



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

January 29, 2018

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$55,426,838 for the year ended June 30, 2017, which included \$3,005,997 in tax credits from the state. The County forwarded \$45,931,539 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$9,495,299 of the local tax revenue to finance County operations, a 2.61% increase over the prior year. Other revenues included charges for service of \$1,344,326, operating grants, contributions and restricted interest of \$4,549,267, capital grants, contributions and restricted interest of \$2,151,188, tax increment financing of \$541,217, local option sales tax of \$1,281,417, hotel/motel tax of \$55,113, unrestricted investment earnings of \$237,247 and other general revenues of \$224,458.

Expenses for County operations for the year ended June 30, 2017 totaled \$14,564,265, a 1.11% decrease from the prior year. Expenses included \$4,345,491 for roads and transportation, \$2,556,838 for administration and \$2,551,471 for public safety and legal services.

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/1710-0030-B00F>.

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**DICKINSON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2017**

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**Dickinson County**

**Officials**

**(Before January 2017)**

David Gottsche	Board of Supervisors	(Deceased)
Sara Koepp (Appointed)	Board of Supervisors	Nov 2016
Pam Jordan	Board of Supervisors	Jan 2017
Mardi Allen	Board of Supervisors	Jan 2019
Paul Johnson	Board of Supervisors	Jan 2019
William Leupold	Board of Supervisors	Jan 2019
Tim Fairchild	Board of Supervisors	Jan 2021
Lori Pedersen	County Auditor	Jan 2017
Kris Rowley	County Treasurer	Jan 2019
Ann Ditsworth	County Recorder	Jan 2019
Gregory Baloun	County Sheriff	Jan 2017
Jon M. Martin	County Attorney	Jan 2019
Stephanie Sohn	County Assessor	Jan 2020

**(After January 2017)**

Mardi Allen	Board of Supervisors	Jan 2019
Paul Johnson	Board of Supervisors	Jan 2019
William Leupold	Board of Supervisors	Jan 2019
Tim Fairchild	Board of Supervisors	Jan 2021
Pam Jordan	Board of Supervisors	Jan 2021
Lori Pedersen	County Auditor	Jan 2021
Kris Rowley	County Treasurer	Jan 2019
Ann Ditsworth	County Recorder	Jan 2019
Gregory Baloun	County Sheriff	Jan 2021
Jon M. Martin	County Attorney	Jan 2019
Stephanie Sohn	County Assessor	Jan 2020



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Independent Auditor's Report

To the Officials of Dickinson 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 Dickinson County, Iowa, as of and for the year ended June 30, 2017, 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 Dickinson County as of June 30, 2017, 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 16 and 62 through 71 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 Dickinson 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, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), 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 January 23, 2018 on our consideration of Dickinson 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 solely 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 effectiveness of the County's 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 Dickinson County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

January 23, 2018

**Dickinson County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2017 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 13.3%, or approximately \$2,339,000, from fiscal year 2016 to fiscal year 2017. Capital grants, contributions and restricted interest increased approximately \$973,000, operating grants, contributions and restricted interest increased approximately \$1,124,000 and property and other county tax increased approximately \$135,000.
- Program expenses of the County's governmental activities decreased 1.1%, or approximately \$165,000, from fiscal year 2016. Roads and transportation expenses decreased 17.1%, or approximately \$897,000, from fiscal year 2016. Mental health expenses decreased approximately \$399,000 while non-program expenses increased approximately \$174,000.
- The County's net position at June 30, 2017 increased 11.2%, or approximately \$5,316,000, over the June 30, 2016 balance.

### **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 Dickinson County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Dickinson County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Dickinson County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, 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 Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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 financial information on all of the 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, Secondary Roads and TIF (Tax Increment Financing) and Urban Renewal, and 3) the Debt Service 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net 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. Dickinson County's combined net position increased from approximately \$47.3 million at June 30, 2016 to approximately \$52.6 million at June 30, 2017. The analysis that follows focuses on the changes in the net position of governmental activities.

