



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

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NEWS RELEASE

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FOR RELEASE

March 31, 2017

515/281-5834

Auditor of State Mary Mosiman today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$183,632,864 for the year ended June 30, 2016, which included \$10,846,684 in tax credits from the state. The County forwarded \$161,745,033 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$21,887,831 of the local tax revenue to finance County operations, a 8.6% increase over the prior year. Other revenues included charges for service of \$7,798,319, operating grants, contributions and restricted interest of \$6,201,386, capital grants, contributions and restricted interest of \$994,406, tax increment financing of \$97,087, unrestricted investment earnings of \$174,257, gain on disposition of capital assets of \$96,260 and other general revenues of \$400,744.

Expenses for County operations for the year ended June 30, 2016 totaled \$36,613,537, a 13.9% increase over the prior year. Expenses included \$11,970,286 for public safety and legal services, \$9,004,790 for roads and transportation and \$4,349,109 for county environment and education.

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 <https://auditor.iowa.gov/reports/1610-0025-B00F>.

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DALLAS COUNTY

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

JUNE 30, 2016

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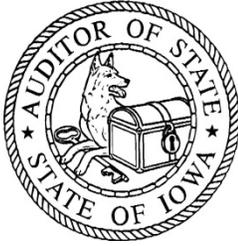
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Dallas County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Hanson	Board of Supervisors	Jan 2017
Kim Chapman	Board of Supervisors	Jan 2019
Brad Golightly	Board of Supervisors	Jan 2019
Gene Krumm	County Auditor	Jan 2017
Mitchell Hambleton	County Treasurer	Jan 2019
Chad C. Airhart	County Recorder	Jan 2019
Chad Leonard	County Sheriff	Jan 2017
Wayne M. Reisetter	County Attorney	Jan 2019
Steve C. Helm	County Assessor	Jan 2022



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Des Moines, Iowa 50319-0006

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

Independent Auditor's Report

To the Officials of Dallas County:

Report on the Financial Statements

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, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 as of June 30, 2016, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 56 through 65 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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2017 on our consideration of Dallas County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 in considering Dallas County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

March 24, 2017

Dallas County

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, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased approximately \$1,766,000 from fiscal year 2015 to fiscal year 2016, or 4.5%. Capital grants, contributions and restricted interest decreased approximately \$3,404,000 while charges for service increased approximately \$653,000 and operating grants, contributions and restricted interest decreased approximately \$683,000.
- Program expenses of the County's governmental activities for fiscal year 2016 increased approximately \$4,468,000, or 13.9%, over fiscal year 2015.
- The County's net position at June 30, 2016 increased 1.2%, or approximately \$1,037,000, over June 30, 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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 financial statements provide 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, the County's proportionate share of the net pension liability and related contributions, 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.

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 Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all of Dallas County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

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

Fund Financial Statements

The 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) Fiduciary funds are used to report assets held in a trust or 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 governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

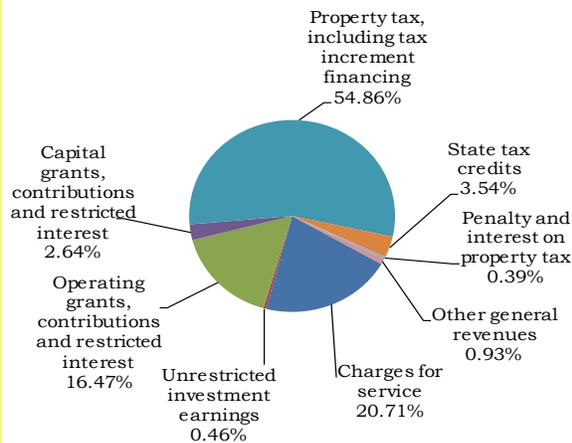
Net Position of Governmental Activities		
	June 30,	
	2016	2015
Current and other assets	\$ 58,125,124	56,671,699
Capital assets	73,216,480	68,231,522
Total assets	131,341,604	124,903,221
Deferred outflows of resources	1,551,388	1,476,828
Long-term liabilities	21,394,582	15,934,078
Other liabilities	2,496,491	2,384,480
Total liabilities	23,891,073	18,318,558
Deferred inflows of resources	23,102,594	23,198,919
Net position:		
Net investment in capital assets	60,765,505	58,240,524
Restricted	11,056,268	10,662,535
Unrestricted	14,077,552	15,959,513
Total net position	\$ 85,899,325	84,862,572

Dallas County's combined net position (which is the County's bottom line) increased \$1,036,753, a 1.2% increase. The largest portion of Dallas County's net position 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 position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased from approximately \$15,960,000 at June 30, 2015 to approximately \$14,078,000 at the end of this year, a decrease of 11.8%.

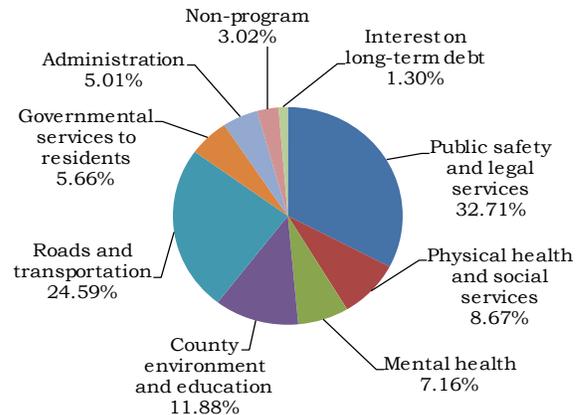
Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	\$ 7,798,319	7,145,273
Operating grants, contributions and restricted interest	6,201,386	6,883,934
Capital grants, contributions and restricted interest	994,406	4,398,473
General revenues:		
Property tax, including tax increment financing	20,653,743	19,389,804
Penalty and interest on property tax	148,348	155,021
State tax credits	1,331,175	862,103
Unrestricted investment earnings	174,257	131,694
Other general revenues	348,656	450,406
Total revenues	37,650,290	39,416,708
Program expenses:		
Public safety and legal services	11,970,286	8,712,725
Physical health and social services	3,176,077	2,932,058
Mental health	2,623,193	3,325,253
County environment and education	4,349,109	3,858,986
Roads and transportation	9,004,790	8,337,760
Governmental services to residents	2,072,986	2,018,091
Administration	1,836,087	1,729,338
Non-program	1,106,232	765,036
Interest on long-term debt	474,777	466,418
Total expenses	36,613,537	32,145,665
Change in net position	1,036,753	7,271,043
Net position beginning of year	84,862,572	77,591,529
Net position end of year	\$ 85,899,325	84,862,572

Revenues by Source



Expenses by Program



For the year ended June 30, 2016, governmental activities revenues totaled \$37,650,290, a decrease of \$1,766,418 from fiscal year 2015. Property and other county tax revenue, the County's largest revenue source, increased approximately \$1,264,000, while capital grants, contributions and restricted interest decreased approximately \$3,404,000, primarily due to a reduction in road construction funded through the Iowa Department of Transportation in the current year.

The cost of all governmental activities this year was \$36,613,537 compared to \$32,145,665 last year, an increase of \$4,467,872. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$21.6 million because some of the cost was paid by those directly benefited from the programs (approximately \$7.8 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7.2 million).

Dallas County's county-wide property tax levy rates increased from \$7.77607 to \$7.81494 per \$1,000 of taxable valuation for fiscal year 2016. The general basic levy rate for fiscal year 2016 increased from \$3.13461 to \$3.17537 per \$1,000 of taxable valuation. The rural tax levy rate for fiscal year 2016 decreased from \$3.95 to 3.86494 per \$1,000 of taxable valuation. The mental health levy decreased from \$0.37137 to \$0.34657 per \$1,000 of taxable valuation. The debt service levy increased from \$0.32009 to \$0.34657 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$249,019,111 over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$29,031,278 which is less than the fiscal year 2015 combined fund balance of \$29,479,947.

