



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

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FOR RELEASE May 10, 2013

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

The County had local tax revenue of \$143,578,819 for the year ended June 30, 2012, which included \$2,240,129 in tax credits from the state. The County forwarded \$124,650,985 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$18,927,834 of the local tax revenue to finance County operations, a 3.5% decrease from the prior year. Other revenues included charges for service of \$6,890,003, operating grants, contributions and restricted interest of \$6,480,506, capital grants, contributions and restricted interest of \$1,703,840, unrestricted investment earnings of \$153,654 and other general revenues of \$202,274.

Expenses for County operations totaled \$30,929,997, a 1.3% increase over the prior year. Expenses included \$8,040,831 for roads and transportation, \$7,513,942 for public safety and legal services and \$4,850,538 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/1210-0025-B00F.pdf>.

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DALLAS COUNTY

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

JUNE 30, 2012

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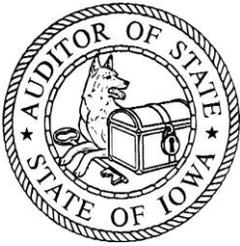
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Dallas County

Officials

<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



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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, 2012, 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, 2012, 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 February 26, 2013 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 26, 2013

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, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities overall remained steady from fiscal year 2011 to fiscal year 2012 compared to a 10.2% decrease from fiscal year 2010 to fiscal year 2011. Charges for service increased approximately \$816,000 while property tax decreased approximately \$675,000.
- Program expenses of the County's governmental activities increased approximately \$388,000, or 1.3%, over fiscal year 2011.
- The County's net assets increased 4.7%, or approximately \$3.4 million, from June 30, 2011 to June 30, 2012, compared to an increase of approximately \$3.8 million from June 30, 2010 to June 30, 2011.
- The governmental funds ending fund balances increased from \$25,464,693 at June 30, 2011 to \$26,348,606 at June 30, 2012.

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.

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.

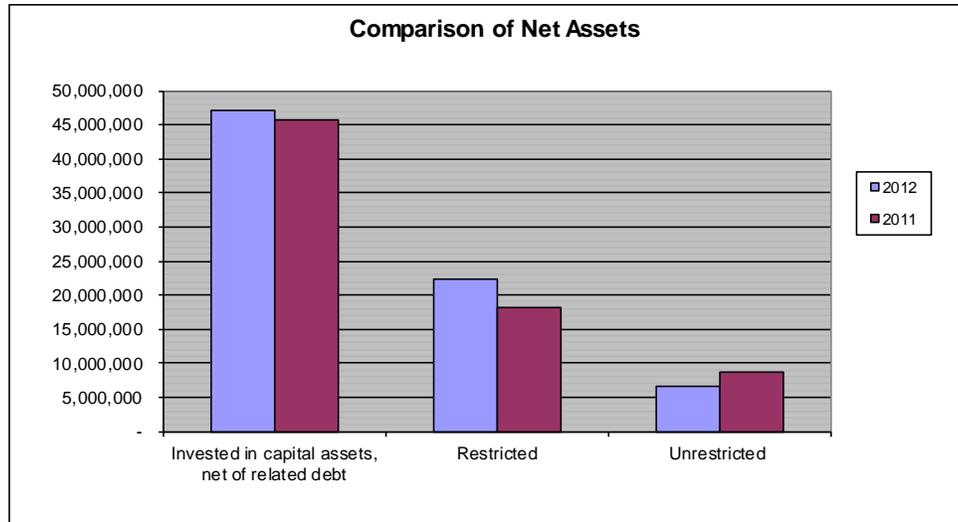
The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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 \$72.6 million to approximately \$76.1 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2012	2011
Current and other assets	\$ 52,188,914	49,193,538
Capital assets	60,942,606	60,744,680
Total assets	113,131,520	109,938,218
Long-term liabilities	14,953,086	16,032,903
Other liabilities	22,119,192	21,274,187
Total liabilities	37,072,278	37,307,090
Net assets:		
Invested in capital assets, net of related debt	47,062,793	45,785,883
Restricted	13,394,381	9,170,852
Unrestricted	15,602,068	17,674,393
Total net assets	\$ 76,059,242	72,631,128

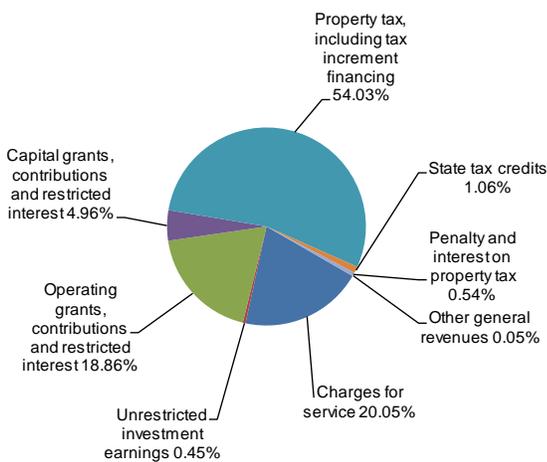


Dallas County's combined net assets (which is the County's bottom line) increased \$3,428,114 (a 4.72% increase), compared to a \$3,816,293 increase in fiscal year 2011. The largest portion of Dallas County's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), 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 – decreased \$2,072,325 from June 30, 2011 to \$15,602,068 at June 30, 2012. This is due, in part, to the deficit fund balance reported in the Special Revenue, Mental Health Fund.

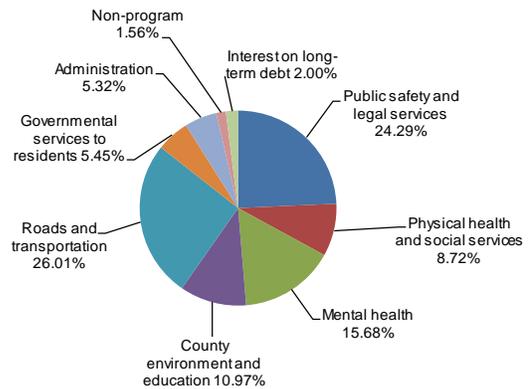
Changes in Net Assets of Governmental Activities

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 6,890,003	6,074,134
Operating grants, contributions and restricted interest	6,480,506	6,485,750
Capital grants, contributions and restricted interest	1,703,840	1,733,110
General revenues:		
Property tax, including tax increment financing	18,565,182	19,239,923
Penalty and interest on property tax	185,758	203,582
State tax credits	362,652	364,361
Unrestricted investment earnings	153,654	250,939
Other general revenues	16,516	6,191
Total revenues	34,358,111	34,357,990
Program expenses:		
Public safety and legal services	7,513,942	7,473,761
Physical health and social services	2,696,056	2,886,411
Mental health	4,850,538	4,616,043
County environment and education	3,392,107	3,103,853
Roads and transportation	8,040,831	7,798,742
Governmental services to residents	1,687,158	1,628,703
Administration	1,646,166	1,773,849
Non-program	483,102	604,339
Interest on long-term debt	620,097	655,996
Total expenses	30,929,997	30,541,697
Increase in net assets	3,428,114	3,816,293
Net assets beginning of year	72,631,128	68,814,835
Net assets end of year	\$ 76,059,242	72,631,128

Revenues by Source



Expenses by Program



For the year ended June 30, 2012, governmental activities revenues totaled \$34,358,111, an increase of \$121 over fiscal year 2011. Property and other county tax revenue, the County's largest revenue source, decreased approximately \$675,000, while charges for service increased \$816,000, which was due, in part, to various fees charged by the County.

The cost of all governmental activities this year was \$30,929,997 compared to \$30,541,697 last year, an increase of \$388,300. However, as shown in the Statement of Activities on page 17, the amounts taxpayers ultimately financed for these activities was approximately \$15.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$6.9 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8.2 million).