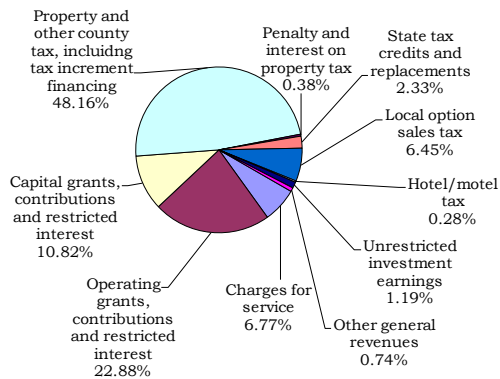
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2017	2016
Current and other assets	\$ 43,317	37,220
Capital assets	49,848	46,841
Total assets	93,165	84,061
Deferred outflows of resources	1,243	552
Long-term liabilities	30,314	26,268
Other liabilities	1,132	882
Total liabilities	31,446	27,150
Deferred inflows of resources	10,319	10,136
Net position:		
Net investment in capital assets	41,226	36,794
Restricted	8,858	7,964
Unrestricted	2,559	2,569
Total net position	\$ 52,643	47,327

The net position of Dickinson County's governmental activities increased approximately 11.2% (approximately \$52.6 million compared to approximately \$47.3 million). A large portion of the 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 it can 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 \$2,569,000 at June 30, 2016 to approximately \$2,559,000 at the end of this year, a decrease of 0.39%.

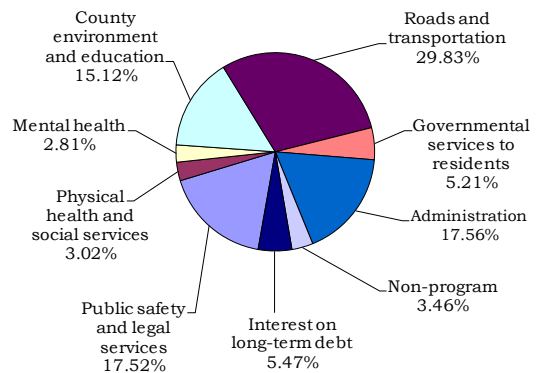
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2017	2016
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,345	1,230
Operating grants, contributions and restricted interest	4,549	3,425
Capital grants, contributions and restricted interest	2,151	1,178
<b>General revenues:</b>		
Property and other county tax, including tax increment financing	9,573	9,438
Penalty and interest on property tax	76	81
State tax credits and replacements	464	444
Local option sales tax	1,282	1,285
Hotel/motel tax	55	56
Unrestricted investment earnings	237	169
Other general revenues	148	235
<b>Total revenues</b>	<b>19,880</b>	<b>17,541</b>
<b>Program expenses:</b>		
Public safety and legal services	2,551	2,351
Physical health and social services	440	459
Mental health	409	808
County environment and education	2,202	1,899
Roads and transportation	4,346	5,243
Governmental services to residents	759	712
Administration	2,557	2,189
Non-program	504	330
Interest on long-term debt	796	738
<b>Total expenses</b>	<b>14,564</b>	<b>14,729</b>
<b>Change in net position</b>	<b>5,316</b>	<b>2,812</b>
<b>Net position beginning of year</b>	<b>47,327</b>	<b>44,515</b>
<b>Net position end of year</b>	<b>\$ 52,643</b>	<b>47,327</b>