The General Fund's ending fund balance increased \$1,195,640 to \$12,557,089. Of the ending fund balance, approximately \$334,000 is committed for County farm and approximately \$1.8 million is committed for other County purposes. The general basic levy rate increased from \$3.13461 to \$3.17537 per \$1,000 of taxable valuation and the general supplemental levy rate remained at zero for fiscal year 2016.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$1,590,000, a decrease of 56.2% from the prior year. Expenditures totaled approximately \$1,811,000, a decrease of 26.2% from the prior year. The decrease is primarily due to mental health regionalization and distribution of startup costs to the Mental Health Region. The Mental Health Fund balance at year end decreased approximately \$222,000 from the prior year to \$2,421,916 at June 30, 2016.

The Special Revenue, Rural Services Fund ended fiscal year 2016 with a \$497,524 balance, an increase of \$44,352 over the prior year ending balance. The rural services tax levy rate decreased to \$3.86494 per \$1,000 of taxable valuation while property valuations increased approximately 3.2%. The majority of the property 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 2016 with a balance of \$4,601,541, an 26.6% increase compared to the fiscal year 2015 balance of \$3,635,045. Of the ending fund balance, \$534,128 is non-spendable and \$4,067,413 is restricted for road purposes. Expenditures increased 6.6%, or approximately \$498,000, over the prior year.

The Capital Projects Fund ended fiscal year 2016 with a fund balance of \$6,418,029 compared to the fiscal year 2015 balance of \$8,373,838, a 23.4% decrease due to costs associated with ongoing projects.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2016, Dallas County amended the operating budget two times. The first amendment was made in December 2015 to increase budgeted disbursements approximately \$8,524,000 and increase budgeted receipts approximately \$1,054,000 for secondary roads grants and additional road use tax receipts. Budgeted disbursements increased due to \$5,095,000 needed for a communication equipment project and \$582,000 for refunding bond payments. The second amendment was made in May 2016 to increase budgeted disbursements approximately \$122,000 for various increases in services and costs made throughout the year.

Actual disbursements for the year totaled \$40,423,833, which was \$5,832,654 under budgeted disbursements. Capital projects disbursements were approximately \$1.5 million under budget because the Human Services campus emergency equipment projects were not completed as planned. Public safety and legal services disbursements were approximately \$1.2 under budget due to carrying forward capital equipment purchases. Actual net receipts for fiscal year 2016 were \$34,577,557, which was approximately \$1,514,000 less than budgeted due, in part, to budgeting mental health funds which were reported in the Mental Health Region.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Dallas County had \$73,216,480 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$68,231,522 at the end of fiscal year 2015. The County's net capital assets increased \$4,984,959, or about 7.3%, over the prior year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2016	2015
Land	\$ 6,115,563	6,115,563
Intangibles, road network	1,008,506	1,000,456
Construction in progress	7,083,802	6,412,849
Buildings and improvements	19,732,259	19,592,714
Equipment and vehicles	5,102,122	4,708,054
Intangibles	704,253	131,877
Infrastructure	33,469,975	30,270,009
Total	<u>\$ 73,216,480</u>	<u>68,231,522</u>
This year's major additions included:		
Infrastructure and right of way	\$	1,468,389
Human services building renovation		2,524,711
E-911 equipment		2,016,862
Motorgraders		541,798
County Auditor Building purchase and remodel		486,620
Ambulance		155,293
Dump truck and Secondary Roads equipment		275,841
Sheriff vehicles		269,832
Sheriff video software		156,530
Total		<u>\$ 7,895,876</u>

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2016, Dallas County had \$13,922,019 of outstanding debt versus \$10,076,514 last year, a net increase of \$3,845,505.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2016	2015
Capital lease purchase agreement	\$ -	30,998
General obligation bonds	6,755,000	7,840,000
General obligation capital loan notes	6,620,000	2,120,000
Drainage district warrants	547,019	85,516
Total	\$ 13,922,019	10,076,514

The net change is primarily due to the issuance of notes and refunding of existing notes, scheduled payments on the County's general obligation bonds and notes and an increase in drainage district 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 ($\$7,947,814,079 \times .05 = \$397,390,704$). Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2017 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 29th in the nation for growth between 2014 and 2015 with a 3.4% increase in population. The unemployment rate in Dallas County stands at 3.2% as of June 30, 2016, compared to last year's rate of 3% and the State average of 4.0% and the national average of 4.9%. Budgeted disbursements for the fiscal year 2017 operating budget are approximately \$42 million, an increase of about \$1 million in spending from the prior year's actual disbursements. The budget estimates a total ending fund balance of approximately \$22.2 million at the close of fiscal year 2017.

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 Rob Tietz at the Operations Administration Office, 902 Court Street, Adel, Iowa 50003.

Dallas County

Basic Financial Statements

Dallas County
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 33,432,337
Receivables:	
Property tax:	
Delinquent	11,387
Succeeding year	22,119,000
Interest and penalty on property tax	7,482
Succeeding year tax increment financing	110,000
Accounts	406,561
Accrued interest	6,042
Drainage assessments	548,055
Due from other governments	840,078
Inventories	497,737
Prepaid insurance	146,445
Capital assets, net of accumulated depreciation/amortization	73,216,480
	131,341,604
Total assets	
Deferred Outflows of Resources	
Pension related deferred outflows	1,551,388
Liabilities	
Accounts payable	1,713,673
Accrued interest payable	32,422
Salaries and benefits payable	708,689
Due to other governments	41,707
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,180,000
General obligation capital loan notes	990,000
Drainage district warrants	547,019
Compensated absences	486,465
Portion due or payable after one year:	
General obligation bonds	5,575,000
General obligation capital loan notes	5,630,000
Compensated absences	406,814
Net pension liability	6,333,984
Net OPEB liability	245,300
	23,891,073
Total liabilities	
Deferred Inflows of Resources:	
Unavailable property tax revenue	22,119,000
Unavailable tax increment financing revenue	110,000
Pension related deferred inflows	873,594
	23,102,594
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	60,765,505
Restricted for:	
Supplemental levy purposes	709,244
Mental health	2,373,198
Rural services purposes	498,300
Secondary roads purposes	4,242,230
Drainage district purposes	78,600
Debt service	73,635
Capital projects	356,567
Other purposes	2,724,494
Unrestricted	14,077,552
	85,899,325
Total net position	\$ 85,899,325

See notes to financial statements.

Dallas County
Statement of Activities
Year ended June 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 11,970,286	1,433,890	301,209	-	(10,235,187)
Physical health and social services	3,176,077	1,423,768	688,407	-	(1,063,902)
Mental health	2,623,193	728,051	-	-	(1,895,142)
County environment and education	4,349,109	842,589	656,009	-	(2,850,511)
Roads and transportation	9,004,790	112,884	4,552,633	994,406	(3,344,867)
Governmental services to residents	2,072,986	2,009,476	1,641	-	(61,869)
Administration	1,836,087	74,242	300	-	(1,761,545)
Non-program	1,106,232	1,173,419	-	-	67,187
Interest on long-term debt	474,777	-	1,187	-	(473,590)
Total	\$ 36,613,537	7,798,319	6,201,386	994,406	(21,619,426)
General Revenues:					
Property and other county tax levied for:					
General purposes					18,904,989
Debt service					1,651,667
Tax increment financing					97,087
Penalty and interest on property tax					148,348
State tax credits					1,331,175
Unrestricted investment earnings					174,257
Gain on disposition of capital assets					96,260
Miscellaneous					252,396
Total general revenues					22,656,179
Change in net position					1,036,753
Net position beginning of year					84,862,572
Net position end of year					\$ 85,899,325

See notes to financial statements.