Dallas County's county-wide property tax levy rates decreased from \$8.66742 to \$8.2330 per \$1,000 of taxable valuation for fiscal year 2012. The rural tax levy rate for fiscal year 2012 remained the same at \$3.95000 per \$1,000 of taxable valuation. The mental health levy increased from \$.30943 to \$.42755 per \$1,000 of taxable valuation. The debt service levy decreased from \$.36950 to \$.35544 per \$1,000 of taxable valuation and the general supplemental levy decreased from \$.54374 per \$1,000 of taxable valuation to zero. The total county-wide taxable property valuation increased approximately \$148 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 \$26,348,606, which is greater than the fiscal year 2011 combined fund balance of \$25,464,693.

The General Fund's ending fund balance increased \$1,065,900 to \$9,942,034. Of the ending fund balance, approximately \$2 million is committed for County conservation and \$1,284,821 is committed for other County purposes. The general basic levy rate remained unchanged for fiscal year 2012 while the general supplemental levy rate, which was \$.54374 per \$1,000 of taxable valuation in fiscal year 2011, was eliminated for fiscal year 2012. The total county-wide taxable property valuation increased approximately \$148 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 \$4.8 million. The Special Revenue, Mental Health Fund's ending balance decreased from \$157,062 to a deficit of \$965,726 at June 30, 2012. The decrease is primarily due to expenditures continually exceeding revenues.

The Special Revenue, Rural Services Fund ended fiscal year 2012 with a \$178,629 balance, a decrease of \$69,979 from 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 3.6%. 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 2012 with a balance of \$3,830,579, a 20.5% increase compared to the fiscal year 2011 balance of \$3,179,021. Of the ending fund balance, \$522,398 is nonspendable and \$3,308,172 is restricted for road purposes. Expenditures increased 5.9%, or approximately \$354,000, from the prior year.

The Capital Projects Fund ended fiscal year 2012 with a fund balance of \$10,811,905 compared to the fiscal year 2011 balance of \$10,559,838.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2012, Dallas County amended the operating budget one time. The amendment was made in November 2011 to increase budgeted disbursements approximately \$3.6 million, including \$1.8 million in the Capital Projects Fund for repairs due to the 2010 flood and other road, bridge and culvert repairs in the Secondary Roads fund.

Actual disbursements for the year totaled \$32,052,974, which was \$7,267,466 under budgeted disbursements. The major reason was capital projects disbursements were approximately \$4.4 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 \$860,000 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 2012 were \$33,209,507, which was approximately \$463,000 more than budgeted due, in part, to miscellaneous receipts received by the County Attorney which were not anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Dallas County had \$60,942,606 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$60,744,680 at the end of fiscal year 2011. The County's net capital assets increased \$197,926, or about 0.3%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2012	2011
Land	\$ 6,115,563	6,115,563
Intangibles, road network	650,456	650,456
Construction in progress	4,140,173	4,467,956
Buildings and improvements	20,494,227	20,455,699
Equipment and vehicles	4,080,998	4,150,539
Intangibles	94,599	110,082
Infrastructure	25,366,590	24,794,385
Total	\$ 60,942,606	60,744,680

This year's major additions included:

Ambulance	\$ 162,161
Granger building	177,197
Motorgrader	269,800
Dayton House remodel	183,215
Sportsman Shower House	161,634
Bike trail project	1,271,480
Road projects	460,167
Total	\$ 2,685,654

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

Long-Term Debt

At June 30, 2012, Dallas County had \$13,879,813 in outstanding debt versus \$14,959,910 last year, a net decrease of \$1,080,097.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2012	2011
General obligation bonds	\$ 10,214,813	10,613,797
General obligation capital loan notes	3,665,000	4,345,000
Drainage district warrants	-	1,113
Total	\$ 13,879,813	14,959,910

The net change is a result of the retirement of \$398,984 of bonds, the retirement of \$680,000 of notes and a net decrease of \$1,113 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 (\$6,453,533,696 X .05 = \$322,676,685). 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 settling the fiscal year 2013 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 is committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa. It was ranked 7th in the nation for growth between April 2010 and July 2011 with a 5% increase in population. The unemployment rate in Dallas County stands at 3.9% as of December 2012, compared to last year's rate of 4.2% and the State average of 5.2%. Budgeted disbursements for the fiscal year 2013 operating budget are approximately \$40.6 million, as amended in November of 2012, an increase of about \$2.2 million in spending from the prior year's actual disbursements. The increase is due, in part, to the final phase of the Bike Trail project and continued progress toward a new County Administration Building and Jail. The budget estimates a total ending fund balance of approximately \$21.5 million at the close of fiscal year 2013.

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.

Dallas County

Basic Financial Statements

Exhibit A

Dallas County
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash, pooled investments and cash equivalents	\$ 30,505,389
Receivables:	
Property tax:	
Delinquent	13,513
Succeeding year	19,001,000
Interest and penalty on property tax	10,484
Succeeding year tax increment financing	108,000
Accounts	174,256
Accrued interest	8,953
Drainage assessments	17,847
Due from other governments	1,662,712
Inventories	494,806
Prepaid insurance	142,515
Capital assets, net of accumulated depreciation	60,942,606
Unamortized bond issue costs	49,439
Total assets	<u>113,131,520</u>
Liabilities	
Accounts payable	1,325,742
Accrued interest payable	53,694
Salaries and benefits payable	445,128
Due to other governments	1,185,628
Deferred revenue:	
Succeeding year property tax	19,001,000
Succeeding year tax increment financing	108,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	510,000
General obligation capital loan notes	670,000
Compensated absences	490,387
Portion due or payable after one year:	
General obligation bonds	9,704,813
General obligation capital loan notes	2,995,000
Compensated absences	436,267
Net OPEB liability	146,619
Total liabilities	<u>37,072,278</u>
Net Assets	
Invested in capital assets, net of related debt	47,062,793
Restricted for:	
Supplemental levy purposes	994,414
Rural services purposes	110,073
Secondary roads purposes	3,622,041
Economic development loans	404,327
Debt service	445,895
Capital projects	1,906,117
Other purposes	5,911,514
Unrestricted	15,602,068
Total net assets	<u>\$ 76,059,242</u>

See notes to financial statements.

Dallas County
Statement of Activities
Year ended June 30, 2012

	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	\$ 7,513,942	1,584,488	217,399	-	(5,712,055)
Physical health and social services	2,696,056	1,317,045	564,161	-	(814,850)
Mental health	4,850,538	802,571	1,372,222	-	(2,675,745)
County environment and education	3,392,107	482,678	388,863	1,243,673	(1,276,893)
Roads and transportation	8,040,831	78,974	3,732,000	460,167	(3,769,690)
Governmental services to residents	1,687,158	1,651,338	1,493	-	(34,327)
Administration	1,646,166	117,680	4,635	-	(1,523,851)
Non-program	483,102	855,229	199,733	-	571,860
Interest on long-term debt	620,097	-	-	-	(620,097)
Total	\$30,929,997	6,890,003	6,480,506	1,703,840	(15,855,648)
General Revenues:					
Property and other county tax levied for:					
General purposes					17,030,923
Debt service					1,406,048
Tax increment financing					128,211
Penalty and interest on property tax					185,758
State tax credits					362,652
Unrestricted investment earnings					153,654
Miscellaneous					16,516
Total general revenues					19,283,762
Change in net assets					3,428,114
Net assets beginning of year					72,631,128
Net assets end of year					\$ 76,059,242
See notes to financial statements.					