**Revenues by Source**



**Expenses by Function**



The County's taxable valuation increased approximately 7.73% and the levy rate decrease approximately 3.87%, resulting in an increase in the County's property tax revenue of approximately \$135,000 for fiscal year 2017. Based on a small increase in the taxable valuation and in levy rates for fiscal year 2018, property tax is expected to increase approximately 4.8% next year.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$30.9 million, an increase of approximately \$4,709,000 over last year's total of approximately \$26.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$273,000 and expenditures increased approximately \$709,000. The ending fund balance decreased approximately \$85,000 from the prior year to approximately \$5.2 million. The increase in revenue was due primarily to an increase in property and other county tax as a result of an increase in taxable valuations. The increase in expenditures was due in part to the purchase of a new chiller, an increase in insurance and conservation land and equipment expenditures.
- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures for the year totaled approximately \$409,000, a decrease of approximately \$403,000 from the prior year. Revenues were relatively unchanged from the prior year, decreasing approximately \$1,000. The disbursement to the Northwest Iowa Care Connection Region decreased approximately \$423,000 as a result of the reorganization of mental health services. The Special Revenue, Mental Health Fund balance at year end increased approximately \$13,000 over the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately \$195,000. This was primarily due to an increase in property tax of approximately \$182,000. Expenditures increased approximately \$64,000, due primarily to payments for salary related to the Weed Commissioner. This resulted in the ending fund balance increasing approximately \$82,000 to approximately \$1,436,000 at June 30, 2017.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$314,000, or 5.7%, over the prior year, due primarily to the addition of a new county shop and equipment purchases. Secondary Roads Fund revenues increased approximately \$370,000, primarily due to an increase in reimbursements from several cities for a concrete overlay project and an increase in road use tax revenues of approximately \$162,000. The Secondary Roads Fund ending balance increased approximately \$293,000, or 7.7%.
- The Special Revenue, TIF and Urban Renewal Fund reported a decrease in revenues of approximately \$77,000, or 11.7%. TIF and Urban Renewal Fund expenditures increased approximately \$121,000. This was primarily due to payments to the City of Lake Park for urban renewal projects. The balance in the fund at June 30, 2017 was approximately \$248,000.
- Revenues of the Debt Service Fund decreased approximately \$105,000. Expenditures increased approximately \$389,000 or 14.8%. Debt service payments were approximately \$3.0 million in fiscal year 2017. The ending fund balance in the Debt Service Fund increased approximately \$4,462,000. The fund balance is large because debt for the Lakes Regional Hospital of \$12,265,000 is not recorded as a fund liability under the modified accrual basis of accounting. Also, the County held approximately \$5,107,000 on deposit with an escrow agent for crossover advanced refunding notes.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget two times. The first amendment was made on December 13, 2016 to increase the budget in the county environment and education, administration and nonprogram functions for additional costs incurred for a conservation land purchase, a new air handler, repairs to the lift station and a courthouse fire alarm system, and resulted in an increase in budgeted disbursements of \$150,600. The second amendment was made on May 23, 2017 to increase the budget in the county environment and education and debt service functions. The amendment was made to allow for costs incurred for land purchases for a new trail being constructed and for the first payment of principal and interest on the 2016 refunding bond which resulted in an increase in budgeted disbursements of \$495,800.

The County's receipts were \$61,463 less than budgeted, a variance of 0.4%. The County did fewer road projects for other governments than anticipated, and as a result, intergovernmental receipts were less than projected.

Total disbursements were \$2,308,383 less than the amended budget. Actual disbursements for the county environment and education and capital project functions were approximately \$231,000 and \$1,849,000, respectively, less than the budgeted amount because overall utility and personnel costs were less than expected. Actual disbursements for the mental health function were approximately \$132,000 less than budgeted due to regionalization of mental health.

Even with the budget amendment, the County exceeded the amounts budgeted in the roads and transportation and non-program functions for the year ended June 30, 2017.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2017, Dickinson County had approximately \$49.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$3,007,000, or 6.4%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2017	2016
Land	\$ 4,187	2,752
Buildings and improvements	17,651	15,586
Intangibles, road network	530	530
Equipment and vehicles	4,325	3,266
Construction in progress	325	2,889
Infrastructure	22,830	21,818
Total	\$ 49,848	46,841

The County had depreciation expense of approximately \$2,023,000 in fiscal year 2017 and total accumulated depreciation of approximately \$14.8 million at June 30, 2017.

More detailed information about the County's capital assets is presented in Note 6 to the financial statements.



## Long-Term Debt

Dickinson County had approximately \$26.7 million of outstanding debt at June 30, 2017, which included approximately \$25.5 million of general obligation bonds and notes, approximately \$537,000 of general obligation capital loan notes, approximately \$490,000 of urban revitalization bonds and approximately \$110,000 of drainage warrants compared to total outstanding debt of approximately \$23.6 million at June 30, 2016.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2017	2016
General obligation bonds and notes	\$ 25,520	22,405
General obligation capital loan notes	537	574
Urban revitalization bonds	490	540
Installment purchase agreement	-	48
Drainage warrants	110	27
Total	\$ 26,657	23,594

Total debt increased approximately \$3,063,000, primarily, as a result of the issuance of crossover refunding notes, the proceeds of which are held with an escrow agent to pay the outstanding debt on the crossover date.

