361,801</u>
Non-operating revenues:		
Interest income		<u>8,524</u>
Net income		370,325
Net assets beginning of year		<u>1,708,409</u>
Net assets end of year		<u>\$ 2,078,734</u>
See notes to financial statements.		

Exhibit I

Dallas County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2011

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 4,634,319
Cash received from insurance reimbursements	106,500
Cash paid to suppliers for services	<u>(4,149,283)</u>
Net cash provided by operating activities	591,536
Cash flows from capital and related financing activities:	
Purchase of equipment	(111,247)
Cash flows from investing activities:	
Interest on investments	<u>6,752</u>
Net increase in cash and cash equivalents	487,041
Cash and cash equivalents beginning of year	<u>1,824,730</u>
Cash and cash equivalents end of year	<u><u>\$ 2,311,771</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 361,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	72,396
Changes in assets and liabilities:	
Decrease in accounts receivable and due from other governments	47,032
Increase in accounts payable and due to other governments	100,717
Increase in salaries and benefits payable	4,586
Increase in compensated absences	5,521
Decrease in net OPEB liability	<u>(517)</u>
Net cash provided by operating activities	<u><u>\$ 591,536</u></u>

See notes to financial statements.

Dallas County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

Assets

Cash and pooled investments:	
County Treasurer	\$ 4,013,950
Other County officials	196,036
Receivables:	
Property tax:	
Delinquent	94,843
Succeeding year	118,385,000
Accounts	64,598
Accrued interest	476
Special assessments	1,657,579
Due from other funds	4,582
Due from other governments	55
Prepaid insurance	1,830
Total assets	124,418,949

Liabilities

Accounts payable	50,795
Salaries and benefits payable	46,148
Due to other funds	4,582
Due to other governments	123,990,170
Trusts payable	262,823
Compensated absences	64,431
Total liabilities	124,418,949

Net assets	\$ -
-------------------	-------------

See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

Dallas 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, Dallas 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 Dallas 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-four 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 Dallas County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Dallas County Auditor's Office.

The Dallas County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Dallas County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial activity of the component unit has been blended as a Special Revenue Fund of the County.

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: Dallas County Assessor’s Conference Board, Dallas County Emergency Management Commission and the Dallas 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 North Dallas Regional Solid Waste Planning Commission and the Dallas County Housing Trust, jointly governed organizations established pursuant to Chapters 28E and 504A, respectively, of the Code of Iowa.

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Funds – Internal Service Funds are 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 funds of the County apply 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 revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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, 1980 (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	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Other improvements	10 - 35
Infrastructure	20 - 65
Equipment	2 - 50
Vehicles	3 - 20
Intangibles	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 and succeeding year tax increment financing 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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary 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 issue 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.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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 is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

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

(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 \$755,045 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 82
Special Revenue: Secondary Roads	General	665
	Special Revenue: Rural Services	98
Total		<u>\$ 845</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 401,119
	Special Revenue: Rural Services	2,783,441
Special Revenue: Wetland Maintenance	Special Revenue: Supplemental Environmental Projects	1,000
	Capital Projects	450,000
Special Revenue: County Recorder's Records Management	Special Revenue: County Recorder's Electronic Transaction	16
Capital Projects	General	3,000,000
	Special Revenue: Wetland Bank Maintenance	405,000
Debt Service	Special Revenue: Tax Increment Financing	73,713
Total		<u>\$ 7,114,289</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/amortized:				
Land	\$ 6,315,389	-	(199,826)	6,115,563
Intangibles, road network	650,456	-		650,456
Construction in progress	1,774,298	2,693,658	-	4,467,956
Total capital assets not being depreciated/amortized	<u>8,740,143</u>	<u>2,693,658</u>	<u>(199,826)</u>	<u>11,233,975</u>
Capital assets being depreciated/amortized:				
Buildings	27,090,018	455,157	-	27,545,175
Improvements other than buildings	161,488	301,941	-	463,429
Equipment and vehicles	10,338,458	1,266,352	(975,325)	10,629,485
Intangibles	51,205	81,675	-	132,880
Infrastructure, road network and other	42,647,672	-	-	42,647,672
Total capital assets being depreciated/amortized	<u>80,288,841</u>	<u>2,105,125</u>	<u>(975,325)</u>	<u>81,418,641</u>
Less accumulated depreciation/amortization for:				
Buildings	6,974,721	521,385	-	7,496,106
Improvements other than buildings	32,872	23,927	-	56,799
Equipment and vehicles	5,993,922	1,143,599	(658,575)	6,478,946
Intangibles	-	22,798	-	22,798
Infrastructure, road network and other	16,520,019	1,333,268	-	17,853,287
Total accumulated depreciation/amortization	<u>29,521,534</u>	<u>3,044,977</u>	<u>(658,575)</u>	<u>31,907,936</u>
Total capital assets being depreciated/amortized, net	<u>50,767,307</u>	<u>(939,852)</u>	<u>(316,750)</u>	<u>49,510,705</u>
Governmental activities capital assets, net	<u>\$ 59,507,450</u>	<u>1,753,806</u>	<u>(516,576)</u>	<u>60,744,680</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 645,138
Physical health and social services	12,450
Mental health	86,669
County environment and education	232,500
Roads and transportation	1,864,265
Governmental services to residents	56,454
Administration	147,501
Total depreciation/amortization expense - governmental activities	<u>\$ 3,044,977</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:

Fund	Description	Amount
General	Services	\$ 24,627
Special Revenue:		
Mental Health	Services	699,355
Rural Services		1,927
Secondary Roads		9,060
		<u>710,342</u>
Total for governmental funds		<u>\$ 734,969</u>
Agency:		
County Assessor	Collections	\$ 1,666,662
Schools		65,135,641
Community Colleges		2,045,342
Corporations		47,849,441
City Special Assessments		1,728,600
Auto License and Use Tax		1,780,517
All other		3,783,967
Total for agency funds		<u>\$ 123,990,170</u>

(7) Changes in Long-Term Liabilities

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

	General Obligation	General Capital Loan Notes	Drainage District Warrants	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 10,932,781	5,030,000	1,495	783,390	60,308	16,807,974
Increases	-	-	35,090	727,225	61,275	823,590
Decreases	318,984	685,000	35,472	528,029	31,176	1,598,661
Balance end of year	<u>\$ 10,613,797</u>	<u>4,345,000</u>	<u>1,113</u>	<u>982,586</u>	<u>90,407</u>	<u>16,032,903</u>
Due within one year	\$ 395,000	680,000	1,113	433,365	-	1,509,478

(1) The unamortized premium on the bonds was \$48,797 at June 30, 2011.

General Obligation Bonds

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

Year Ending June 30,	Series 2005B			
	Issued December 28, 2005			
	Interest Rates	Principal	Interest	Total
2012	3.75%	\$ 300,000	319,730	619,730
2013	3.75	410,000	308,480	718,480
2014	3.75	765,000	293,075	1,058,075
2015	3.75	855,000	264,418	1,119,418
2016	3.75	985,000	232,355	1,217,355
2017-2021	3.75-3.90	5,100,000	517,928	5,617,928
2022-2026		-	-	-
2027-2028		-	-	-
Total		8,415,000	1,935,986	10,350,986
Unamortized premium		19,211		
Bonds payable		<u>\$ 8,434,211</u>		

Year Ending June 30,	Series 2008A				Total		
	Issued June 1, 2008				Principal	Interest	Total
	Interest Rates	Principal	Interest	Total			
2012	4.00%	\$ 95,000	86,455	181,455	395,000	406,185	801,185
2013	4.00	100,000	82,655	182,655	510,000	391,135	901,135
2014	4.00	100,000	78,655	178,655	865,000	371,730	1,236,730
2015	4.00	100,000	74,655	174,655	955,000	339,073	1,294,073
2016	4.00	100,000	70,655	170,655	1,085,000	303,010	1,388,010
2017-2021	4.00	595,000	287,075	882,075	5,695,000	805,003	6,500,003
2022-2026	4.00	725,000	158,475	883,475	725,000	158,475	883,475
2027-2028	4.05-4.125	335,000	20,791	355,791	335,000	20,791	355,791
Total		2,150,000	859,416	3,009,416	10,565,000	2,795,402	13,360,402
Unamortized premium		29,586			48,797		
Bonds payable		<u>\$ 2,179,586</u>			<u>\$ 10,613,797</u>		

During the year ended June 30, 2011, the County retired \$315,000 of bonds.

General Obligation Capital Loan Notes

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

Year Ending June 30,	Series 2000A			Series 2002A		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	5.00%	\$ 85,000	75,207	4.50%	\$ 170,000	71,200
2013	5.00	115,000	70,957	4.75	155,000	63,550
2014	5.10	135,000	65,207	4.75	150,000	56,187
2015	5.20	150,000	58,322	4.75	150,000	49,063
2016	5.25	160,000	50,522	4.75	160,000	41,937
2017-2020	5.30-5.40	785,000	109,797	4.75-5.00	695,000	87,588
Total		<u>\$ 1,430,000</u>	<u>430,012</u>		<u>\$ 1,480,000</u>	<u>369,525</u>

Year Ending June 30,	Series 2002B			Series 2002C		
	Issued April 1, 2002			Issued December 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	4.60%	\$ 130,000	42,545	3.80%	\$ 295,000	21,678
2013	4.70	135,000	36,565	3.95	265,000	10,467
2014	4.80	140,000	30,220		-	-
2015	5.00	150,000	23,500		-	-
2016	5.00	155,000	16,000		-	-
2017-2020	5.00	165,000	8,250		-	-
Total		<u>\$ 875,000</u>	<u>157,080</u>		<u>\$ 560,000</u>	<u>32,145</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2012	680,000	210,630	890,630
2013	670,000	181,539	851,539
2014	425,000	151,614	576,614
2015	450,000	130,885	580,885
2016	475,000	108,459	583,459
2017-2020	1,645,000	205,635	1,850,635
Total	<u>\$ 4,345,000</u>	<u>988,762</u>	<u>5,333,762</u>

During the year ended June 30, 2011, the County retired \$685,000 of general obligation capital loan notes.