Dallas County
Balance Sheet
Governmental Funds

June 30, 2012

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, pooled investments and cash equivalents:			
County Treasurer	\$ 9,807,480	468,911	181,492
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	8,806	1,047	2,755
Succeeding year	12,519,000	1,485,000	3,534,000
Interest and penalty on property tax	10,484	-	-
Succeeding year tax increment financing	-	-	-
Accounts	128,878	134	-
Accrued interest	2,898	4,254	-
Drainage assessments	-	-	-
Due from other funds	4,283	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$531,498)	1,052,751	-	-
Inventories	-	-	-
Prepaid insurance	113,889	665	-
Total assets	\$ 23,648,469	1,960,011	3,718,247

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
3,528,029	10,742,495	2,464,873	27,193,280
-	-	60,109	60,109
-	-	905	13,513
-	-	1,463,000	19,001,000
-	-	-	10,484
-	-	108,000	108,000
11,863	681	30,000	171,556
-	-	413	7,565
-	-	17,847	17,847
435	-	-	4,718
170,315	439,268	277	1,662,611
494,806	-	-	494,806
27,592	-	-	142,146
4,233,040	11,182,444	4,145,424	48,887,635

(Continued)

Dallas County
Balance Sheet
Governmental Funds

June 30, 2012

	Special		
	General	Mental Health	Rural Services
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 206,628	270,423	3,193
Salaries and benefits payable	314,665	22,665	-
Due to other funds	435	4,283	-
Due to other governments	32,934	1,142,390	-
Deferred revenue:			
Succeeding year property tax	12,519,000	1,485,000	3,534,000
Succeeding year tax increment financing	-	-	-
Other	632,773	976	2,425
Total liabilities	13,706,435	2,925,737	3,539,618
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	113,889	665	-
Restricted for:			
Supplemental levy purposes	994,340	-	-
Forfeitures	-	-	-
Rural services purposes	-	-	178,629
Secondary roads purposes	-	-	-
Drainage	-	-	-
Conservation land acquisition/capital improvements	130,749	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	279,225	-	-
Committed for:			
County conservation	1,989,936	-	-
Public health	742,672	-	-
County farm	284,186	-	-
County care facility	187,109	-	-
Jail commissary	70,854	-	-
Assigned for:			
Capital projects	-	-	-
Departmental purposes	668,407	-	-
Equipment	452,020	-	-
Unassigned	4,028,647	(966,391)	-
Total fund balances	9,942,034	(965,726)	178,629
Total liabilities and fund balances	\$ 23,648,469	1,960,011	3,718,247

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
158,645	370,539	4,546	1,013,974
80,087	-	-	417,417
-	-	-	4,718
8,946	-	-	1,184,270
-	-	1,463,000	19,001,000
-	-	108,000	108,000
154,792	-	18,684	809,650
402,470	370,539	1,594,230	22,539,029
494,806	-	-	494,806
27,592	-	-	142,146
-	-	-	994,340
-	-	452,892	452,892
-	-	-	178,629
3,308,172	-	-	3,308,172
-	-	86,847	86,847
-	-	781,213	911,962
-	-	498,753	498,753
-	1,906,117	-	1,906,117
-	-	731,489	1,010,714
-	-	-	1,989,936
-	-	-	742,672
-	-	-	284,186
-	-	-	187,109
-	-	-	70,854
-	8,905,788	-	8,905,788
-	-	-	668,407
-	-	-	452,020
-	-	-	3,062,256
3,830,570	10,811,905	2,551,194	26,348,606
4,233,040	11,182,444	4,145,424	48,887,635

Dallas County

Dallas County

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

June 30, 2012

Total governmental fund balances (page 21) \$ 26,348,606

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 \$94,512,795 and the accumulated depreciation/amortization is \$33,937,457. 60,575,338

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 809,650

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:

Capital assets of \$779,961, less accumulated depreciation of \$412,693	\$ 367,268	
Compensated absences	(51,445)	
Net OPEB liability	(4,900)	
Other net assets	<u>2,915,721</u>	3,226,644

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. 49,439

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes 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. (14,950,435)

Net assets of governmental activities (page 16) \$ 76,059,242

See notes to financial statements.

Dallas County

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

Year ended June 30, 2012

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 12,054,182	1,472,431	3,506,473
Interest and penalty on property tax	201,385	-	-
Tax increment financing	-	-	-
Intergovernmental	2,892,175	2,163,163	90,996
Licenses and permits	124,399	-	-
Charges for service	2,445,620	-	-
Use of money and property	255,187	-	-
Miscellaneous	444,609	38,668	-
Total revenues	18,417,557	3,674,262	3,597,469
Expenditures:			
Operating:			
Public safety and legal services	7,467,316	-	-
Physical health and social services	2,791,212	-	-
Mental health	5,950	4,797,050	-
County environment and education	2,862,080	-	251,726
Roads and transportation	-	-	527,655
Governmental services to residents	1,725,709	-	-
Administration	1,671,751	-	-
Non-program	11,940	-	-
Debt service	173,048	-	-
Capital projects	211,737	-	-
Total expenditures	16,920,743	4,797,050	779,381
Excess (deficiency) of revenues over (under) expenditures	1,496,814	(1,122,788)	2,818,088
Other financing sources (uses):			
Sale of capital assets	-	-	12,900
Operating transfers in	-	-	-
Operating transfers out	(430,914)	-	(2,900,967)
Total other financing sources (uses)	(430,914)	-	(2,888,067)
Change in fund balances	1,065,900	(1,122,788)	(69,979)
Fund balances beginning of year	8,876,134	157,062	248,608
Fund balances end of year	\$ 9,942,034	(965,726)	178,629

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
-	-	1,406,048	18,439,134
-	-	-	201,385
-	-	128,211	128,211
3,591,427	1,577,417	41,069	10,356,247
320	-	-	124,719
10	71,023	20,929	2,537,582
6,808	-	363,962	625,957
57,615	84,526	53,676	679,094
3,656,180	1,732,966	2,013,895	33,092,329
-	-	67,791	7,535,107
-	-	-	2,791,212
-	-	-	4,803,000
-	3,445	62,102	3,179,353
6,339,364	-	-	6,867,019
-	-	23,029	1,748,738
-	-	-	1,671,751
-	-	33,788	45,728
-	-	1,528,321	1,701,369
-	1,669,154	-	1,880,891
6,339,364	1,672,599	1,715,031	32,224,168
(2,683,184)	60,367	298,864	868,161
2,852	-	-	15,752
3,331,881	191,700	95,327	3,618,908
-	-	(287,027)	(3,618,908)
3,334,733	191,700	(191,700)	15,752
651,549	252,067	107,164	883,913
3,179,021	10,559,838	2,444,030	25,464,693
3,830,570	10,811,905	2,551,194	26,348,606

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, 2012

Change in fund balances - Total governmental funds (page 25) \$ 883,913

***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	\$ 3,341,365	
Capital assets contributed by the Iowa Department of Transportation	460,167	
Depreciation/amortization expense	<u>(3,065,473)</u>	736,059

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. (570,050)

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	(2,163)	
Other	<u>151,805</u>	149,642

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,076,113

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	54,800	
Interest on long-term debt	6,269	
Other postemployment benefits	(54,341)	
Amortization of bond issuance premium	3,984	
Amortization of bond issue costs	<u>(6,180)</u>	4,532

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. 1,147,910

Change in net assets of governmental activities (page 17) \$ 3,428,119

See notes to financial statements

Dallas County
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Internal Service
Assets	
Cash and cash equivalents	\$ 3,252,000
Receivables:	
Accounts	2,700
Accrued interest	1,388
Due from other governments	101
Prepaid insurance	369
Capital assets, net of accumulated depreciation	367,268
Total assets	3,623,826
Liabilities	
Accounts payable	311,768
Salaries and benefits payable	27,711
Due to other governments	1,358
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	34,476
Portion due or payable after one year:	
Compensated absences	16,969
Net OPEB liability	4,900
Total liabilities	397,182
Net Assets	
Invested in capital assets	367,268
Unrestricted	2,859,376
Total net assets	\$ 3,226,644

See notes to financial statements.