Dallas County
Balance Sheet
Governmental Funds

June 30, 2016

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 12,825,118	2,430,617	507,224
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	8,312	853	801
Succeeding year	14,330,000	1,471,000	3,838,000
Interest and penalty on property tax	7,482	-	-
Succeeding year tax increment financing	-	-	-
Accounts, net of allowance for doubtful ambulance accounts of \$82,570	385,312	-	-
Accrued interest	5,318	-	-
Drainage assessments	-	-	-
Due from other governments	514,963	-	-
Inventories	-	-	-
Prepaid insurance	109,718	95	-
Total assets	\$ 28,186,223	3,902,565	4,346,025

<u>Revenue</u>			
<u>Secondary</u>	<u>Capital</u>		
<u>Roads</u>	<u>Projects</u>	<u>Nonmajor</u>	<u>Total</u>
4,253,860	6,715,856	2,376,198	29,108,873
-	-	176,985	176,985
-	-	1,421	11,387
-	-	2,480,000	22,119,000
-	-	-	7,482
-	-	110,000	110,000
8,215	20	228	393,775
-	486	218	6,022
-	-	548,055	548,055
325,115	-	-	840,078
497,737	-	-	497,737
36,391	-	-	146,204
<u>5,121,318</u>	<u>6,716,362</u>	<u>5,693,105</u>	<u>53,965,598</u>

(Continued on next page)

Dallas County
Balance Sheet
Governmental Funds
(continued)
June 30, 2016

	Special		
	General	Mental Health	Rural Services
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 326,187	660	9,725
Salaries and benefits payable	512,634	8,159	-
Due to other governments	37,126	-	-
Total liabilities	875,947	8,819	9,725
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	14,330,000	1,471,000	3,838,000
Succeeding year tax increment financing	-	-	-
Other	423,187	830	776
Total deferred inflows of resources	14,753,187	1,471,830	3,838,776
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	109,718	95	-
Restricted for:			
Supplemental levy purposes	664,098	-	-
Mental health purposes	-	2,421,821	-
Rural services purposes	-	-	497,524
Secondary roads purposes	-	-	-
Drainage district purposes	-	-	-
Conservation land acquisition/capital improvements	131,492	-	-
Debt service	-	-	-
Capital projects	-	-	-
Forfeitures	-	-	-
Wetland bank maintenance	-	-	-
Other purposes	240,060	-	-
Committed for:			
County conservation	322,304	-	-
Public health	1,232,660	-	-
County farm	334,010	-	-
County care facility	181,147	-	-
Jail commissary	110,343	-	-
Assigned for:			
Capital projects	-	-	-
Departmental purposes	378,421	-	-
Equipment	618,108	-	-
Unassigned	8,234,728	-	-
Total fund balances	12,557,089	2,421,916	497,524
Total liabilities, deferred inflows of resources and fund balances	\$ 28,186,223	3,902,565	4,346,025

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
369,964	298,333	18,487	1,023,356
140,549	-	-	661,342
2,600	-	-	39,726
513,113	298,333	18,487	1,724,424
-	-	2,480,000	22,119,000
-	-	110,000	110,000
6,664	-	549,439	980,896
6,664	-	3,139,439	23,209,896
497,737	-	-	497,737
36,391	-	-	146,204
-	-	-	664,098
-	-	-	2,421,821
-	-	-	497,524
4,067,413	-	-	4,067,413
-	-	77,564	77,564
-	-	1,026,084	1,157,576
-	-	104,673	104,673
-	1,280,592	-	1,280,592
-	-	251,377	251,377
-	-	740,016	740,016
-	-	335,465	575,525
-	-	-	322,304
-	-	-	1,232,660
-	-	-	334,010
-	-	-	181,147
-	-	-	110,343
-	5,137,437	-	5,137,437
-	-	-	378,421
-	-	-	618,108
-	-	-	8,234,728
4,601,541	6,418,029	2,535,179	29,031,278
5,121,318	6,716,362	5,693,105	53,965,598

Dallas County

Dallas County

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

June 30, 2016

Total governmental fund balances (page 23) \$ 29,031,278

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets, excluding Internal Service Funds, is \$116,776,213 and the accumulated depreciation/amortization is \$43,941,544. 72,834,669

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 980,896

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 Position, as follows:

Capital assets of \$1,153,860, less accumulated depreciation/amortization of \$772,049	\$ 381,811	
Compensated absences	(45,892)	
Pension related deferred outflows of resources	93,083	
Pension related deferred inflows of resources	(52,416)	
Net pension liability	(380,039)	
Net OPEB liability	(13,859)	
Other net position	<u>3,419,881</u>	3,402,569

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

Deferred outflows of resources	1,458,305	
Deferred inflows of resources	<u>(821,178)</u>	637,127

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, drainage district warrants payable, compensated absences payable, net pension liability, 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. (20,987,214)

Net position of governmental activities (page 18) \$ 85,899,325

See notes to financial statements.

Dallas County

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

Year ended June 30, 2016

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 13,503,101	1,473,770	3,929,604
Interest and penalty on property tax	147,056	-	-
Tax increment financing	-	-	-
Intergovernmental	4,210,565	103,698	163,010
Licenses and permits	195,627	-	-
Charges for service	3,184,233	-	-
Use of money and property	247,683	-	-
Miscellaneous	546,096	12,195	-
Total revenues	22,034,361	1,589,663	4,092,614
Expenditures:			
Operating:			
Public safety and legal services	9,736,506	-	-
Physical health and social services	3,183,651	-	-
Mental health	785,578	1,811,258	-
County environment and education	2,931,355	-	278,946
Roads and transportation	-	-	50,682
Governmental services to residents	1,907,938	-	-
Administration	1,670,842	-	-
Non-program	14,298	-	-
Debt service	11,417	-	-
Capital projects	-	-	-
Total expenditures	20,241,585	1,811,258	329,628
Excess (deficiency) of revenues over (under) expenditures	1,792,776	(221,595)	3,762,986
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	320,000	-	-
Transfers out	(597,136)	-	(3,718,634)
General obligation notes issued	-	-	-
Premium on capital loan notes	-	-	-
Payment to refunding bond agent	(320,000)	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(597,136)	-	(3,718,634)
Change in fund balances	1,195,640	(221,595)	44,352
Fund balances beginning of year	11,361,449	2,643,511	453,172
Fund balances end of year	\$ 12,557,089	2,421,916	497,524

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
-	-	1,651,304	20,557,779
-	-	-	147,056
-	-	97,087	97,087
4,578,532	16,344	574,815	9,646,964
200	-	-	195,827
-	41,116	21,220	3,246,569
1,025	10,592	42,234	301,534
81,301	30,000	166,915	836,507
4,661,058	98,052	2,553,575	35,029,323
-	-	65,269	9,801,775
-	-	-	3,183,651
-	-	-	2,596,836
-	14,253	599,455	3,824,009
6,622,050	-	-	6,672,732
-	-	76,535	1,984,473
-	-	-	1,670,842
-	-	-	14,298
-	-	2,099,059	2,110,476
1,437,882	7,934,002	-	9,371,884
8,059,932	7,948,255	2,840,318	41,230,976
(3,398,874)	(7,850,203)	(286,743)	(6,201,653)
49,600	-	-	49,600
4,315,770	788,469	65,777	5,490,016
-	-	(1,174,246)	(5,490,016)
-	4,975,788	2,149,212	7,125,000
-	130,137	54,035	184,172
-	-	(1,800,000)	(2,120,000)
-	-	514,212	514,212
4,365,370	5,894,394	(191,010)	5,752,984
966,496	(1,955,809)	(477,753)	(448,669)
3,635,045	8,373,838	3,012,932	29,479,947
4,601,541	6,418,029	2,535,179	29,031,278

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, 2016

Change in fund balances - Total governmental funds (page 27) \$ (448,669)

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

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

Expenditures for capital assets	\$ 7,939,441	
Capital assets contributed by the Iowa Department of Transportation	994,406	
Depreciation/amortization expense	<u>(3,643,107)</u>	5,290,740

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds reports the proceeds from the disposition as an increase in financial resources. (233,607)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds. 364,390

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

Issued	(7,639,212)	
Repaid	<u>3,793,707</u>	(3,845,505)

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 1,082,427

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	(13,563)	
Interest on long-term debt	4,028	
Pension expense	(577,729)	
Other post employment benefits	<u>(19,966)</u>	(607,230)

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The increase in net position of the Internal Service Funds is included in governmental activities in the Statement of Net Position. (565,793)

Change in net position of governmental activities (page 19) \$ 1,036,753

See notes to financial statements

Dallas County
Statement of Net Position
Proprietary Funds
June 30, 2016

	Internal Service
Assets	
Cash and cash equivalents	\$ 4,146,479
Receivables:	
Accounts	12,786
Accrued interest	20
Prepaid insurance	241
Capital assets, net of accumulated depreciation	381,811
Total assets	4,541,337
Deferred Outflows of Resources	
Pension related deferred outflows	93,083
Liabilities	
Accounts payable	690,317
Salaries and benefits payable	47,347
Due to other governments	1,981
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	27,406
Portion due or payable after one year:	
Compensated absences	18,486
Net pension liability	380,039
Net OPEB liability	13,859
Total liabilities	1,179,435
Deferred Inflows of Resources	
Unavailable revenues:	
Pension related deferred inflows	52,416
Net Position	
Net investment in capital assets	381,811
Unrestricted	3,020,758
Total net position	\$ 3,402,569

See notes to financial statements.