Drainage District Warrants

Drainage district 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 \$800,413, \$731,044 and \$669,109, 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 employees and retirees and their spouses. There are 210 active and 9 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by First Administrators. 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 actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, 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	\$ 61,260
Interest on net OPEB obligation	2,412
Adjustment to annual required contribution	<u>(2,397)</u>
Annual OPEB cost	61,275
Contributions made	<u>(31,176)</u>
Increase in net OPEB obligation	30,099
Net OPEB obligation beginning of year	<u>60,308</u>
Net OPEB obligation end of year	<u>\$ 90,407</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 \$31,176 to the medical plan. Plan members eligible for benefits contributed \$64,007, or 67% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the 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	Net OPEB Obligation
2009	\$ 58,399	46.1%	\$ 31,473
2010	58,455	50.7%	60,308
2011	61,275	50.9%	90,407

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$486,065, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$486,065. The covered payroll (annual payroll of active employees covered by the plan) was \$9,502,272 and the ratio of the UAAL to covered payroll was 5.1%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve 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. Actuarially determined amounts 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 the Notes to Financial Statements, presents 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.

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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$776 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses 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 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$295,450.

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 casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Employee Health Insurance Plan

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 both employee and County contributions and is administered through a service agreement with First Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

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 First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2011 was \$2,240,332.

Amounts payable from the Employee Group Health Fund at June 30, 2011 total \$320,604, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,522,733 at June 30, 2011 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 316,478
Incurred claims (including claims incurred but not reported at June 30, 2011)	1,918,519
Payment on claims during the fiscal year	<u>(1,914,393)</u>
Unpaid claims end of year	<u>\$ 320,604</u>

(12) Industrial Development Revenue Bonds

In August 2000, the County issued \$13,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds are payable solely from the revenues derived and do not constitute a liability of the County.

(13) YMCA Revenue Bond

In November 2008, the County issued \$7,000,000 of revenue bonds for the purpose of lending the proceeds to the Young Men’s Christian Association (YMCA) of Greater Des Moines, Iowa. The proceeds were used for constructing, improving and equipping a new YMCA facility in Waukee, Iowa. The bonds are payable solely from YMCA revenues and do not constitute a liability of the County.

(14) Economic Development Agreements

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000. Payments totaling \$18,543 were made to the developer under the terms of the agreement during the year ended June 30, 2011. The cumulative amount paid to the developer at June 30, 2011 was \$69,542.

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in financing an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began in fiscal year 2009 and continues through fiscal year 2019. Payments totaling \$401,068 were made to the City under the terms of the 28E agreement during the year ended June 30, 2011. The cumulative amount paid to the City at June 30, 2011 was \$1,162,820.

In April 2010, the County amended the agreement dated October 2008 with the City of West Des Moines to financially participate in the financing of an economic development project. The County agreed to pay \$307,875, or one half, of the initial costs previously incurred by the City associated with the Microsoft Corporation data center. Beginning with the fiscal year immediately following Microsoft Corporation’s announcement to begin construction of a data center, the County will make semi-annual payments of \$220,000 in January and June of each year for the next nine fiscal years. A final payment of \$132,125 will be made in January of the following fiscal year. During fiscal year 2011, the County paid \$440,000 to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2011 was \$747,875.

(15) Pending Litigation

The County is a defendant in several lawsuits seeking specified and unspecified amounts of damages. The probability and amount of loss, if any, is indeterminable.

(16) Operating Leases

The County is the lessee in three operating leases. The County leases land used for Dallas County offices requiring public access. The County also leases two buildings used for Dallas County offices. The future minimum rental payments for these leases are as follows:

Year Ending June 30,	Amount
2012	\$ 110,233
2013	65,466
2014	2,282
Total	<u>\$ 177,981</u>

Rental expense for the year ended June 30, 2011 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$124,396.

(17) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2008, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive \$41,536 in land and building rent annually. The County entered into a new three-year lease, effective March 2, 2011, under which the County is to receive \$43,944 in land and building rent annually.

(18) 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:

Fund	Balances June 30, 2010, as previously reported	Change in fund type classification per implementation of GASB Statement No.54	Balance July 1, 2010, as restated
General	\$ 9,020,368	514,393	9,534,761
Special Revenue:			
DARE	845	(845)	-
Facility Maintenance Dallas			
County Care Facility	14,390	(14,390)	-
County Farm	216,266	(216,266)	-
Jail Commissary	40,913	(40,913)	-
Sale of County Property	138,080	(138,080)	-
Conservation Land Acquisiton	80,029	(80,029)	-
Ambulance Trust	7,895	(7,895)	-
Public Health Nurse Trust	14,094	(14,094)	-
Ortonville Sewer	1,881	(1,881)	-
Total	\$ 9,534,761	-	9,534,761