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

Year ended June 30, 2012

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,658,962
Reimbursements from employees and others		442,559
Insurance reimbursements		15,813
Miscellaneous		8,235
Total operating revenues		<u>5,125,569</u>
Operating expenses:		
Medical claims	\$ 1,849,073	
Administrative and other fees	327,493	
Central services	496,154	
Information technology	850,981	
Operations administration	297,337	
Human resources	163,931	3,984,969
Operating income		<u>1,140,600</u>
Non-operating revenues:		
Interest income		<u>7,310</u>
Net income		1,147,910
Net assets beginning of year		<u>2,078,734</u>
Net assets end of year		<u>\$ 3,226,644</u>
See notes to financial statements.		

Dallas County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2012

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 5,110,425
Cash received from insurance reimbursements	20,131
Cash paid to suppliers for services	(4,092,271)
Net cash provided by operating activities	1,038,285
Cash flows from capital and related financing activities:	
Purchase of equipment	(105,912)
Cash flows from investing activities:	
Interest on investments	7,856
Net increase in cash and cash equivalents	940,229
Cash and cash equivalents beginning of year	2,311,771
Cash and cash equivalents end of year	\$ 3,252,000
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,140,600
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	73,991
Changes in assets and liabilities:	
Decrease in accounts receivable and due from other governments	4,987
Increase in prepaid insurance	(369)
Decrease in accounts payable and due to other governments	(155,393)
Decrease in salaries and benefits payable	(26,270)
Decrease in compensated absences	(1,132)
Increase in net OPEB liability	1,871
Net cash provided by operating activities	\$ 1,038,285

See notes to financial statements.

Dallas County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

Assets

Cash, pooled investments and cash equivalents:

County Treasurer	\$ 3,986,148
Other County officials	134,883

Receivables:

Property tax:

Delinquent	78,389
Succeeding year	123,037,000
Accounts	72,290
Accrued interest	25
Special assessments	1,392,808

Due from other funds	85,691
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Due from other governments	1,856
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Prepaid insurance	2,416
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Total assets	<u>128,791,506</u>
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Liabilities

Accounts payable	65,227
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Salaries and benefits payable	21,486
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Due to other funds	1,856
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Due to other governments	128,377,260
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Trusts payable	257,358
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Compensated absences	68,319
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Total liabilities	<u>128,791,506</u>
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Net assets	<u>\$ -</u>
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See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2012

(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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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, 2012, 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 fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide 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. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function.

(2) **Cash, Pooled Investments and Cash Equivalents**

The County's deposits in banks at June 30, 2012 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 \$755,234 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, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 4,283
Special Revenue: Secondary Roads	General	435
Total		<u>\$ 4,718</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, 2012 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 430,914
	Special Revenue: Rural Services	2,900,967
Capital Projects	Special Revenue: Wetland Bank Maintenance	191,700
Debt Service	Special Revenue: Tax Increment Financing	95,327
Total		<u>\$ 3,618,908</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, 2012 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 6,115,563	-	-	6,115,563
Intangibles, road network	650,456	-		650,456
Construction in progress	4,467,956	2,202,561	(2,530,344)	4,140,173
Total capital assets not being depreciated/amortized	<u>11,233,975</u>	<u>2,202,561</u>	<u>(2,530,344)</u>	<u>10,906,192</u>
Capital assets being depreciated/amortized:				
Buildings	27,545,175	602,948	-	28,148,123
Improvements other than buildings	463,429	-	-	463,429
Equipment and vehicles	10,629,485	1,351,952	(919,433)	11,062,004
Intangibles	132,880	-	-	132,880
Infrastructure, road network and other	42,647,672	1,932,456	-	44,580,128
Total capital assets being depreciated/amortized	<u>81,418,641</u>	<u>3,887,356</u>	<u>(919,433)</u>	<u>84,386,564</u>
Less accumulated depreciation/amortization for:				
Buildings	7,496,106	540,493	-	8,036,599
Improvements other than buildings	56,799	23,927	-	80,726
Equipment and vehicles	6,478,946	1,199,310	(697,250)	6,981,006
Intangibles	22,798	15,483	-	38,281
Infrastructure, road network and other	17,853,287	1,360,251	-	19,213,538
Total accumulated depreciation/amortization	<u>31,907,936</u>	<u>3,139,464</u>	<u>(697,250)</u>	<u>34,350,150</u>
Total capital assets being depreciated/amortized, net	<u>49,510,705</u>	<u>747,892</u>	<u>(222,183)</u>	<u>50,036,414</u>
Governmental activities capital assets, net	<u>\$60,744,680</u>	<u>2,950,453</u>	<u>(2,752,527)</u>	<u>60,942,606</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 630,949
Physical health and social services	12,450
Mental health	86,669
County environment and education	240,430
Roads and transportation	1,953,620
Governmental services to residents	57,578
Administration	<u>157,768</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,139,464</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 at June 30, 2012 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 32,934
Special Revenue:		
Mental Health	Services	1,142,390
Secondary Roads		8,946
		<u>1,151,336</u>
Total for governmental funds		<u>\$ 1,184,270</u>
Agency:		
County Assessor	Collections	\$ 1,808,901
Schools		66,714,818
Community Colleges		2,109,298
Corporations		50,304,057
City Special Assessments		1,442,634
Auto License and Use Tax		1,753,173
All other		4,244,379
Total for agency funds		<u>\$ 128,377,260</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>General</u>					
	<u>General</u>	<u>Capital</u>	<u>Drainage</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Obligation</u>	<u>Loan</u>	<u>District</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Bonds (1)</u>	<u>Notes</u>	<u>Warrants</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
Balance beginning of year	\$ 10,613,797	4,345,000	1,113	982,586	90,407	16,032,903
Increases	-	-	-	655,086	90,507	745,593
Decreases	398,984	680,000	1,113	711,018	34,295	1,825,410
Balance end of year	<u>\$ 10,214,813</u>	<u>3,665,000</u>	<u>-</u>	<u>926,654</u>	<u>146,619</u>	<u>14,953,086</u>
Due within one year	<u>\$ 510,000</u>	<u>670,000</u>	<u>-</u>	<u>490,387</u>	<u>-</u>	<u>1,670,387</u>

(1) The unamortized premium on the bonds was \$44,813 at June 30, 2012.

General Obligation Bonds

A summary of the County's June 30, 2012 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2005B			Series 2008A		
	Issued December 28, 2005			Issued June 1, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	3.75%	\$ 410,000	308,480	4.00%	\$ 100,000	82,655
2014	3.75	765,000	293,075	4.00	100,000	78,655
2015	3.75	855,000	264,418	4.00	100,000	74,655
2016	3.75	985,000	232,355	4.00	100,000	70,655
2017	3.75	1,065,000	195,418	4.00	115,000	66,655
2018-2022	3.80-3.90	4,035,000	322,510	4.00	615,000	263,275
2023-2027		-	-	4.00-4.10	755,000	129,398
2028		-	-	4.125	170,000	7,013
Total		8,115,000	<u>1,616,256</u>		2,055,000	<u>772,961</u>
Unamortized premium		17,076			27,737	
Bonds payable		<u>\$ 8,132,076</u>			<u>\$ 2,082,737</u>	