Dallas County

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

Year ended June 30, 2016

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,558,943
Reimbursements from employees and others		547,578
Insurance reimbursements		280,111
Miscellaneous		<u>1,380</u>
Total operating revenues		<u>5,388,012</u>
Operating expenses:		
Medical claims	\$ 3,015,901	
Administrative and other fees	366,073	
Central services	537,491	
Information technology	1,373,785	
Operations administration	277,348	
Human resources	294,304	
Depreciation	<u>99,528</u>	<u>5,964,430</u>
Operating loss		(576,418)
Non-operating revenues:		
Interest income		<u>10,625</u>
Net loss		(565,793)
Net position beginning of year		<u>3,968,362</u>
Net position end of year		<u>\$ 3,402,569</u>

See notes to financial statements.

Dallas County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 5,102,833
Cash received from insurance reimbursements	277,933
Cash paid for personal services	(2,485,850)
Cash paid to suppliers for services	(3,429,873)
Net cash used by operating activities	(534,957)
Cash flows from capital and related financing activities:	
Purchase of equipment	(27,353)
Cash flows from investing activities:	
Interest on investments	10,752
Net decrease in cash and cash equivalents	(551,558)
Cash and cash equivalents beginning of year	4,698,037
Cash and cash equivalents end of year	\$ 4,146,479
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (576,418)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	99,528
Changes in assets and liabilities:	
Increase in accounts receivable and due from other governments	(7,246)
Increase in prepaid insurance	(46)
Decrease in deferred outflows of resources	230
Decrease in accounts payable and due to other governments	(20,486)
Increase in salaries and benefits payable	7,428
Decrease in compensated absences	(12,340)
Increase in pension liability	95,518
Decrease in deferred inflows of resources	(122,959)
Increase in net OPEB liability	1,834
Net cash used by operating activities	\$ (534,957)

See notes to financial statements.

Dallas County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 5,260,227
Other County officials	216,224

Receivables:

Property tax:

Delinquent	98,952
Succeeding year	152,495,000
Accounts	8,909
Accrued interest	1
Special assessments	719,915
Due from other governments	96,917
Prepaid insurance	553

Total assets

158,896,698

Liabilities

Accounts payable	402,520
Salaries and benefits payable	44,143
Due to other governments	158,113,429
Trusts payable	263,846
Compensated absences	72,760

Total liabilities

158,896,698

Net Position

\$ -

See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2016

(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, the Dallas County Joint E911 Service Board and the Heart of Iowa Community Services Region. 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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County’s nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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 to be used to fund mental health, intellectual disabilities and developmental disabilities services.

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

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

Additionally, the County reports the following funds:

Proprietary 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 position 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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value 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 amortized 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 recognized as deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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.

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 more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from 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, 2016, 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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost 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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation 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, 2016. 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 Position.

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable which will not be recognized until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

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 Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2016, did not exceed the amounts budgeted. Although the Board acted to increase certain function budgets by amendment, the corresponding appropriations amendments were not made. Disbursements in eight departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2016, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Bank (FHLB)	\$ 2,000,600	November 2016
Federal Home Loan Mortgage Corporation (FHLMC)	\$ 3,679,774	February 2017

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the FHLB and FHLMC securities was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$755,587 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restriction on withdrawals for the IPAIT investments.

At June 30, 2016, the County had investments in drainage warrants of \$546,963.

Interest rate risk – The County’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk – The County’s FHLMC investment at June 30, 2016 is rated Aaa by Moody’s Investors Service. The investments in the FHLB and Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk – The County places no limit on the amount which may be invested in any one issuer. More than 5% of the County’s investments are in the FHLB and the FHLMC. The County’s investments in the FHLB and the FHLMC are 81.34% of the County’s total investments.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Debt Service	\$ 320,000
Special Revenue:		
Secondary Roads	General	597,136
	Special Revenue:	
	Rural Services	3,718,634
		<u>4,315,770</u>
Debt Service	Special Revenue:	
	Tax Increment Financing	65,777
Capital Projects	Special Revenue:	
	Wetland Bank Maintenance	788,469
Total		<u>\$ 5,490,016</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2016 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	1,000,456	8,050	-	1,008,506
Construction in progress	6,412,849	6,260,548	(5,589,595)	7,083,802
Total capital assets not being depreciated/amortized	13,528,868	6,268,598	(5,589,595)	14,207,871
Capital assets being depreciated/amortized:				
Buildings	28,739,000	486,620	-	29,225,620
Improvements other than buildings	748,713	259,841	-	1,008,554
Equipment and vehicles	11,424,171	1,918,787	(822,621)	12,520,337
Equipment and vehicles - internal service	1,126,507	27,353	-	1,153,860
Intangibles	216,605	671,781	-	888,386
Infrastructure, road network and other	54,148,287	4,777,158	-	58,925,445
Total capital assets being depreciated/amortized	96,403,283	8,141,540	(822,621)	103,722,202
Less accumulated depreciation/amortization for:				
Buildings	9,685,436	556,546	-	10,241,982
Improvements other than buildings	209,563	50,370	-	259,933
Equipment and vehicles	7,170,103	1,359,594	(729,671)	7,800,026
Equipment and vehicles - internal service	672,521	99,528	-	772,049
Intangibles	84,728	99,405	-	184,133
Infrastructure, road network and other	23,878,278	1,577,192	-	25,455,470
Total accumulated depreciation/amortization	41,700,629	3,742,635	(729,671)	44,713,593
Total capital assets being depreciated/amortized, net	54,702,654	4,398,905	(92,950)	59,008,609
Governmental activities capital assets, net	\$68,231,522	10,667,503	(5,682,545)	73,216,480

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 842,917
Physical health and social services	15,744
Mental health	77,392
County environment and education	546,534
Roads and transportation	2,012,707
Governmental services to residents	51,084
Administration	196,257
Total depreciation/amortization expense - governmental activities	<u>\$ 3,742,635</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	\$ 37,126
Special Revenue:		
Secondary Roads	Services	2,600
Total for governmental funds		<u>\$ 39,726</u>
Agency:		
Heart of Iowa Mental Health Region	Collections	\$ 48,191
County Assessor		2,156,895
Schools		83,589,698
Community Colleges		3,279,050
Corporations		59,693,396
City Special Assessments		762,376
Auto License and Use Tax		2,635,063
All other		5,948,760
Total for agency funds		<u>\$ 158,113,429</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Capital Loan Notes	Drainage District Warrants	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 30,998	7,840,000	2,120,000	85,516	892,056	4,742,008	223,500	15,934,078
Increases	-	-	7,125,000	514,212	708,148	1,591,976	87,600	10,026,936
Decreases	30,998	1,085,000	2,625,000	52,709	706,925	-	65,800	4,566,432
Balance end of year	\$ -	6,755,000	6,620,000	547,019	893,279	6,333,984	245,300	21,394,582
Due within one year	\$ -	1,180,000	990,000	547,019	486,465	-	-	3,203,484

Drainage Warrants

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

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

General Obligation Bonds

A summary of the County's June 30, 2016 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Courthouse Improvements			Courthouse, Jail and Administrative Offices		
	Issued December 28, 2005			Issued June 1, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2017	3.75%	\$ 1,065,000	195,418	4.00%	\$ 115,000	66,655
2018	3.80	1,215,000	155,480	4.00	115,000	62,055
2019	3.85	1,340,000	109,310	4.00	115,000	57,455
2020	3.90	1,480,000	57,720	4.00	120,000	52,855
2021		-	-	4.00	130,000	48,055
2022-2026		-	-	4.00-4.05	725,000	158,475
2027-2028		-	-	4.10-4.125	335,000	20,790
Total		<u>\$ 5,100,000</u>	<u>517,928</u>		<u>\$ 1,655,000</u>	<u>466,340</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2017	\$ 1,180,000	262,073	1,442,073
2018	1,330,000	217,535	1,547,535
2019	1,455,000	166,765	1,621,765
2020	1,600,000	110,575	1,710,575
2021	130,000	48,055	178,055
2022-2026	725,000	158,475	883,475
2027-2028	335,000	20,790	355,790
Total	<u>\$ 6,755,000</u>	<u>984,268</u>	<u>7,739,268</u>