The County continues to carry a general obligation bond rating of Aaa (Moody's) assigned by national rating agencies to the County's debt since 1998. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$230,800,000. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.6% versus 4.4% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.4%.

The County's total cash basis fund balance is expected to decrease by the close of fiscal year 2018 from the fiscal year 2017 actual balance of approximately \$12.0 million to approximately \$9.7 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects ongoing expenses continuing to increase and replace the one-time expenses in each budget year, 3) it reflects the efforts of departments to reduce department budgets, where possible, in order to keep the tax asking as low as possible, 4) it reflects a serious concern for the economic effects on fiscal year 2017 and thereafter, 5) it reflects a loss in revenue from state reimbursements and 6) the budget reflects the ongoing large increases in fuel and utilities cost for maintenance of the new Courthouse and jail which is now fully occupied by County departments and a concerted effort to protect and maintain the new Courthouse.

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

These factors were considerations for the fiscal year 2018 budget, which certified property tax as follows: (Amount certified includes utility replacement and property tax dollars.)

	2018 Dollars Certified	2017 Dollars Certified	Percentage Change
General basic levy	\$ 6,156,712	5,678,843	8.4%
Mental health levy	407,601	407,507	0.0%
Rural services levy	1,918,548	1,860,683	3.1%
Debt service levy	1,132,713	1,231,263	-8.0%
Total	\$ 9,615,574	9,178,296	4.8%

Levy rates (expressed per \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2018 and fiscal year 2017 are as follows:

	2018	2017	Percentage Change
General basic levy	\$ 2.45135	2.35135	4.3%
Mental health levy	0.16229	0.16873	-3.8%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.40936	0.46199	-11.4%
Total	\$ 4.86300	4.82207	0.8%

Budgeted receipts in the fiscal year 2018 operating budget are approximately \$396,000 more than the fiscal year 2017 actual receipts of approximately \$17.5 million. Budgeted disbursements in the fiscal year 2018 operating budget are approximately \$20.2 million, which is approximately \$2.2 million more than the fiscal year 2017 actual final disbursements of approximately \$18.0 million. Total taxable valuations increased approximately \$97 million, from approximately \$2.4 billion to approximately \$2.5 billion.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dickinson County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Dickinson County Auditor's Office, 1802 Hill Avenue, Spirit Lake, Iowa 51360 or visit the County's website at [www.co.dickinson.ia.us](http://www.co.dickinson.ia.us).

## **Basic Financial Statements**

Dickinson County  
Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 18,402,999
Receivables:	
Property tax:	
Delinquent	2,083
Succeeding year	9,422,000
Succeeding year tax increment financing	608,000
Accounts	6,986
Loan to Lakes Regional Hospital	12,265,000
Accrued interest	2,695
Drainage assessments	588,148
Due from other governments	737,584
Inventories	1,281,941
Capital assets, net of accumulated depreciation/amortization	49,847,746
<b>Total assets</b>	<b>93,165,182</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	1,242,639
<b>Liabilities</b>	
Accounts payable	824,074
Accrued interest payable	85,982
Salaries and benefits payable	101,195
Due to other governments	120,172
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	6,960,000
General obligation capital loan notes	38,000
Urban revitalization bonds	51,375
Drainage warrants	109,760
Compensated absences	112,546
Portion due or payable after one year:	
General obligation bonds/notes	18,560,000
General obligation capital loan notes	499,000
Urban revitalization bonds	438,563
Compensated absences	183,770
Net OPEB liability	5,400
Net pension liability	3,356,065
<b>Total liabilities</b>	<b>31,445,902</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable property tax revenue	9,422,000
Unavailable tax increment financing revenue	608,000
Pension related deferred inflows	289,243
<b>Total deferred inflows of resources</b>	<b>10,319,243</b>
<b>Net Position</b>	
Net investment in capital assets	41,225,746
Restricted for:	
Mental health purposes	253,880
Rural services purposes	1,436,218
Secondary roads purposes	4,014,291
Debt service	43,290
Other purposes	3,110,149
Unrestricted	2,559,102
<b>Total net position</b>	<b>\$ 52,642,676</b>

See notes to financial statements.