Dallas County

Required Supplementary Information

Dallas 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	\$ 19,235,185	-	19,235,185
Interest and penalty on property tax	200,821	-	200,821
Intergovernmental	8,982,734	-	8,982,734
Licenses and permits	105,897	-	105,897
Charges for service	2,455,326	-	2,455,326
Use of money and property	492,624	12,869	479,755
Miscellaneous	494,715	29,071	465,644
Total receipts	<u>31,967,302</u>	<u>41,940</u>	<u>31,925,362</u>
Disbursements:			
Public safety and legal services	7,576,420	-	7,576,420
Physical health and social services	2,864,796	-	2,864,796
Mental health	4,369,045	-	4,369,045
County environment and education	3,090,000	19,059	3,070,941
Roads and transportation	6,376,989	-	6,376,989
Governmental services to residents	1,609,758	-	1,609,758
Administration	1,561,340	-	1,561,340
Non-program	108,464	70,657	37,807
Debt service	1,659,657	-	1,659,657
Capital projects	1,416,026	-	1,416,026
Total disbursements	<u>30,632,495</u>	<u>89,716</u>	<u>30,542,779</u>
Excess (deficiency) of receipts over (under) disbursements	1,334,807	(47,776)	1,382,583
Other financing sources, net	47,240	35,090	12,150
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,382,047	(12,686)	1,394,733
Balance beginning of year	24,374,736	146,065	24,228,671
Balance end of year	<u>\$ 25,756,783</u>	<u>133,379</u>	<u>25,623,404</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
19,640,504	19,667,631	(432,446)
210,000	210,000	(9,179)
8,903,753	10,609,721	(1,626,987)
147,200	147,200	(41,303)
1,906,835	2,207,580	247,746
493,488	500,128	(20,373)
315,024	274,465	191,179
31,616,804	33,616,725	(1,691,363)
7,925,575	8,622,492	1,046,072
2,895,024	3,148,867	284,071
4,256,303	4,465,925	96,880
3,155,323	3,456,274	385,333
6,850,558	7,294,384	917,395
1,724,755	1,876,314	266,556
1,753,417	2,163,864	602,524
33,000	54,000	16,193
1,668,343	1,668,843	9,186
4,379,000	6,316,221	4,900,195
34,641,298	39,067,184	8,524,405
(3,024,494)	(5,450,459)	6,833,042
-	-	12,150
(3,024,494)	(5,450,459)	6,845,192
18,650,715	18,650,715	5,577,956
15,626,221	13,200,256	12,423,148

Dallas 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	\$ 31,967,302	(9,331)	31,957,971
Expenditures	30,632,495	259,844	30,892,339
Net	1,334,807	(269,175)	1,065,632
Other financing sources, net	47,240	125,925	173,165
Beginning fund balances	24,374,736	(148,840)	24,225,896
Ending fund balances	\$ 25,756,783	(292,090)	25,464,693

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$4,425,886. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County 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 did not exceed the amounts budgeted.

Dallas 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2009	July 1, 2008	-	\$ 450	450	0.00%	\$ 8,690	5.20%
2010	July 1, 2008	-	450	450	0.00	8,690	5.20
2011	July 1, 2010	-	486	486	0.00	9,502	5.10

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

Dallas County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Assets					
Cash and pooled investments:					
County Treasurer	\$ 4,296	80,031	454,941	35,739	6,366
Conservation Foundation	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Succeeding year					
tax increment financing	127,000	-	-	-	-
Accounts	-	-	-	720	10
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Total assets	\$ 131,296	80,031	454,941	36,459	6,376
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	3,504	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Succeeding year tax increment financing	127,000	-	-	-	-
Other	-	-	-	-	-
Total liabilities	127,000	-	3,504	-	-
Fund balances:					
Restricted for:					
Forfeitures	-	-	451,437	36,459	6,376
Drainage warrants/drainage improvement certificates	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Debt service	-	-	-	-	-
Urban renewal	4,296	-	-	-	-
Other purposes	-	80,031	-	-	-
Total fund balances	4,296	80,031	451,437	36,459	6,376
Total liabilities and fund balances	\$ 131,296	80,031	454,941	36,459	6,376

See accompanying independent auditor's report.

Special Revenue									
Courthouse Restoration	County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total	
3,379	68,274	401,270	64,353	692,599	76,034	-	500,319	2,387,601	
-	-	-	-	-	-	57,345	-	57,345	
-	-	-	-	-	-	-	1,087	1,087	
-	-	-	-	-	-	-	1,405,000	1,405,000	
-	-	-	-	-	-	-	-	127,000	
-	-	-	-	-	-	-	37	767	
-	18	704	6	1,059	-	-	-	1,787	
-	-	-	-	-	1,639	-	-	1,639	
-	-	-	-	-	1,113	-	-	1,113	
3,379	68,292	401,974	64,359	693,658	78,786	57,345	1,906,443	3,983,339	
-	-	-	-	-	-	-	-	3,504	
-	-	-	-	-	-	-	1,405,000	1,405,000	
-	-	-	-	-	-	-	-	127,000	
-	-	-	-	-	2,751	-	1,054	3,805	
-	-	-	-	-	2,751	-	1,406,054	1,539,309	
-	-	-	-	-	-	-	-	494,272	
-	-	-	-	-	76,035	-	-	76,035	
-	-	-	-	693,658	-	-	-	693,658	
-	-	-	-	-	-	-	500,389	500,389	
-	-	-	-	-	-	-	-	4,296	
3,379	68,292	401,974	64,359	-	-	57,345	-	675,380	
3,379	68,292	401,974	64,359	693,658	76,035	57,345	500,389	2,444,030	

Dallas County

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

Year ended June 30, 2011

	Tax Increment Financing	Wetland Bank Maintenance	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Revenues:						
Property and other county tax	\$ -	-	-	-	-	-
Tax increment financing	115,087	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Use of money and property	-	20,227	-	-	-	-
Miscellaneous	-	-	-	300	40,217	4,107
Total revenues	115,087	20,227	-	300	40,217	4,107
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	147,557	-	93,690
County environment and education	37,081	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Non-program	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	37,081	-	-	147,557	-	93,690
Excess (deficiency) of revenues over (under) expenditures	78,006	20,227	-	(147,257)	40,217	(89,583)
Other financing sources (uses):						
Drainage warrants/drainage improvement certificates issued	-	-	-	-	-	-
Operating transfers in	-	451,000	-	-	-	-
Operating transfers out	(73,713)	(405,000)	(1,000)	-	-	-
Total other financing sources (uses)	(73,713)	46,000	(1,000)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,293	66,227	(1,000)	(147,257)	40,217	(89,583)
Fund balances beginning of year, as restated	3	13,804	1,000	598,694	(3,758)	95,959
Fund balances end of year	\$ 4,296	80,031	-	451,437	36,459	6,376

See accompanying independent auditor's report.