Year Ending June 30,	Total		
	Principal	Interest	Total
2013	510,000	391,135	901,135
2014	865,000	371,730	1,236,730
2015	955,000	339,073	1,294,073
2016	1,085,000	303,010	1,388,010
2017	1,180,000	262,073	1,442,073
2018-2022	4,650,000	585,785	5,235,785
2023-2027	755,000	129,398	884,398
2028	170,000	7,013	177,013
Total	10,170,000	<u>2,389,217</u>	<u>12,559,217</u>
Unamortized premium	44,813		
Bonds payable	<u>\$ 10,214,813</u>		

During the year ended June 30, 2012, the County retired \$395,000 of bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2012 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
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	5.30	175,000	42,121	4.75	165,000	34,338
2018-2020	5.35-5.40	610,000	67,676	5.00	530,000	53,250
Total		<u>\$ 1,345,000</u>	<u>354,805</u>		<u>\$ 1,310,000</u>	<u>298,325</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
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	5.00	165,000	8,250		-	-
2018-2020		-	-		-	-
Total		<u>\$ 745,000</u>	<u>114,535</u>		<u>\$ 265,000</u>	<u>10,467</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
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	505,000	84,709	589,709
2018-2020	1,140,000	120,926	1,260,926
Total	<u>\$ 3,665,000</u>	<u>778,132</u>	<u>4,443,132</u>

During the year ended June 30, 2012, the County retired \$680,000 of general obligation capital loan notes.

(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 5.38% of their annual covered salary and the County is required to contribute 8.07% 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, 2012, 2011 and 2010 were \$933,105, \$800,413 and \$731,044, 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, retirees and their spouses. There are 191 active and 18 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, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 90,407
Interest on net OPEB obligation	3,600
Adjustment to annual required contribution	<u>(3,500)</u>
Annual OPEB cost	90,507
Contributions made	<u>(34,295)</u>
Increase in net OPEB obligation	56,212
Net OPEB obligation beginning of year	<u>90,407</u>
Net OPEB obligation end of year	<u>\$ 146,619</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, 2012.

For the year ended June 30, 2012, the County contributed \$34,295 to the medical plan. Plan members eligible for benefits contributed \$63,105, or 65% 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 58,455	50.7%	\$ 60,308
2011	61,275	50.9	90,407
2012	90,507	37.9	146,619

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 \$10,313,002 and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2012, 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 663 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% 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, 2012 were \$299,397.

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, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, 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, 2012 was \$2,255,905.

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$201,592, 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 \$2,067,754 at June 30, 2012 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	\$ 320,604
Incurred claims (including claims incurred but not reported at June 30, 2012)	1,849,073
Payment on claims during the fiscal year	<u>(1,968,085)</u>
Unpaid claims end of year	<u>\$ 201,592</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 the 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 \$18,590 were made to the developer under the terms of the agreement during the year ended June 30, 2012. The cumulative amount paid to the developer at June 30, 2012 was \$88,132.

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 from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2012. The cumulative amount paid to the City at June 30, 2012 was \$1,563,888.

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 2012, the County paid \$440,000 from the General Fund to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2012 was \$1,187,875.

(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 four 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
2013	\$ 78,920
2014	42,734
2015	45,010
Total	<u>\$ 166,664</u>

Rental expense for the year ended June 30, 2012 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$144,514.

(17) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 2, 2011, 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 \$43,944 in land and building rent annually.

(18) Deficit Balance

At June 30, 2012, the Special Revenue, Mental Health Fund had a deficit balance of \$965,726. The deficit will be eliminated upon receipt of future State mental health funds.

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, 2012

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 18,566,786	-	18,566,786
Interest and penalty on property tax	200,644	-	200,644
Intergovernmental	10,767,678	-	10,767,678
Licenses and permits	125,034	-	125,034
Charges for service	2,492,786	-	2,492,786
Use of money and property	439,448	45,022	394,426
Miscellaneous	689,419	27,266	662,153
Total receipts	<u>33,281,795</u>	<u>72,288</u>	<u>33,209,507</u>
Disbursements:			
Public safety and legal services	7,667,046	-	7,667,046
Physical health and social services	2,796,512	-	2,796,512
Mental health	4,332,427	-	4,332,427
County environment and education	3,225,229	24,922	3,200,307
Roads and transportation	7,200,421	-	7,200,421
Governmental services to residents	1,761,236	-	1,761,236
Administration	1,702,607	-	1,702,607
Non-program	50,312	33,788	16,524
Debt service	1,731,366	-	1,731,366
Capital projects	1,644,528	-	1,644,528
Total disbursements	<u>32,111,684</u>	<u>58,710</u>	<u>32,052,974</u>
Excess (deficiency) of receipts over (under) disbursements	1,170,111	13,578	1,156,533
Other financing sources, net	326,495	-	326,495
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,496,606	13,578	1,483,028
Balance beginning of year	25,756,783	133,379	25,623,404
Balance end of year	<u>\$ 27,253,389</u>	<u>146,957</u>	<u>27,106,432</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
18,969,736	18,946,110	(379,324)
210,000	210,000	(9,356)
9,006,015	10,580,987	186,691
129,246	129,246	(4,212)
2,203,760	2,193,760	299,026
429,733	429,733	(35,307)
232,020	256,324	405,829
<u>31,180,510</u>	<u>32,746,160</u>	<u>463,347</u>
8,157,315	8,526,531	859,485
2,900,193	2,976,975	180,463
4,660,413	4,660,413	327,986
3,266,155	3,581,732	381,425
7,053,894	7,619,284	418,863
1,892,739	2,017,711	256,475
1,769,324	2,115,352	412,745
33,000	58,000	41,476
1,694,815	1,694,815	(36,551)
4,309,715	6,069,627	4,425,099
<u>35,737,563</u>	<u>39,320,440</u>	<u>7,267,466</u>
(4,557,053)	(6,574,280)	7,730,813
-	-	326,495
(4,557,053)	(6,574,280)	8,057,308
<u>18,357,909</u>	<u>25,535,641</u>	<u>87,763</u>
<u>13,800,856</u>	<u>18,961,361</u>	<u>8,145,071</u>

Dallas County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 33,281,795	(189,466)	33,092,329
Expenditures	32,111,684	112,484	32,224,168
Net	1,170,111	(301,950)	868,161
Other financing sources, net	326,495	(310,743)	15,752
Beginning fund balances	25,756,783	(292,090)	25,464,693
Ending fund balances	\$ 27,253,389	(904,783)	26,348,606

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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, one budget amendment increased budgeted disbursements by \$3,582,877. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function.

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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	-	\$ 450	450	0.00%	\$ 8,690	5.20%
2011	July 1, 2010	-	486	486	0.00	9,502	5.10
2012	July 1, 2010	-	486	486	0.00	10,313	4.70

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.

See accompanying independent auditor's report.

Supplementary Information

Dallas County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Assets					
Cash, pooled investments and cash equivalents:					
County Treasurer	\$ -	115,083	411,272	24,790	17,395
Conservation Foundation	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Succeeding year					
tax increment financing	108,000	-	-	-	-
Accounts	-	-	-	-	-
Accrued interest	-	-	-	-	-
Drainage assessments:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	-	-	-	-	277
Total assets	\$ 108,000	115,083	411,272	24,790	17,672
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	842	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Succeeding year tax increment financing	108,000	-	-	-	-
Other	-	-	-	-	-
Total liabilities	108,000	-	842	-	-
Fund balances:					
Restricted for:					
Forfeitures	-	-	410,430	24,790	17,672
Drainage	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Debt service	-	-	-	-	-
Other purposes	-	115,083	-	-	-
Total fund balances	-	115,083	410,430	24,790	17,672
Total liabilities and fund balances	\$108,000	115,083	411,272	24,790	17,672