During the year ended June 30, 2016, the County retired \$1,085,000 of general obligation bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2016 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Communication Equipment and Refunding			
	Issued November 17, 2015			
	Interest Rates	Principal	Interest	Total
2017	2.00%	\$ 990,000	132,400	1,122,400
2018	2.00	820,000	112,600	932,600
2019	2.00	850,000	96,200	946,200
2020	2.00	850,000	79,200	929,200
2021	2.00	495,000	62,200	557,200
2022-2026	2.00	2,615,000	159,200	2,774,200
Total		<u>\$ 6,620,000</u>	<u>641,800</u>	<u>7,261,800</u>

During the year ended June 30, 2016, the County retired \$2,625,000 of general obligation capital loan notes.

On November 17, 2015 the County issued \$7,125,000 of general obligation capital loan notes with an interest rate of 2.00% to pay the costs of acquisition and installation of emergency services communication equipment and to currently refund the following:

- \$945,000 of general obligation capital loan notes dated August 1, 2000.
- \$855,000 of general obligation capital loan notes dated March 1, 2002.
- \$320,000 of general obligation capital loan notes dated April 1, 2002.

The City refunded the notes to reduce its total debt service payments by approximately \$191,800 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$183,200.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member’s highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff’s, deputy’s and protection occupation member’s monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member’s highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 totaled \$1,151,518.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$6,333,984 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was 0.128206%, which was an increase of 0.008637% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$619,604. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,161	80,076
Changes of assumptions	175,233	48,589
Net difference between projected and actual earnings on IPERS' investments	-	736,420
Changes in proportion and differences between County contributions and its proportionate share of contributions	128,476	8,509
County contributions subsequent to the measurement date	1,151,518	-
Total	\$ 1,551,388	873,594

\$1,151,518 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	\$ (283,217)
2018	(283,217)
2019	(283,218)
2020	371,618
2021	4,310
Total	\$ (473,724)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 12,944,521	6,333,984	760,007

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(8) 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 230 active and 16 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, 2016, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 87,200
Interest on net OPEB obligation	8,900
Adjustment to annual required contribution	<u>(8,500)</u>
Annual OPEB cost	87,600
Contributions made	<u>(65,800)</u>
Increase in net OPEB obligation	21,800
Net OPEB obligation beginning of year	<u>223,500</u>
Net OPEB obligation end of year	<u>\$ 245,300</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, 2016.

For the year ended June 30, 2016, the County contributed \$65,800 to the medical plan. Plan members eligible for benefits contributed \$125,170, or 66% 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
2014	\$ 66,900	62.3%	\$ 196,600
2015	87,300	69.2	223,500
2016	87,600	75.1	245,300

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2016, the actuarial accrued liability was approximately \$905,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$905,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$11,063,000 and the ratio of the UAAL to covered payroll was 8.2%. As of June 30, 2016, 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, 2014 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 8.5%. 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, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$517 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.

(9) 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 746 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 casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were \$311,964.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) 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 \$50,000. 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, 2016 was \$2,758,234.

Amounts payable from the Employee Group Health Fund at June 30, 2016 total \$514,336, 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 \$2,888,390 at June 30, 2016 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. 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	\$ 532,927
Incurred claims (including claims incurred but not reported at June 30, 2015)	3,015,901
Payments on claims during the fiscal year	<u>(3,034,492)</u>
Unpaid claims end of year	<u>\$ 514,336</u>

(11) 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.

(12) 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 \$18,238 were made to the developer under the terms of the agreement during the year ended June 30, 2016. The cumulative amount paid to the developer at June 30, 2016 was \$158,797.

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 \$440,000 were made from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2016. The cumulative amount paid to the City at June 30, 2016 was \$3,389,543.

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 2016, the County paid \$618,779 from the General Fund to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2016 was \$3,269,465.

(13) 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.

(14) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2014, 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 \$61,493 in land and building rent annually.

(15) County Financial Information Included in the Heart of Iowa Community Services Region

Heart of Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Audubon County, Dallas County, Greene County and Guthrie County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Mental Health Region for the year ended June 30, 2016, as follows:

Revenues:		
Property and other county tax		\$ 1,473,770
Intergovernmental revenues:		
State tax credits	\$ 103,652	
Other	46	103,698
Miscellaneous		<u>12,195</u>
Total revenues		<u>1,589,663</u>
Expenditures:		
Services to persons with:		
Mental illness	779,400	
Intellectual disabilities	83,406	
Other developmental disabilities	128,942	
Brain injury	<u>12,211</u>	1,003,959
General administration:		
Direct administration	250,838	
Distribution to regional fiscal agent	<u>556,461</u>	<u>807,299</u>
Total expenditures		<u>1,811,258</u>
Excess of expenditures over revenues		(221,595)
Fund balance beginning of the year		<u>2,643,511</u>
Fund balance end of the year		<u>\$ 2,421,916</u>

(16) New Accounting Pronouncement

Dallas County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

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, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 20,655,942	-	20,655,942
Interest and penalty on property tax	147,319	-	147,319
Intergovernmental	9,263,578	-	9,263,578
Licenses and permits	195,831	-	195,831
Charges for service	3,266,176	-	3,266,176
Use of money and property	308,272	271	308,001
Miscellaneous	902,775	162,065	740,710
Total receipts	34,739,893	162,336	34,577,557
Disbursements:			
Public safety and legal services	9,745,151	-	9,745,151
Physical health and social services	3,176,985	-	3,176,985
Mental health	2,736,967	-	2,736,967
County environment and education	3,827,426	562,979	3,264,447
Roads and transportation	6,647,790	-	6,647,790
Governmental services to residents	1,984,309	-	1,984,309
Administration	1,661,702	-	1,661,702
Non-program	15,136	-	15,136
Debt service	2,081,859	53,659	2,028,200
Capital projects	9,163,146	-	9,163,146
Total disbursements	41,040,471	616,638	40,423,833
Deficiency of receipts under disbursements	(6,300,578)	(454,302)	(5,846,276)
Other financing sources, net	6,142,778	514,212	5,628,566
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(157,800)	59,910	(217,710)
Balance beginning of year	29,443,658	194,639	29,249,019
Balance end of year	\$ 29,285,858	254,549	29,031,309

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
21,374,810	21,374,810	(718,868)
154,000	154,000	(6,681)
10,301,755	10,894,843	(1,631,265)
193,165	193,165	2,666
2,585,850	2,660,850	605,326
262,170	251,270	56,731
325,850	562,423	178,287
35,197,600	36,091,361	(1,513,804)
10,196,583	10,946,150	1,200,999
3,255,337	3,424,359	247,374
2,534,510	2,903,031	166,064
3,205,925	3,595,677	331,230
6,789,717	7,509,717	861,927
2,318,211	2,487,796	503,487
1,751,428	2,068,164	406,462
58,000	143,584	128,448
1,974,471	2,556,763	528,563
5,526,360	10,621,246	1,458,100
37,610,542	46,256,487	5,832,654
(2,412,942)	(10,165,126)	4,318,850
-	5,625,265	3,301
(2,412,942)	(4,539,861)	4,322,151
24,901,865	24,902,215	4,346,804
22,488,923	20,362,354	8,668,955

Dallas County

Dallas County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 34,739,893	289,430	35,029,323
Expenditures	41,040,471	190,505	41,230,976
Net	(6,300,578)	98,925	(6,201,653)
Other financing sources, net	6,142,778	(389,794)	5,752,984
Beginning fund balances	29,443,658	36,289	29,479,947
Ending fund balances	\$ 29,285,858	(254,580)	29,031,278

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$8,645,945. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted by function. Although the Board acted to increase certain function budgets by amendment, the corresponding appropriations amendments were not made. Disbursements in eight departments exceeded the amounts appropriated.