Special Revenue									
Courthouse Restoration	County Recorder's Records Management	Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	-	-	1,387,398	1,387,398
-	-	-	-	-	-	-	-	-	115,087
-	-	-	-	22,347	-	-	-	22,945	45,292
-	16,957	-	-	-	-	-	-	-	16,957
-	286	5,745	-	222	92,022	12,306	563	3,512	134,883
-	-	-	-	-	-	-	29,071	-	73,695
-	17,243	5,745	-	22,569	92,022	12,306	29,634	1,413,855	1,773,312
-	-	-	-	-	-	-	-	-	241,247
-	-	-	-	-	-	-	19,059	-	56,140
-	49,201	-	-	-	-	-	-	-	49,201
4,088	-	-	-	-	-	-	-	-	4,088
-	-	-	-	-	-	70,656	-	-	70,656
-	-	-	-	-	-	-	-	1,486,099	1,486,099
-	-	-	-	32,014	-	-	-	-	32,014
4,088	49,201	-	-	32,014	-	70,656	19,059	1,486,099	1,939,445
(4,088)	(31,958)	5,745	-	(9,445)	92,022	(58,350)	10,575	(72,244)	(166,133)
-	-	-	-	-	-	35,090	-	-	35,090
-	16	-	-	-	-	-	-	73,713	524,729
-	-	-	(16)	-	-	-	-	-	(479,729)
-	16	-	(16)	-	-	35,090	-	73,713	80,090
(4,088)	(31,942)	5,745	(16)	(9,445)	92,022	(23,260)	10,575	1,469	(86,043)
7,467	100,234	396,229	16	73,804	601,636	99,295	46,770	498,920	2,530,073
3,379	68,292	401,974	-	64,359	693,658	76,035	57,345	500,389	2,444,030

Dallas County

Dallas County
Combining Schedule of Net Assets
Internal Service Funds

June 30, 2011

	Professional Services	Employee Group Health	Total
Assets			
Cash and pooled investments	\$ 476,625	1,835,146	2,311,771
Accounts receivable	1,397	6,257	7,654
Accrued interest receivable	-	1,934	1,934
Due from other governments	134	-	134
Capital assets, net of accumulated depreciation	335,346	-	335,346
Total assets	813,502	1,843,337	2,656,839
Liabilities			
Accounts payable	146,792	320,604	467,396
Salaries and benefits payable	53,981	-	53,981
Due to other governments	1,122	-	1,122
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	30,065	-	30,065
Portion due or payable after one year:			
Compensated absences	22,512	-	22,512
Net OPEB liability	3,029	-	3,029
Total liabilities	257,501	- 320,604	578,105
Net Assets			
Invested in capital assets	335,346	-	335,346
Unrestricted	220,655	1,522,733	1,743,388
Total net assets	\$ 556,001	1,522,733	2,078,734

See accompanying independent auditor's report.

Schedule 4

Dallas County

Combining Schedule of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds

Year ended June 30, 2011

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 1,975,704	2,240,332	4,216,036
Reimbursements from employees and others	-	410,573	410,573
Insurance reimbursements	-	60,437	60,437
Miscellaneous	6,743	-	6,743
Total operating revenues	1,982,447	2,711,342	4,693,789
Operating expenses:			
Medical claims	-	1,918,519	1,918,519
Administrative and other fees	-	378,574	378,574
Central services	454,340	-	454,340
Information technology	884,250	-	884,250
Operations administration	332,155	-	332,155
Human resources	364,150	-	364,150
Total operating expenses	2,034,895	2,297,093	4,331,988
Operating income (loss)	(52,448)	414,249	361,801
Non-operating revenues:			
Interest income	-	8,524	8,524
Net income (loss)	(52,448)	422,773	370,325
Net assets beginning of year	608,449	1,099,960	1,708,409
Net assets end of year	\$ 556,001	1,522,733	2,078,734

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2011

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 1,983,413	2,650,906	4,634,319
Cash received from insurance reimbursements	-	106,500	106,500
Cash paid to suppliers for services	(1,856,316)	(2,292,967)	(4,149,283)
Net cash provided by operating activities	127,097	464,439	591,536
Cash flows from capital and related financing activities:			
Purchase of equipment	(111,247)	-	(111,247)
Cash flows from investing activities:			
Interest on investments	-	6,752	6,752
Net increase in cash and cash equivalents	15,850	471,191	487,041
Cash and cash equivalents beginning of year	460,775	1,363,955	1,824,730
Cash and cash equivalents end of year	\$ 476,625	1,835,146	2,311,771
Reconciliation of operating income(loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (52,448)	414,249	361,801
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	72,396	-	72,396
Changes in assets and liabilities:			
Decrease in accounts receivable and due from other governments	968	46,064	47,032
Increase in accounts payable and due to other governments	96,591	4,126	100,717
Increase in salaries and benefits payable	4,586	-	4,586
Increase in compensated absences	5,521	-	5,521
Decrease in net OPEB liability	(517)	-	(517)
Net cash provided by operating activities	\$ 127,097	464,439	591,536

See accompanying independent auditor's report.