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	70,017	404,327	82,240	781,163	86,848	-	468,359	2,464,873
-	-	-	-	-	-	60,109	-	60,109
-	-	-	-	-	-	-	905	905
-	-	-	-	-	-	-	1,463,000	1,463,000
-	-	-	-	-	-	-	-	108,000
-	-	-	-	-	-	-	30,000	30,000
-	-	-	38	50	-	-	325	413
-	-	-	-	-	875	-	-	875
-	-	-	-	-	16,972	-	-	16,972
-	-	-	-	-	-	-	-	277
3,379	70,017	404,327	82,278	781,213	104,695	60,109	1,962,589	4,145,424
-	3,704	-	-	-	-	-	-	4,546
-	-	-	-	-	-	-	1,463,000	1,463,000
-	-	-	-	-	-	-	-	108,000
-	-	-	-	-	17,848	-	836	18,684
-	3,704	-	-	-	17,848	-	1,463,836	1,594,230
-	-	-	-	-	-	-	-	452,892
-	-	-	-	-	86,847	-	-	86,847
-	-	-	-	781,213	-	-	-	781,213
-	-	-	-	-	-	-	498,753	498,753
3,379	66,313	404,327	82,278	-	-	60,109	-	731,489
3,379	66,313	404,327	82,278	781,213	86,847	60,109	498,753	2,551,194
3,379	70,017	404,327	82,278	781,213	104,695	60,109	1,962,589	4,145,424

Dallas County

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

Year ended June 30, 2012

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Revenues:					
Property and other county tax	\$ -	-	-	-	-
Tax increment financing	128,211	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for service	-	-	-	-	-
Use of money and property	-	226,752	-	-	-
Miscellaneous	-	-	1,829	13,286	11,296
Total revenues	128,211	226,752	1,829	13,286	11,296
Expenditures:					
Operating:					
Public safety and legal services	-	-	42,836	24,955	-
County environment and education	37,180	-	-	-	-
Governmental services to residents	-	-	-	-	-
Non-program	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	37,180	-	42,836	24,955	-
Excess (deficiency) of revenues over (under) expenditures	91,031	226,752	(41,007)	(11,669)	11,296
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(95,327)	(191,700)	-	-	-
Total other financing sources (uses)	(95,327)	(191,700)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,296)	35,052	(41,007)	(11,669)	11,296
Fund balances beginning of year	4,296	80,031	451,437	36,459	6,376
Fund balances end of year	\$ -	115,083	410,430	24,790	17,672

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
-	-	-	-	-	-	-	1,406,048	1,406,048
-	-	-	-	-	-	-	-	128,211
-	-	-	17,732	-	-	-	23,337	41,069
-	20,929	-	-	-	-	-	-	20,929
-	121	2,353	187	87,555	44,600	421	1,973	363,962
-	-	-	-	-	-	27,265	-	53,676
-	21,050	2,353	17,919	87,555	44,600	27,686	1,431,358	2,013,895
-	-	-	-	-	-	-	-	67,791
-	-	-	-	-	-	24,922	-	62,102
-	23,029	-	-	-	-	-	-	23,029
-	-	-	-	-	33,788	-	-	33,788
-	-	-	-	-	-	-	1,528,321	1,528,321
-	23,029	-	-	-	33,788	24,922	1,528,321	1,715,031
-	(1,979)	2,353	17,919	87,555	10,812	2,764	(96,963)	298,864
-	-	-	-	-	-	-	95,327	95,327
-	-	-	-	-	-	-	-	(287,027)
-	-	-	-	-	-	-	95,327	(191,700)
-	(1,979)	2,353	17,919	87,555	10,812	2,764	(1,636)	107,164
3,379	68,292	401,974	64,359	693,658	76,035	57,345	500,389	2,444,030
3,379	66,313	404,327	82,278	781,213	86,847	60,109	498,753	2,551,194

Dallas County

Dallas County
 Combining Schedule of Net Assets
 Internal Service Funds

June 30, 2012

	Professional Services	Employee Group Health	Total
Assets			
Cash and pooled investments	\$ 985,954	2,266,046	3,252,000
Receivables:			
Accounts	788	1,912	2,700
Accrued interest	-	1,388	1,388
Due from other governments	101	-	101
Prepaid insurance	369		369
Capital assets, net of accumulated depreciation	367,268	-	367,268
Total assets	1,354,480	2,269,346	3,623,826
Liabilities			
Accounts payable	110,176	201,592	311,768
Salaries and benefits payable	27,711	-	27,711
Due to other governments	1,358	-	1,358
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	34,476	-	34,476
Portion due or payable after one year:			
Compensated absences	16,969	-	16,969
Net OPEB liability	4,900	-	4,900
Total liabilities	195,590	201,592	397,182
Net Assets			
Invested in capital assets	367,268	-	367,268
Unrestricted	791,622	2,067,754	2,859,376
Total net assets	\$ 1,158,890	2,067,754	3,226,644

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, 2012

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 2,403,057	2,255,905	4,658,962
Reimbursements from employees and others	-	442,559	442,559
Insurance reimbursements	-	15,813	15,813
Miscellaneous	8,235	-	8,235
Total operating revenues	2,411,292	2,714,277	5,125,569
Operating expenses:			
Medical claims	-	1,849,073	1,849,073
Administrative and other fees	-	327,493	327,493
Central services	496,154	-	496,154
Information technology	850,981	-	850,981
Operations administration	297,337	-	297,337
Human resources	163,931	-	163,931
Total operating expenses	1,808,403	2,176,566	3,984,969
Operating income	602,889	537,711	1,140,600
Non-operating revenues:			
Interest income	-	7,310	7,310
Net income	602,889	545,021	1,147,910
Net assets beginning of year	556,001	1,522,733	2,078,734
Net assets end of year	\$ 1,158,890	2,067,754	3,226,644

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2012

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 2,411,934	2,698,491	5,110,425
Cash received from insurance reimbursements	-	20,131	20,131
Cash paid to suppliers for services	(1,796,693)	(2,295,578)	(4,092,271)
Net cash provided by operating activities	615,241	423,044	1,038,285
Cash flows from capital and related financing activities:			
Purchase of equipment	(105,912)	-	(105,912)
Cash flows from investing activities:			
Interest on investments	-	7,856	7,856
Net increase in cash and cash equivalents	509,329	430,900	940,229
Cash and cash equivalents beginning of year	476,625	1,835,146	2,311,771
Cash and cash equivalents end of year	\$ 985,954	2,266,046	3,252,000
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 602,889	537,711	1,140,600
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	73,991	-	73,991
Changes in assets and liabilities:			
Decrease in accounts receivable and due from other governments	642	4,345	4,987
Increase in prepaid insurance	(369)	-	(369)
Decrease in accounts payable and due to other governments	(36,381)	(119,012)	(155,393)
Decrease in salaries and benefits payable	(26,270)	-	(26,270)
Decrease in compensated absences	(1,132)	-	(1,132)
Increase in net OPEB liability	1,871	-	1,871
Net cash provided by operating activities	\$ 615,241	423,044	1,038,285

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, pooled investments and cash equivalents:					
County Treasurer	\$ -	1,925	770,385	537,691	16,823
Other County officials	134,883	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	169	787	45,127	1,475
Succeeding year	-	243,000	1,115,000	66,132,000	2,091,000
Accounts	10,759	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	1,318	-	-
Total assets	\$ 145,642	245,094	1,887,490	66,714,818	2,109,298
Liabilities					
Accounts payable	\$ -	-	8,340	-	-
Salaries and benefits payable	-	-	21,486	-	-
Due to other funds	1,856	-	-	-	-
Due to other governments	69,608	245,094	1,808,901	66,714,818	2,109,298
Trusts payable	74,178	-	-	-	-
Compensated absences	-	-	48,763	-	-
Total liabilities	\$ 145,642	245,094	1,887,490	66,714,818	2,109,298