Dallas County

Schedule of the County's Proportionate Share of the Net Pension Liability

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

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.128206%	0.119569%
County's proportionate share of the net pension liability	\$ 6,334	4,742
County's covered-employee payroll	\$ 11,788	11,318
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.73%	41.90%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Dallas County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 1,152	1,081	1,041	973
Contributions in relation to the statutorily required contribution	<u>(1,152)</u>	<u>(1,081)</u>	<u>(1,041)</u>	<u>(973)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 12,784	11,788	11,318	10,776
Contributions as a percentage of covered-employee payroll	9.01%	9.17%	9.20%	9.03%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
933	802	731	669	589	514
(933)	(802)	(731)	(669)	(589)	(514)
-	-	-	-	-	-
10,951	10,630	10,376	9,954	9,481	8,601
8.52%	7.54%	7.05%	6.72%	6.21%	5.98%

Dallas County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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)
2011	July 1, 2010	-	\$ 486	486	0.00%	\$ 9,502	5.10%
2012	July 1, 2010	-	486	486	0.00	10,313	4.70
2013	July 1, 2012	-	614	614	0.00	11,759	5.22
2014	July 1, 2012	-	614	614	0.00	10,160	6.05
2015	July 1, 2014	-	905	905	0.00	10,607	8.53
2016	July 1, 2014	-	905	905	0.00	11,063	8.18

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

See accompanying independent auditor's report.

Dallas County

Supplementary Information

Dallas County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2016

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Special
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ -	740,016	210,497	21,931	19,383	
Conservation Foundation	-	-	-	-	-	
Receivables:						
Property tax:						
Delinquent	-	-	-	-	-	
Succeeding year	-	-	-	-	-	
Succeeding year						
tax increment financing	110,000	-	-	-	-	
Accounts	-	-	-	-	222	
Accrued interest	-	-	-	-	-	
Drainage assessments	-	-	-	-	-	
Total assets	\$ 110,000	740,016	210,497	21,931	19,605	
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ -	-	656	-	-	
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	-	-	-	-	-	
Succeeding year tax increment financing	110,000	-	-	-	-	
Other	-	-	-	-	-	
Total deferred inflows of resources	110,000	-	-	-	-	
Fund balances:						
Restricted for:						
Drainage district purposes	-	-	-	-	-	
Conservation land acquisition/ capital improvements	-	-	-	-	-	
Debt service	-	-	-	-	-	
Forfeitures	-	-	209,841	21,931	19,605	
Wetland bank maintainance	-	740,016	-	-	-	
Other purposes	-	-	-	-	-	
Total fund balances	-	740,016	209,841	21,931	19,605	
Total liabilities, deferred inflows of resources and fund balances	\$ 110,000	740,016	210,497	21,931	19,605	

See accompanying independent auditor's report.

Revenue								
Courthouse Restoration	County Recorder's Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total
3,379	54,962	137	117,826	1,025,871	77,564	-	104,632	2,376,198
-	-	-	-	-	-	176,985	-	176,985
-	-	-	-	-	-	-	1,421	1,421
-	-	-	-	-	-	-	2,480,000	2,480,000
-	-	-	-	-	-	-	-	110,000
-	6	-	-	-	-	-	-	228
-	-	-	1	213	-	-	4	218
-	-	-	-	-	548,055	-	-	548,055
3,379	54,968	137	117,827	1,026,084	625,619	176,985	2,586,057	5,693,105
-	17,831	-	-	-	-	-	-	18,487
-	-	-	-	-	-	-	2,480,000	2,480,000
-	-	-	-	-	-	-	-	110,000
-	-	-	-	-	548,055	-	1,384	549,439
-	-	-	-	-	548,055	-	2,481,384	3,139,439
-	-	-	-	-	77,564	-	-	77,564
-	-	-	-	1,026,084	-	-	-	1,026,084
-	-	-	-	-	-	-	104,673	104,673
-	-	-	-	-	-	-	-	251,377
-	-	-	-	-	-	-	-	740,016
3,379	37,137	137	117,827	-	-	176,985	-	335,465
3,379	37,137	137	117,827	1,026,084	77,564	176,985	104,673	2,535,179
3,379	54,968	137	117,827	1,026,084	625,619	176,985	2,586,057	5,693,105

Dallas County

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

Year ended June 30, 2016

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Special Courthouse Restoration
Revenues:						
Property and other county tax	\$ -	-	-	-	-	-
Tax increment financing	97,087	-	-	-	-	-
Intergovernmental	7,102	429,450	-	-	-	-
Charges for service	-	-	-	-	-	-
Use of money and property	-	14,032	-	-	-	-
Miscellaneous	-	-	2,981	391	1,478	-
Total revenues	104,189	443,482	2,981	391	1,478	-
Expenditures:						
Operating:						
Public safety and legal services	-	-	49,319	15,950	-	-
County environment and education	36,476	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	36,476	-	49,319	15,950	-	-
Excess (deficiency) of revenues over (under) expenditures	67,713	443,482	(46,338)	(15,559)	1,478	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(65,777)	(788,469)	-	-	-	-
General obligation notes issued	-	-	-	-	-	-
Premium on capital loan notes	-	-	-	-	-	-
Payment to refunding bond agent	-	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-	-
Total other financing sources (uses)	(65,777)	(788,469)	-	-	-	-
Change in fund balances	1,936	(344,987)	(46,338)	(15,559)	1,478	-
Fund balances beginning of year	(1,936)	1,085,003	256,179	37,490	18,127	3,379
Fund balances end of year	\$ -	740,016	209,841	21,931	19,605	3,379

See accompanying independent auditor's report.

Revenue								
County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total	
-	-	-	-	-	-	1,651,304	1,651,304	
-	-	-	-	-	-	-	97,087	
-	-	30,267	-	-	-	107,996	574,815	
21,220	-	-	-	-	-	-	21,220	
138	137	47	26,422	-	271	1,187	42,234	
-	-	-	-	51,422	110,643	-	166,915	
21,358	137	30,314	26,422	51,422	110,914	1,760,487	2,553,575	
-	-	-	-	-	-	-	65,269	
-	-	-	-	543,050	19,929	-	599,455	
76,535	-	-	-	-	-	-	76,535	
-	-	-	-	53,659	-	2,045,400	2,099,059	
76,535	-	-	-	596,709	19,929	2,045,400	2,840,318	
(55,177)	137	30,314	26,422	(545,287)	90,985	(284,913)	(286,743)	
-	-	-	-	-	-	65,777	65,777	
-	-	-	-	-	-	(320,000)	(1,174,246)	
-	-	-	-	-	-	2,149,212	2,149,212	
-	-	-	-	-	-	54,035	54,035	
-	-	-	-	-	-	(1,800,000)	(1,800,000)	
-	-	-	-	514,212	-	-	514,212	
-	-	-	-	514,212	-	149,024	(191,010)	
(55,177)	137	30,314	26,422	(31,075)	90,985	(135,889)	(477,753)	
92,314	-	87,513	999,662	108,639	86,000	240,562	3,012,932	
37,137	137	117,827	1,026,084	77,564	176,985	104,673	2,535,179	

Dallas County

Dallas County
Combining Schedule of Net Position
Internal Service Funds

June 30, 2016

	Employee		Total
	Professional Services	Group Health	
Assets			
Cash and cash equivalents	\$ 756,459	3,390,020	4,146,479
Receivables:			
Accounts	-	12,786	12,786
Accrued interest	-	20	20
Prepaid insurance	241	-	241
Capital assets, net of accumulated depreciation/amortization	381,811	-	381,811
Total assets	1,138,511	3,402,826	4,541,337
Deferred Outflows of Resources			
Pension related deferred outflows	93,083	-	93,083
Liabilities			
Accounts payable	175,981	514,336	690,317
Salaries and benefits payable	47,347	-	47,347
Due to other governments	1,881	100	1,981
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	27,406	-	27,406
Portion due or payable after one year:			
Compensated absences	18,486	-	18,486
Net pension liability	380,039	-	380,039
Net OPEB liability	13,859	-	13,859
Total liabilities	664,999	514,436	1,179,435
Deferred Inflows of Resources			
Unavailable revenues:			
Pension related deferred inflows	52,416	-	52,416
Net Position			
Net investment in capital assets	381,811	-	381,811
Unrestricted	132,368	2,888,390	3,020,758
Total net position	\$ 514,179	2,888,390	3,402,569

See accompanying independent auditor's report.