Dallas County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2011

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,775	797,469	495,596	14,539
Other County officials	196,036	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	209	853	58,045	1,803
Succeeding year	-	232,000	960,000	64,582,000	2,029,000
Accounts	7,866	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	-	-	-
Total assets	\$ 203,902	233,984	1,758,322	65,135,641	2,045,342
Liabilities					
Accounts payable	\$ -	-	9,559	-	-
Salaries and benefits payable	-	-	35,930	-	-
Due to other funds	4,582	-	-	-	-
Due to other governments	92,568	233,984	1,666,662	65,135,641	2,045,342
Trusts payable	106,752	-	-	-	-
Compensated absences	-	-	46,171	-	-
Total liabilities	\$ 203,902	233,984	1,758,322	65,135,641	2,045,342

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
368,013	3,046	71,021	1,780,517	481,974	4,013,950
-	-	-	-	-	196,036
31,428	591	-	-	1,914	94,843
47,450,000	426,000	-	-	2,706,000	118,385,000
-	-	-	-	56,732	64,598
-	-	-	-	476	476
-	-	1,657,579	-	-	1,657,579
-	-	-	-	4,582	4,582
-	-	-	-	55	55
-	-	-	-	1,830	1,830
47,849,441	429,637	1,728,600	1,780,517	3,253,563	124,418,949
-	-	-	-	41,236	50,795
-	-	-	-	10,218	46,148
-	-	-	-	-	4,582
47,849,441	429,637	1,728,600	1,780,517	3,027,778	123,990,170
-	-	-	-	156,071	262,823
-	-	-	-	18,260	64,431
47,849,441	429,637	1,728,600	1,780,517	3,253,563	124,418,949

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2011

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 170,787	226,984	1,724,326	62,424,342	1,858,702
Additions:					
Property and other county tax	-	232,451	961,586	64,666,816	2,032,556
E911 surcharge	-	-	-	-	-
State tax credits	-	4,079	19,643	1,112,270	33,406
Drivers license fees	-	-	-	-	-
Office fees and collections	1,722,412	-	389	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	730,074	-	-	-	-
Miscellaneous	-	6	13,775	1,875	50
Total additions	2,452,486	236,536	995,393	65,780,961	2,066,012
Deductions:					
Agency remittances:					
To other funds	1,069,264	-	-	-	-
To other governments	642,790	229,536	961,397	63,069,662	1,879,372
Trusts paid out	707,317	-	-	-	-
Total deductions	2,419,371	229,536	961,397	63,069,662	1,879,372
Balances end of year	\$ 203,902	233,984	1,758,322	65,135,641	2,045,342

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
44,955,754	359,981	1,916,211	1,625,837	3,054,107	118,317,031
47,089,206	438,293	-	-	2,704,820	118,125,728
-	-	-	-	258,426	258,426
573,272	8,802	-	-	41,535	1,793,007
-	-	-	252,654	-	252,654
-	-	-	-	-	1,722,801
-	-	-	19,729,940	-	19,729,940
-	-	265,317	-	-	265,317
-	-	-	-	1,652,394	2,382,468
1,422	-	-	-	685,480	702,608
47,663,900	447,095	265,317	19,982,594	5,342,655	145,232,949
-	-	-	677,879	-	1,747,143
44,770,213	377,439	452,928	19,150,035	3,522,420	135,055,792
-	-	-	-	1,620,779	2,328,096
44,770,213	377,439	452,928	19,827,914	5,143,199	139,131,031
47,849,441	429,637	1,728,600	1,780,517	3,253,563	124,418,949

Dallas 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	\$ 19,118,842	19,030,273	17,705,482	16,435,190
Interest and penalty on property tax	199,956	239,000	267,434	200,150
Tax increment financing	115,087	113,173	124,508	118,668
Intergovernmental	8,966,703	11,527,229	11,669,174	9,267,818
Licenses and permits	108,069	111,223	114,954	165,210
Charges for service	2,414,405	2,341,986	2,171,847	2,220,105
Use of money and property	521,825	516,572	758,573	1,214,811
Miscellaneous	513,084	1,389,911	454,448	471,613
Total	\$ 31,957,971	35,269,367	33,266,420	30,093,565
Expenditures:				
Operating:				
Public safety and legal services	\$ 7,642,460	6,992,046	6,503,733	6,394,696
Physical health and social services	2,879,816	2,803,326	2,839,385	2,725,731
Mental health	4,535,343	4,182,996	4,131,844	4,165,304
County environment and education	3,079,502	3,126,025	3,410,286	2,797,350
Roads and transportation	6,381,300	6,030,594	6,642,798	5,681,840
Governmental services to residents	1,614,275	1,516,940	1,474,652	1,350,487
Administration	1,582,888	1,531,994	1,459,195	1,504,643
Non-program	92,612	149,498	81,993	82,364
Debt service	1,659,657	1,624,943	1,957,792	1,374,999
Capital projects	1,424,486	1,942,638	5,709,783	4,599,429
Total	\$ 30,892,339	29,901,000	34,211,461	30,676,843

See accompanying independent auditor's report.