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
331,218	4,152	49,826	1,753,173	520,955	3,986,148
-	-	-	-	-	134,883
28,839	401	-	-	1,591	78,389
49,944,000	435,000	-	-	3,077,000	123,037,000
-	-	-	-	61,531	72,290
-	-	-	-	25	25
-	-	1,392,808	-	-	1,392,808
-	-	-	-	85,691	85,691
-	-	-	-	1,856	1,856
-	-	-	-	1,098	2,416
<u>50,304,057</u>	<u>439,553</u>	<u>1,442,634</u>	<u>1,753,173</u>	<u>3,749,747</u>	<u>128,791,506</u>
-	-	-	-	56,887	65,227
-	-	-	-	-	21,486
-	-	-	-	-	1,856
50,304,057	439,553	1,442,634	1,753,173	3,490,124	128,377,260
-	-	-	-	183,180	257,358
-	-	-	-	19,556	68,319
<u>50,304,057</u>	<u>439,553</u>	<u>1,442,634</u>	<u>1,753,173</u>	<u>3,749,747</u>	<u>128,791,506</u>

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	Agricultural		County Assessor	Schools	Community Colleges
	County Offices	Extension Education			
Assets and Liabilities					
Balances beginning of year	\$ 203,902	233,984	1,758,322	65,135,641	2,045,342
Additions:					
Property and other county tax	-	243,449	1,116,310	66,204,272	2,094,131
E911 surcharge	-	-	-	-	-
State tax credits	-	4,269	17,653	1,178,234	37,318
Drivers license fees	-	-	-	-	-
Office fees and collections	1,919,522	-	12,062	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,311,253	-	-	-	-
Miscellaneous	-	6	26	1,917	55
Total additions	3,230,775	247,724	1,146,051	67,384,423	2,131,504
Deductions:					
Agency remittances:					
To other funds	1,262,935	-	-	-	-
To other governments	834,302	236,614	1,016,883	65,805,246	2,067,548
Trusts paid out	1,191,798	-	-	-	-
Total deductions	3,289,035	236,614	1,016,883	65,805,246	2,067,548
Balances end of year	\$ 145,642	245,094	1,887,490	66,714,818	2,109,298

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
47,849,441	429,637	1,728,600	1,780,517	3,253,563	124,418,949
49,596,103	448,298	-	-	3,070,945	122,773,508
-	-	-	-	273,775	273,775
583,960	11,682	-	-	44,361	1,877,477
-	-	-	202,661	-	202,661
-	-	-	-	-	1,931,584
-	-	-	20,882,228	-	20,882,228
-	-	359,792	-	-	359,792
-	-	-	-	1,106,986	2,418,239
1,477	-	-	-	272,809	276,290
50,181,540	459,980	359,792	21,084,889	4,768,876	150,995,554
-	-	-	836,877	-	2,099,812
47,726,924	450,064	645,758	20,275,356	3,192,814	142,251,509
-	-	-	-	1,079,878	2,271,676
47,726,924	450,064	645,758	21,112,233	4,272,692	146,622,997
50,304,057	439,553	1,442,634	1,753,173	3,749,747	128,791,506

Dallas County

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

For the Last Ten Years

	2012	2011	2010	2009
Revenues:				
Property and other county tax	\$ 18,439,134	19,118,842	19,030,273	17,705,482
Interest and penalty on property tax	201,385	199,956	239,000	267,434
Tax increment financing	128,211	115,087	113,173	124,508
Intergovernmental	10,356,247	8,966,703	11,527,229	11,669,174
Licenses and permits	124,719	108,069	111,223	114,954
Charges for service	2,537,582	2,414,405	2,341,986	2,171,847
Use of money and property	625,957	521,825	516,572	758,573
Miscellaneous	679,094	513,084	1,389,911	454,448
Total	\$ 33,092,329	31,957,971	35,269,367	33,266,420
Expenditures:				
Operating:				
Public safety and legal services	\$ 7,535,107	7,642,460	6,992,046	6,503,733
Physical health and social services	2,791,212	2,879,816	2,803,326	2,839,385
Mental health	4,803,000	4,535,343	4,182,996	4,131,844
County environment and education	3,179,353	3,079,502	3,126,025	3,410,286
Roads and transportation	6,867,019	6,381,300	6,030,594	6,642,798
Governmental services to residents	1,748,738	1,614,275	1,516,940	1,474,652
Administration	1,671,751	1,582,888	1,531,994	1,459,195
Non-program	45,728	92,612	149,498	81,993
Debt service	1,701,369	1,659,657	1,624,943	1,957,792
Capital projects	1,880,891	1,424,486	1,942,638	5,709,783
Total	\$ 32,224,168	30,892,339	29,901,000	34,211,461

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
16,435,190	14,131,764	12,363,153	12,223,329	12,607,687	12,032,172
200,150	120,212	129,471	157,069	121,381	115,161
118,668	71,915	69,156	68,393	41,064	31,994
9,267,818	8,821,036	8,351,295	8,685,409	8,156,106	7,904,433
165,210	167,762	228,474	212,699	187,435	179,451
2,220,105	2,033,444	2,151,942	1,966,320	1,797,483	1,730,355
1,214,811	1,352,680	938,619	376,332	243,537	321,119
471,613	582,977	1,156,236	640,509	1,068,399	1,090,338
<u>30,093,565</u>	<u>27,281,790</u>	<u>25,388,346</u>	<u>24,330,060</u>	<u>24,223,092</u>	<u>23,405,023</u>
6,394,696	5,557,939	5,662,792	4,235,897	4,141,707	4,348,165
2,725,731	2,793,823	2,446,243	2,283,649	2,347,396	2,260,699
4,165,304	3,930,862	4,031,506	4,021,399	3,892,605	3,541,726
2,797,350	2,246,610	1,977,690	1,632,788	1,460,257	1,370,639
5,681,840	5,080,974	5,461,934	4,771,237	4,856,470	4,692,586
1,350,487	1,201,824	1,405,061	863,783	740,936	944,689
1,504,643	1,652,347	1,487,404	2,582,284	2,744,922	2,715,171
82,364	35,203	194,704	286,075	287,288	367,328
1,374,999	1,429,872	2,168,603	1,086,288	1,084,659	1,103,312
4,599,429	4,809,405	2,580,017	2,170,970	2,200,176	3,732,903
<u>30,676,843</u>	<u>28,738,859</u>	<u>27,415,954</u>	<u>23,934,370</u>	<u>23,756,416</u>	<u>25,077,218</u>

Dallas County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

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		\$ 1,947
U.S. Department of Energy:			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		199,700
Total direct			201,647
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Food Stamp Program	10.561		30,086
U.S. Department of Justice:			
Iowa Department of Justice - Crime Victim Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-12-02	3,564
Iowa Department of Human Rights - Division of Criminal and Juvenile Justice Planning:			
Enforcing Underage Drinking Laws Program	16.727	CJJP-05-M2-005	16,550
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C025(66)--8T-25	353,626
Highway Planning and Construction	20.205	STP-ES-E-C025(79)--8T-25	121,770
Highway Planning and Construction	20.205	58810B41	1,225
Highway Planning and Construction	20.205	58812HP41	2,595
Highway Planning and Construction	20.205	IA-10-02-25-R16-3	2,675
Highway Planning and Construction	20.205	IA-10-02-25-R16-1	32,666
			514,557
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving Incentive Grants	20.601	PAP 11-410	1,286
Alcohol Traffic Safety and Drunk Driving Incentive Grants	20.601	PAP 12-410	5,844
			7,130
National Endowment for the Humanities:			
Humanities Iowa:			
Promotion of the Humanities-Federal/State Partnership	45.129	33-3-033	1,000
Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032	MOU-2012-RC06	1,240
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT325	9,299
Public Health Emergency Preparedness	93.069	5881BT25	9,687
Public Health Emergency Preparedness	93.069	5882BT25	36,519
			55,505