Dickinson County

Statement of Activities

Year ended June 30, 2017

	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	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,551,471	258,518	67,022	-	(2,225,931)
Physical health and social services	439,929	1,425	190,407	-	(248,097)
Mental health	409,009	1,388	-	-	(407,621)
County environment and education	2,202,264	202,395	1,149,956	1,633,881	783,968
Roads and transportation	4,345,491	189,394	2,878,756	517,307	(760,034)
Governmental services to residents	758,996	544,979	376	-	(213,641)
Administration	2,556,838	59,968	-	-	(2,496,870)
Non-program	504,449	86,259	-	-	(418,190)
Interest on long-term debt	795,818	-	262,750	-	(533,068)
Total	\$ 14,564,265	1,344,326	4,549,267	2,151,188	(6,519,484)
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					7,827,991
Debt service					1,203,843
Tax increment financing					541,217
Penalty and interest on property tax					76,083
State tax credits and replacements					463,465
Local option sales tax					1,281,417
Hotel/motel tax					55,113
Unrestricted investment earnings					237,247
Gain on disposition of capital assets					95,430
Miscellaneous					52,945
Total general revenues					11,834,751
Change in net position					5,315,267
Net position beginning of year					47,327,409
Net position end of year					\$ 52,642,676

See notes to financial statements.

Dickinson County  
Balance Sheet  
Governmental Funds

June 30, 2017

	Special		
	General	Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 4,727,398	269,790	1,350,256
Conservation Foundation	-	-	-
Cash and U.S. Treasury securities on deposit with escrow agent	-	-	-
Receivables:			
Property tax:			
Delinquent	1,271	91	468
Succeeding year	6,032,000	399,000	1,886,000
Succeeding year tax increment financing	-	-	-
Accounts	1,644	5	61
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	2,695	-	-
Drainage assessments	-	-	-
Advances to other funds	38,398	-	-
Due from other funds	471,071	-	-
Due from other governments	294,982	432	90,199
Inventories	-	-	-
<b>Total assets</b>	<b>\$ 11,569,459</b>	<b>669,318</b>	<b>3,326,984</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 135,966	-	3,294
Salaries and benefits payable	66,966	2,039	1,472
Due to other funds	-	-	-
Due to other governments	48,895	-	-
Advances from other funds	-	-	-
<b>Total liabilities</b>	<b>251,827</b>	<b>2,039</b>	<b>4,766</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,032,000	399,000	1,886,000
Succeeding year tax increment financing	-	-	-
Other	71,963	91	468
<b>Total deferred inflows of resources</b>	<b>6,103,963</b>	<b>399,091</b>	<b>1,886,468</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	38,398	-	-
Restricted for:			
Mental health purposes	-	268,188	-
Rural services purposes	-	-	1,435,750
Secondary roads purposes	-	-	-
Conservation purposes	203,175	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned for:			
Buildings and grounds	752,290	-	-
Revolving loans	92,000	-	-
Unassigned	4,127,806	-	-
<b>Total fund balances</b>	<b>5,213,669</b>	<b>268,188</b>	<b>1,435,750</b>
<b>Total liabilities, deferred inflows of resources     and fund balances</b>	<b>\$ 11,569,459</b>	<b>669,318</b>	<b>3,326,984</b>

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
3,158,354	281,752	186,608	1,591,246	11,565,404
-	-	-	1,145,781	1,145,781
-	-	5,107,216	-	5,107,216
-	-	253	-	2,083
-	-	1,105,000	-	9,422,000
-	608,000	-	-	608,000
5,262	-	14	-	6,986
-	-	12,265,000	-	12,265,000
-	-	-	-	2,695
-	-	-	588,148	588,148
-	-	-	-	38,398
-	-	-	-	471,071
331,142	-	1,089	19,740	737,584
1,281,941	-	-	-	1,281,941
4,776,699	889,752	18,665,180	3,344,915	43,242,307
533,997	32,893	-	89,726	795,876
30,718	-	-	-	101,195
-	-	-	471,071	471,071
70,675	567	-	35	120,172
-	-	-	38,398	38,398
635,390	33,460	-	599,230	1,526,712
-	-	1,105,000	-	9,422,000
-	608,000	-	-	608,000
63,513	-	253	603,589	739,877
63,513	608,000	1,105,253	603,589	10,769,877
1,281,941	-	-	-	1,281,941
-	-	-	-	38,398
-	-	-	-	268,188
-	-	-	-	1,435,750
2,795,855	-	-	-	2,795,855
-	-	-	1,145,781	1,348,956
-	-	17,559,927	-	17,559,927
-	248,292	-	1,513,102	1,761,394
-	-	-	-	752,290
-	-	-	-	92,000
-	-	-	(516,787)	3,611,019
4,077,796	248,292	17,559,927	2,142,096	30,945,718
4,776,699	889,752	18,665,180	3,344,915	43,242,307