Schedule 4

Dallas County

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

Year ended June 30, 2016

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 1,800,709	2,758,234	4,558,943
Reimbursements from employees and others	-	547,578	547,578
Insurance reimbursements	-	280,111	280,111
Miscellaneous	1,380	-	1,380
Total operating revenues	1,802,089	3,585,923	5,388,012
Operating expenses:			
Medical claims	-	3,015,901	3,015,901
Administrative and other fees	-	366,073	366,073
Central services	537,491	-	537,491
Information technology	1,373,785	-	1,373,785
Operations administration	277,348	-	277,348
Human resources	294,304	-	294,304
Depreciation	99,528	-	99,528
Total operating expenses	2,582,456	3,381,974	5,964,430
Operating income (loss)	(780,367)	203,949	(576,418)
Non-operating revenues:			
Interest income	-	10,625	10,625
Net income (loss)	(780,367)	214,574	(565,793)
Net position beginning of year	1,294,546	2,673,816	3,968,362
Net position end of year	\$ 514,179	2,888,390	3,402,569

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2016

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 1,807,629	3,295,204	5,102,833
Cash received from insurance reimbursements	-	277,933	277,933
Cash paid for personal services	(2,485,850)		(2,485,850)
Cash paid to suppliers for services	-	(3,429,873)	(3,429,873)
Net cash provided (used) by operating activities	(678,221)	143,264	(534,957)
Cash flows from capital and related financing activities:			
Purchase of equipment	(27,353)	-	(27,353)
Cash flows from investing activities:			
Interest on investments	-	10,752	10,752
Increase (decrease) in cash and cash equivalents	(705,574)	154,016	(551,558)
Cash and cash equivalents beginning of year	1,462,033	3,236,004	4,698,037
Cash and cash equivalents end of year	\$ 756,459	3,390,020	4,146,479
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (780,367)	203,949	(576,418)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	99,528	-	99,528
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and due from other governments	5,540	(12,786)	(7,246)
Increase in prepaid insurance	(46)	-	(46)
Decrease in deferred outflows of resources	230	-	230
Increase (decrease) in accounts payable and due to other governments	27,413	(47,899)	(20,486)
Increase in salaries and benefits payable	7,428	-	7,428
Decrease in compensated absences	(12,340)	-	(12,340)
Increase in pension liability	95,518	-	95,518
Decrease in deferred inflows of resources	(122,959)	-	(122,959)
Increase in net OPEB liability	1,834	-	1,834
Net cash provided (used) by operating activities	\$ (678,221)	143,264	(534,957)

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	268,256	1,427	904,480	311,974
Other County officials	216,224	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	840	49,724
Succeeding year	-	-	342,000	1,448,000	83,228,000
Accounts	8,909	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	-	348	-
Total assets	\$ 225,133	268,256	343,427	2,353,668	83,589,698
Liabilities					
Accounts payable	\$ -	220,065	-	102,750	-
Salaries and benefits payable	-	-	-	40,461	-
Due to other governments	176,852	48,191	343,427	2,156,895	83,589,698
Trusts payable	48,281	-	-	-	-
Compensated absences	-	-	-	53,562	-
Total liabilities	\$ 225,133	268,256	343,427	2,353,668	83,589,698

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
12,156	176,081	2,963	42,461	2,635,063	905,366	5,260,227
-	-	-	-	-	-	216,224
1,894	46,315	100	-	-	79	98,952
3,265,000	59,471,000	522,000	-	-	4,219,000	152,495,000
-	-	-	-	-	-	8,909
-	-	-	-	-	1	1
-	-	-	719,915	-	-	719,915
-	-	-	-	-	96,917	96,917
-	-	-	-	-	205	553
3,279,050	59,693,396	525,063	762,376	2,635,063	5,221,568	158,896,698
-	-	-	-	-	79,705	402,520
-	-	-	-	-	3,682	44,143
3,279,050	59,693,396	525,063	762,376	2,635,063	4,903,418	158,113,429
-	-	-	-	-	215,565	263,846
-	-	-	-	-	19,198	72,760
3,279,050	59,693,396	525,063	762,376	2,635,063	5,221,568	158,896,698

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	\$ 152,730	477,255	333,371	2,013,969	74,535,646
Additions:					
Property and other county tax	-	-	347,384	1,470,012	84,009,417
E-911 surcharge	-	-	-	-	-
State tax credits	-	-	23,729	93,825	5,164,807
Drivers license fees	-	-	-	-	-
Office fees and collections	2,704,631	-	-	67	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	2,037,527	-	-	-	-
Miscellaneous	-	750,942	11	42	2,331
Total additions	4,742,158	750,942	371,124	1,563,946	89,176,555
Deductions:					
Agency remittances:					
To other funds	1,197,056	-	-	-	-
To other governments	1,449,953	959,941	361,068	1,224,247	80,122,503
Trusts paid out	2,022,746	-	-	-	-
Total deductions	4,669,755	959,941	361,068	1,224,247	80,122,503
Balances end of year	\$ 225,133	268,256	343,427	2,353,668	83,589,698

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
2,839,152	56,706,305	462,413	893,069	2,376,896	4,851,356	145,642,162
3,312,577	58,254,834	537,347	-	-	4,297,953	152,229,524
-	-	-	-	-	531,490	531,490
202,100	3,724,300	19,065	-	-	287,683	9,515,509
-	-	-	-	393,207	-	393,207
-	-	-	-	-	-	2,704,698
-	-	-	-	29,633,205	-	29,633,205
-	-	-	110,979	-	-	110,979
-	-	-	-	-	773,136	2,810,663
90	2,307	-	-	-	179,469	935,192
3,514,767	61,981,441	556,412	110,979	30,026,412	6,069,731	198,864,467
-	-	-	-	1,025,531	-	2,222,587
3,074,869	58,994,350	493,762	241,672	28,742,714	4,974,655	180,639,734
-	-	-	-	-	724,864	2,747,610
3,074,869	58,994,350	493,762	241,672	29,768,245	5,699,519	185,609,931
3,279,050	59,693,396	525,063	762,376	2,635,063	5,221,568	158,896,698

Dallas County

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

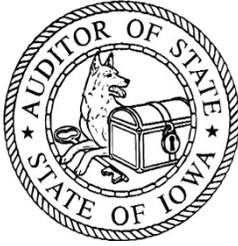
For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	\$ 20,557,779	19,297,992	18,774,955	19,141,260
Interest and penalty on property tax	147,056	146,484	152,944	152,413
Tax increment financing	97,087	100,956	98,441	109,529
Intergovernmental	9,646,964	10,884,066	9,555,277	8,483,422
Licenses and permits	195,827	177,553	171,694	142,434
Charges for service	3,246,569	2,894,320	2,688,187	2,895,612
Use of money and property	301,534	315,240	318,975	299,663
Miscellaneous	836,507	652,133	691,317	647,448
Total	\$ 35,029,323	34,468,744	32,451,790	31,871,781
Expenditures:				
Operating:				
Public safety and legal services	\$ 9,801,775	9,420,387	8,362,939	7,635,590
Physical health and social services	3,183,651	3,014,152	2,889,683	2,872,561
Mental health	2,596,836	3,294,070	2,373,144	2,490,442
County environment and education	3,824,009	3,514,414	3,038,226	2,837,183
Roads and transportation	6,672,732	6,490,035	7,738,509	7,615,842
Governmental services to residents	1,984,473	2,298,557	1,842,953	1,749,461
Administration	1,670,842	1,863,375	1,551,918	1,512,103
Non-program	14,298	11,249	17,363	111,511
Debt service	2,110,476	1,887,573	1,815,875	1,748,125
Capital projects	9,371,884	3,076,076	396,233	2,402,316
Total	\$ 41,230,976	34,869,888	30,026,843	30,975,134