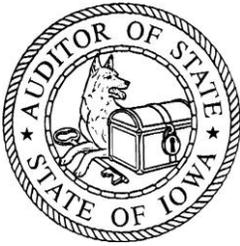
Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Iowa Department of Public Health:			
Immunization Grants	93.268	5881I422	3,167
Immunization Grants	93.268	5882I422	2,986
			<u>6,153</u>
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	5880OB06	41,874
Investigations and Technical Assistance	93.283	5882NB29	14,844
Investigations and Technical Assistance	93.283		500
			<u>57,218</u>
Community Transformation Grants and National Dissemination and Support for Community Transformation Grants			
	93.531	5882HP04	<u>31,024</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>58</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>6,700</u>
Foster Care - Title IV-E	93.658		<u>10,983</u>
Adoption Assistance	93.659		<u>3,211</u>
State Children's Health Insurance Program	93.767		<u>105</u>
Medical Assistance Program	93.778		<u>28,269</u>
Social Services Block Grant	93.667		<u>9,651</u>
Social Services Block Grant	93.667		<u>144,965</u>
			<u>154,616</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	<u>436,587</u>
Hazard Mitigation Grant	97.039	DR-1800-00015-01	<u>44,985</u>
Emergency Management Performance Grants	97.042	FFY 2011	19,500
Emergency Management Performance Grants	97.042	FFY 2012	34,260
			<u>53,760</u>
Total indirect			<u>1,463,301</u>
Total			<u>\$ 1,664,948</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

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

To the Officials of 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, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 26, 2013. 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 certain deficiencies in internal control over financial reporting we consider to be material weaknesses 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 deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

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-C-12 through II-F-12 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. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 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.

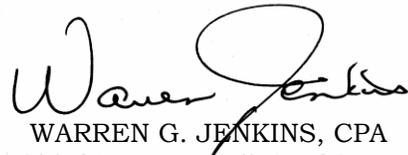
Dallas County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dallas County's responses and, accordingly, we express no opinion on them.

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

February 26, 2013

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

To the Officials of 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, 2012. 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 noncompliance 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, 2012.

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

February 26, 2013

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 material weaknesses 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
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (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, 2012

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-12 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.	Treasurer
(2) Disbursements – processing claims, check writing, check signing and final approval.	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, including elected officials and personnel from other County offices, 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 the signature or initials 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 reconciling.

County Sheriff – Because of the amount of staff on each shift it is not possible to segregate this duty. However, jailers are restricted in the software program and the Jail Sergeant and Second Chief Deputy are the only ones able to make changes and or override a check.

Conclusions – Response accepted for item (1). Response acknowledged for item (2). The Sheriff should continue to review procedures to segregate duties to the extent possible.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- II-B-12 Financial Reporting – During the audit, we identified material amounts of payables and nonmaterial amounts of receivables not recorded by the County. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and included in the County’s financial statements.

Response – The County will work with the departments to remind them of their responsibility to properly record payables and receivables during the actual period.

Conclusion – Response accepted.

- II-C-12 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, 2012.

In addition, bank reconciliations were not performed in a manner where a third party can clearly review the bank reconciliation and reconciliations were not performed at the end of the fiscal year, regardless of the bank statement date.

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. Any deposits or other reconciling items which remain outstanding for multiple months should be investigated and resolved.

Response – The Civil Department worked with the Office of Auditor of State and has been able to generate the reports which are required. A bank statement will be done on June 30th of each year. In addition, when bank reconciliations are being done additional information is being printed from civil softcode which will have a detail of all outstanding checks and deposits in transit. There is also an additional person from civil looking at the bank statements after the Executive Assistant has prepared the bank reconciliation.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

II-D-12 Review and Approval of Timesheets – The following timesheet exceptions were noted:

- a) Eight timesheets with no employee signature.
- b) Three timesheets with no supervisor signature.
- c) One department head does not complete a timesheet.

In addition, timesheets for some department heads are not being reviewed.

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 – It is now our current practice to review all submitted timesheets for proper signature by the employee and their supervisor. All submitted timesheets, including those of department heads, are reviewed by Human Resources personnel on a biweekly basis before they are submitted for payroll processing.

Conclusion – Response acknowledged. In addition, the County should require all department heads to complete and submit timesheets.

II-E-12 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 \$404,327 as of June 30, 2012.

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

Response – Dallas County is continuing its work with the Greater Dallas County Development Alliance, the Iowa Economic Development Authority and the State Auditor’s Office to draft an agreement in assisting the County in distributing those funds as intended.

Conclusion – Response accepted.

II-F-12 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 – The Recorder’s Office feels there are adequate steps to ensure integrity in the process of receiving the mail. Mail is received, opened by one person and the fees included are also verified by the person opening the mail to ensure the fees are correct for the document enclosed. A different person records the

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

document and affixes a recorded stamp on the document. The stamp lists the number of pages and fee for the recording. If the second person does not have the correct fee, they go back to the person who opened the mail to discuss the document and likely return the document to the preparer for enclosing the incorrect fee. If the fee is correct, it is put in the cash register. The register totals must match the recording fee totals from our computer system, which is what generates the stamp/label which is affixed to the document. If not, our drawer does not balance. Lastly, after the entire recording and proofing process is complete, the document is returned via mail to the appropriate person, and they see the label indicates the fee, and would know if there was a change. Also, we have a separate person doing the morning balancing and evening balancing of the register drawer. A document can't be recorded without a fee, and we are confident we have the necessary steps to ensure the integrity in the process.

Conclusion – Response acknowledged. The County should consider preparing an initial listing of mail receipts on a periodic basis which should be reviewed by an independent person.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget – During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function.

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

Response – The County will closely monitor the budgeted to actual disbursements and amend the budget before disbursements exceed budgeted amounts.

Conclusion – Response accepted.

IV-B-12 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-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-12 Business Transactions - No business transactions between the County and County officials or employees were noted.

IV-E-12 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-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Five meetings were not documented in the County’s minutes book. In addition, minutes in June have not been signed and placed in the County’s minutes book.

Recommendation – The County should ensure minutes are properly signed and retained.

Response – We have located the missing and unsigned minutes. Individuals have been performing new duties within the office and with elections, there has been little or no time to train employees. They have started to correct these irregularities.

Conclusion – Response accepted.

IV-G-12 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-12 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).

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

IV-I-12 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, 2012 for the County Extension Office did not exceed the amount budgeted.

IV-J-12 Payroll – The Board of Supervisors approved salaries for elected officials in accordance with Chapter 331.907 of the Code of Iowa. However, salaries of County employees exceeded their approved salaries for the fiscal year because an additional pay period was not taken into account when calculating salaries.

Recommendation – The County should develop policies and procedures to ensure compliance with Chapter 331.907 of the Code of Iowa.

Response – The County will develop a system to pre-check the number of pay periods and pay the elected officials accordingly each year.

Conclusion – Response acknowledged. The County should consult legal counsel regarding the disposition of the matter.

IV-K-12 Financial Condition – The Special Revenue, Mental Health Fund had a deficit balance of \$965,726 at June 30, 2012.

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

Response – Mental Health funding in Iowa is going through a transition and we are optimistic our fund balance will be sufficient to meet our needs in the near future.

Conclusion – Response accepted.

Dallas County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Brian P. Schenkelberg, CPA, Senior Auditor II
Melissa J. Knoll-Speer, Senior Auditor II
David C. McQuarry, CPA, Staff Auditor
Brooke A. Robb, Staff Auditor
Philip A. Rethwisch, Assistant auditor
Jason R. Ropte, Assistant Auditor
Laura M. Wernimont, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State