Modified Accrual Basis					
2007	2006	2005	2004	2003	2002
14,131,764	12,363,153	12,223,329	12,607,687	12,032,172	11,039,642
120,212	129,471	157,069	121,381	115,161	124,755
71,915	69,156	68,393	41,064	31,994	24,008
8,821,036	8,351,295	8,685,409	8,156,106	7,904,433	8,281,991
167,762	228,474	212,699	187,435	179,451	149,465
2,033,444	2,151,942	1,966,320	1,797,483	1,730,355	1,480,991
1,352,680	938,619	376,332	243,537	321,119	327,598
582,977	1,156,236	640,509	1,068,399	1,090,338	535,315
27,281,790	25,388,346	24,330,060	24,223,092	23,405,023	21,963,765
5,557,939	5,662,792	4,235,897	4,141,707	4,348,165	3,782,743
2,793,823	2,446,243	2,283,649	2,347,396	2,260,699	2,427,581
3,930,862	4,031,506	4,021,399	3,892,605	3,541,726	3,541,905
2,246,610	1,977,690	1,632,788	1,460,257	1,370,639	1,387,881
5,080,974	5,461,934	4,771,237	4,856,470	4,692,586	4,405,522
1,201,824	1,405,061	863,783	740,936	944,689	692,597
1,652,347	1,487,404	2,582,284	2,744,922	2,715,171	2,630,155
35,203	194,704	286,075	287,288	367,328	369,459
1,429,872	2,168,603	1,086,288	1,084,659	1,103,312	730,587
4,809,405	2,580,017	2,170,970	2,200,176	3,732,903	2,896,180
28,738,859	27,415,954	23,934,370	23,756,416	25,077,218	22,864,610

Dallas County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 1,908
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	FY 2009	1,135
Bulletproof Vest Partnership Program	16.607	FY 2010	1,493
			<u>2,628</u>
Total direct			<u>4,536</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
Business Case for Breastfeeding	10.557		<u>500</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Food Stamp Program			
	10.561		<u>34,248</u>
U.S. Department of Justice:			
Iowa Department of Justice - Crime Victim			
Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-10-02	3,539
ARRA - Violence Against Women Formula Grants	16.588	VWS-10-02	2,702
			<u>6,241</u>
Iowa Department of Human Rights - Division of Criminal			
and Juvenile Justice Planning:			
Enforcing Underage Drinking Laws Program	16.727	CJJP-05-M2-005	<u>13,692</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C025(66)--8T-25	291,992
Highway Planning and Construction	20.205	STP-ES-E-C025(79)--8T-25	117,841
Highway Planning and Construction	20.205	STP-ES-E-C025(70)--8I-25	17,217
Highway Planning and Construction	20.205	STP-ES-E-C025(602)--8T-25	11,663
Highway Planning and Construction	20.205	58810B41	3,500
Highway Planning and Construction	20.205	IA-10-02-25-R16-1	120,409
Highway Planning and Construction	20.205	IA-10-02-25-F60-1	9,898
Highway Planning and Construction	20.205	IA-10-02-25-P58-1	3,336
Highway Planning and Construction	20.205	IA-10-02-25-F90-1	12,025
Highway Planning and Construction	20.205	IA-10-02-25-P46-1	11,806
			<u>599,687</u>
Iowa Department of Public Safety - Governor's			
Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving			
Incentive Grants			
	20.601	PAP 10-410	4,089
Alcohol Traffic Safety and Drunk Driving			
Incentive Grants			
	20.601	PAP 11-410	8,064
			<u>12,153</u>
National Endowment for the Humanities:			
Humanities Iowa:			
Promotion of the Humanities-Federal/State			
Partnership			
	45.129		<u>4,850</u>
Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032	MOU-2011-RC05	<u>480</u>

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT25	8,238
Public Health Emergency Preparedness	93.069	5881BT25	39,924
Public Health Emergency Preparedness	93.069	5881BT325	42,029
			<u>90,191</u>
Iowa Department of Public Health:			
Immunization Grants	93.268	5880I423	8,695
Iowa Department of Public Health:			
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	58891NB29	5,985
Investigations and Technical Assistance	93.283	MOU-2010-OB52	1,000
Investigations and Technical Assistance	93.283	MOU-2010-OB32	1,000
			<u>7,985</u>
Child Care and Development Block Grant	93.575		60,666
ARRA - Immunization Grants	93.712	5880I422	5,028
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State			
Administered Programs	93.566		23
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,378
Foster Care - Title IV-E	93.658		13,607
Adoption Assistance	93.659		3,288
State Children's Health Insurance Program	93.767		157
Medical Assistance Program	93.778		32,845
Social Services Block Grant	93.667		11,710
Social Services Block Grant	93.667		134,926
			<u>146,636</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Disaster Grants-Public Assistance			
(Presidentially Declared Disasters)	97.036	FEMA 1930	62,138
Emergency Management Performance Grants	97.042	FFY 2009	8,586
Emergency Management Performance Grants	97.042	FFY 2010	7,890
Emergency Management Performance Grants	97.042	FFY 2011	19,500
			<u>35,976</u>
Total indirect			<u>1,147,464</u>
Total			<u>\$ 1,152,000</u>

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

See accompanying independent auditor's report.

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas 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 25, 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 Dallas County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Dallas 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 our opinion on the effectiveness of Dallas County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-11 through II-F-11 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas 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.

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.