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
18,439,134	19,118,842	19,030,273	17,705,482	16,435,190	14,131,764
201,385	199,956	239,000	267,434	200,150	120,212
128,211	115,087	113,173	124,508	118,668	71,915
10,356,247	8,966,703	11,527,229	11,669,174	9,267,818	8,821,036
124,719	108,069	111,223	114,954	165,210	167,762
2,537,582	2,414,405	2,341,986	2,171,847	2,220,105	2,033,444
625,957	521,825	516,572	758,573	1,214,811	1,352,680
679,094	513,084	1,389,911	454,448	471,613	582,977
33,092,329	31,957,971	35,269,367	33,266,420	30,093,565	27,281,790
7,535,107	7,642,460	6,992,046	6,503,733	6,394,696	5,557,939
2,791,212	2,879,816	2,803,326	2,839,385	2,725,731	2,793,823
4,803,000	4,535,343	4,182,996	4,131,844	4,165,304	3,930,862
3,179,353	3,079,502	3,126,025	3,410,286	2,797,350	2,246,610
6,867,019	6,381,300	6,030,594	6,642,798	5,681,840	5,080,974
1,748,738	1,614,275	1,516,940	1,474,652	1,350,487	1,201,824
1,671,751	1,582,888	1,531,994	1,459,195	1,504,643	1,652,347
45,728	92,612	149,498	81,993	82,364	35,203
1,701,369	1,659,657	1,624,943	1,957,792	1,374,999	1,429,872
1,880,891	1,424,486	1,942,638	5,709,783	4,599,429	4,809,405
32,224,168	30,892,339	29,901,000	34,211,461	30,676,843	28,738,859

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Dallas County:

We have audited 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, the 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, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 described in the accompanying Schedule of Findings as items (A) and (B) 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 the accompanying Schedule of Findings as items (C) through (G) 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 the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 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

Dallas County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Dallas County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.


MARY MOSIMAN, CPA
Auditor of State

March 24, 2017

Dallas County
Schedule of Findings
Year ended June 30, 2016

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the Sheriff's office may have control over commissary disbursement claims processing, check writing, check signing and final approval.

Cause – The County Sheriff's office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Sheriff's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Sheriff should review the operating procedures for the commissary to obtain the maximum internal control possible under the circumstances. The County Sheriff should utilize current personnel, including 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 and should be documented by the signature or initials of the reviewer and the date of the review.

Response – At this time there is not a resolution for this issue. 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 Sergeants and Jail Lieutenants are the only ones that are able to make changes and or override a check.

Conclusion – Response acknowledged. The County Sheriff should continue to review operating procedures to obtain the maximum internal control possible.

Dallas County

Schedule of Findings

Year ended June 30, 2016

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Condition – Material amounts of salaries payable were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require an independent review of year-end cut-off transactions to ensure the County's financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County's financial statements were necessary.

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

Response – While our payroll software is not capable of providing all the needed information in one report, we will manually combine information from multiple reports to obtain the needed salaries payable amounts in the future.

Conclusion – Response accepted.

(C) Tax Increment Abstract

Criteria – An effective internal control system provides for internal controls related to an independent review of tax increment requests and reconciliations to abstracts. Proper review would include a comparison to requests for a specific dollar amount of incremental revenue with tax abstract records.

Condition – The abstract of taxes levied did not agree with the tax increment requests authorized to be collected by taxing district. The abstract included tax increments at maximum authorized levels in districts in which a reduced request had been made.

Cause – Procedures have not been designed and implemented to require independent review of tax increment requests and reconciliations.

Effect – When accurate tax abstract records are not maintained, reporting of projected tax increment property taxes could be in error.

Dallas County

Schedule of Findings

Year ended June 30, 2016

Recommendation – The County should work with its software provider to properly reflect tax increment collections as the anticipated requested amounts rather than the maximum available to ensure the proper valuations are utilized for tax entities budgeting purposes.

Response – The County Auditor will work with our software provider to report reduced requests instead of the maximum authorized level.

Conclusion – Response accepted.

(D) Ambulance Billings

Criteria – An effective internal control system provides for internal controls related to reconciling ambulance service billings, collections and receivables to ensure the accuracy of ambulance service collections and receivables.

Condition – The County has contracted with a third party to administer ambulance service billings and collections. The County does not reconcile collections to the bank statement and the County does not reconcile ambulance service calls to amounts billed and outstanding.

Cause – Policies have not been established and procedures have not been implemented to reconcile ambulance service billings, collections and receivables.

Effect – This condition could result in unrecorded or misstated ambulance service revenues and receivables.

Recommendation – A reconciliation of ambulance service billings, collections and receivables should be prepared monthly. An independent person should review the reconciliations and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review.

Response – I have reviewed the reconciliation process and will be performing this monthly moving forward.

Conclusion – Response accepted.

(E) Intergovernment Revenues

Criteria – An effective internal control system provides for internal controls related to ensuring revenues are recorded in the general ledger timely.

Condition – Intergovernmental revenues are not always recorded in the general ledger timely.

Cause – Procedures have not been designed and implemented to ensure all revenues are recorded timely.

Effect – Inadequate controls could result in unrecorded revenues.

Dallas County

Schedule of Findings

Year ended June 30, 2016

Recommendation – All revenues should be recorded timely.

Response – Electronic deposits sometimes will not have supporting documentation to know where the funds should be applied. The County will pursue obtaining appropriate documentation more timely.

Conclusion – Response accepted.

(F) Capital Asset Additions and Deletions

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all capital assets, including asset additions and deletions, by maintaining appropriate accounting records and ensuring the records are reviewed by an independent person. County policy requires capital asset addition and deletion forms be prepared by the appropriate department and be submitted to the Operations Department to timely record the change in capital assets.

Condition – Capital asset addition and deletion forms are not always prepared by the individual departments and submitted to Operations Department to record the change in assets. During the year, the County Sheriff donated several laptops to the City of Adel police department, but did not prepare and submit the appropriate deletion forms to the Operations Department.

Cause – Individual department heads have not always made preparing and submitting the forms a priority.

Effect – When capital asset addition and deletion forms are not provided to the Operations Department, the opportunity for errors in capital asset balances can result.

Recommendation – The County should establish procedures to ensure all departments complete and submit asset addition and deletion forms to the Operations Department timely to ensure the proper recording of all asset changes.

Response – The County Sheriff and other departments will prepare and submit the required deletion change form to the Operations Department when disposing of future assets.

Conclusion – Response accepted.

(G) County Sheriff Commissary Account

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

Condition – Bank to book reconciliations are not performed for the commissary account.

Dallas County

Schedule of Findings

Year ended June 30, 2016

Cause – Procedures have not been designed and implemented to ensure the commissary account is reconciled monthly.

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

Recommendation – The County Sheriff should establish procedures to ensure monthly bank reconciliations are performed for the commissary account.

Response – We are unsure if our software will allow us to reconcile in this manner. We will to work with the State Auditor to resolve this issue in the future

Conclusion – Response accepted.

Dallas County
Schedule of Findings
Year ended June 30, 2016

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted. However, although the Board acted to increase certain function budgets by amendment, the corresponding appropriations amendments were not made. Consequently, disbursements in eight departments exceeded the amounts appropriated.

Recommendation – The Board of Supervisors should ensure budget amendments are appropriated, amendments are properly prepared and the amendments are made to the applicable departments before disbursements are allowed to exceed the amounts appropriated.

Response – The County will appropriate amended budgets going forward.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – No business transactions between the County and County officials or employees were noted.
- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) 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.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Payroll Calculation Method – For the year ended June 30, 2016, all salaried employees were paid compensation in excess of authorized salary in the amount equal to one day’s pay due to an error in the payroll calculation method.

Dallas County

Schedule of Findings

Year ended June 30, 2016

Recommendation - The Board of Supervisors should consult legal counsel to determine the disposition of the matter.

Response - We changed the process for calculating elected official salaries in July 2016 so that has already been corrected and should no longer be a problem in the future. We are also reporting biweekly salaries for all full-time employees on the payroll change forms approved by the Board of Supervisors.

Conclusion - Response accepted.

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

Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

Dallas County

Staff

This audit was performed by:

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