Dallas County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dallas 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 Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas 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 25, 2012

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

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Officials of Dallas County:

Compliance

We have audited Dallas County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Dallas County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

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

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

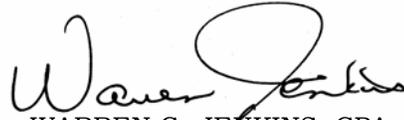
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program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

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 25, 2012

Dallas County
Schedule of Findings and Questioned Costs
Year ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs are:
 - CFDA Number 20.205 – Highway Planning and Construction.
 - CFDA Number 93.677 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 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 County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Receipts – opening mail receipts, collecting, depositing, posting and daily reconciling.	County Treasurer
(2) Disbursements – processing claims, check writing, check signing, mailing checks and final approval.	County Sheriff

In addition, receipts received through the mail are not restrictively endorsed immediately upon receipt at the Motor Vehicle Office within the Treasurer's Office.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

County Treasurer – With a limited number of employees, we make an effort to rotate employees involved in various stages of processing and work assignments for collecting, depositing, posting and daily recording.

County Sheriff – The Sheriff and Jail Administrator are in the process of hiring additional supervision for the Jail. This may eliminate the issue of segregation of duties.

Conclusions – Responses accepted.

II-B-11 County Sheriff - The Sheriff's Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending bank balances. A trusts on hand listing was not prepared as of June 30, 2011.

In addition, bank reconciliations should be performed in a manner where a third party can clearly review the bank reconciliation. Bank reconciliations should be

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

performed at the end of the fiscal year, regardless of the bank statement date. An outstanding items list should be maintained for each account. Checks outstanding more than 90 days should be canceled per the Sheriff's policy. Deposits in transit should be investigated if they remain on the outstanding items list for more than one bank reconciliation. All other discrepancies between the bank and book balances should also be investigated and resolved.

Recommendation – The Sheriff's Office should prepare a year-to-date spreadsheet of receipts and disbursements which should reconcile to the beginning and ending book balances. Additionally, a trusts on hand listing should be prepared at month end and should reconcile to the bank and cashbook balances.

The Sheriff's Office should prepare a year end bank reconciliation for each account, regardless of the ending date of the bank statement. Bank reconciliations should include documentation which clearly lists the bank balance, book balance, a detailed list of outstanding checks and deposits in transit and any reconciling items. The reconciling items list should be reviewed on a monthly basis to ensure checks are being canceled after 90 days and whether any deposits or other reconciling items remain outstanding for multiple months.

Response – The Sheriff's Office Civil Department has new software which will allow us to prepare the reports the Auditor is requesting. The Sheriff's Office has made arrangements so all of the bank accounts cut-off at the end of the month for reconciliation. The Sheriff's Office is also reviewing with the County Auditor and the bank to come up with a procedure to void checks after 90 days.

Conclusion – Response accepted.

II-C-11 Review and Approval of Timesheets – The following timesheet exceptions were noted:

- a) Three timesheets with no employee signature.
- b) Seven timesheets with no supervisor signature.

Recommendation – The County should develop policies and procedures to ensure all timesheets are signed by the employee and are then reviewed/approved by the employee's supervisor prior to submission for payroll processing.

Response – Human Resources has recommended to the Board of Supervisors an electronic timekeeping system be purchased and implemented across all County departments. With such a system, the opportunity for error is reduced and all timesheets would require an electronic signature.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

- II-D-11 Economic Development Fund – The County has received funds from the Community Development Block Grant program to provide supplemental financing to support new and expanding businesses and to increase new employment opportunities for low and moderate income residents. There has been no expenditure activity in the Special Revenue, Economic Development Fund since the year ended June 30, 2004. The fund has a balance of \$401,974 as of June 30, 2011.

Recommendation – The County should make an effort to promote its available economic development funding for loans to local area businesses.

Response – The Board is still working with the Greater Dallas County Development Alliance to establish a broader outreach to identify new businesses in Dallas County which may qualify for this grant program. The Alliance is now working with the State to ensure compliance with all laws and regulations regarding this fund.

Conclusion – Response accepted.

- II-E-11 County Recorder – The County Recorder’s Office does not prepare an initial listing of mail receipts.

Recommendation – The County Recorder’s Office should prepare an initial listing of mail receipts. Additionally, this list should be reviewed by an independent person for propriety.

Response – We will do a random inspection of mail receipts once or twice a month.

Conclusion – Response accepted.

- II-F-11 Outstanding Warrants – Certain warrants on the outstanding warrants listing were written to County departments. Warrants between County departments should be recorded and deposited timely. The County should review outstanding warrants with the bank reconciliation.

Recommendation – The County should review outstanding warrants monthly. Warrants outstanding between departments should be reviewed for reasonableness and any outstanding longer than a specified period of time should be resolved.

Response – We agree warrants outstanding over a month are unacceptable. The Departments will be reminded of their responsibility to ensure receipts are properly handled.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted by function.
- IV-B-11 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions - No business transactions between the County and County officials or employees were noted.
- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 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.

Dallas County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Brian P. Schenkelberg, CPA, Senior Auditor
Melissa J. Knoll-Speer, Senior Auditor
James R. Wittenwyler, Senior Auditor
Gabriel M. Stafford, CPA, Staff Auditor
David C. McQuarry, Assistant Auditor
Nicole L. Wilson, Assistant Auditor
Wesley A. Large, Auditor Intern



Andrew E. Nielsen, CPA
Deputy Auditor of State