**Dickinson County**



Dickinson County

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

June 30, 2017

**Total governmental fund balances (page 21)** \$ 30,945,718

**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 assets is \$64,620,733 and the accumulated depreciation is \$14,772,987. 49,847,746

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. 739,877

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 556,400

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	\$ 1,242,639	
Deferred inflows of resources	<u>(289,243)</u>	953,396

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, installment purchase agreement, drainage warrants, compensated absences, other post employment benefits, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (30,400,461)

**Net position of governmental activities (page 18)** \$ 52,642,676

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2017

	General	Special	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 5,651,953	400,662	1,842,863
Tax increment financing	-	-	-
Local option sales tax	320,354	-	961,063
Interest and penalty on property tax	76,083	-	-
Intergovernmental	794,709	21,156	83,641
Licenses and permits	26,945	-	-
Charges for service	663,581	-	-
Use of money and property	205,351	-	-
Miscellaneous	272,057	-	1,388
Total revenues	8,011,033	421,818	2,888,955
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	2,664,887	-	9,975
Physical health and social services	445,684	-	-
Mental health	1,448	409,077	-
County environment and education	1,229,430	-	280,246
Roads and transportation	-	-	-
Governmental services to residents	791,858	-	-
Administration	2,262,930	-	-
Non-program	219,311	-	-
Debt service	-	-	-
Capital projects	132,968	-	-
Total expenditures	7,748,516	409,077	290,221
Excess (deficiency) of revenues over (under) expenditures	262,517	12,741	2,598,734
<b>Other financing sources (uses):</b>			
Sale of capital assets	-	-	-
Transfers in	18,416	-	-
Transfers out	(365,580)	-	(2,516,984)
General obligation notes/bonds issued	-	-	-
Premium on bonds issued	-	-	-
Discount on bonds issued	-	-	-
Refunded bond principal payment	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(347,164)	-	(2,516,984)
Change in fund balances	(84,647)	12,741	81,750
Fund balances beginning of year	5,298,316	255,447	1,354,000
Fund balances end of year	\$ 5,213,669	268,188	1,435,750

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
-	-	1,203,798	-	9,099,276
-	541,217	-	-	541,217
-	-	-	-	1,281,417
-	-	-	-	76,083
3,174,919	20,395	329,279	659,005	5,083,104
72,801	-	-	-	99,746
-	-	-	124,730	788,311
53,677	2,482	26,562	50,200	338,272
50,500	17,450	-	621,556	962,951
3,351,897	581,544	1,559,639	1,455,491	18,270,377
-	-	-	1,935	2,676,797
-	-	-	-	445,684
-	-	-	-	410,525
-	254,142	-	1,080,699	2,844,517
5,026,580	-	-	-	5,026,580
-	-	-	-	791,858
-	-	-	-	2,262,930
-	-	-	326,341	545,652
-	65,786	3,014,039	39,491	3,119,316
815,021	-	-	-	947,989
5,841,601	319,928	3,014,039	1,448,466	19,071,848
(2,489,704)	261,616	(1,454,400)	7,025	(801,471)
88,500	-	-	-	88,500
2,694,148	73,800	616,549	216,605	3,619,518
-	(663,154)	-	(73,800)	(3,619,518)
-	-	7,575,000	-	7,575,000
-	-	32,470	-	32,470
-	-	(27,224)	-	(27,224)
-	-	(2,280,000)	-	(2,280,000)
-	-	-	122,048	122,048
2,782,648	(589,354)	5,916,795	264,853	5,510,794
292,944	(327,738)	4,462,395	271,878	4,709,323
3,784,852	576,030	13,097,532	1,870,218	26,236,395
4,077,796	248,292	17,559,927	2,142,096	30,945,718

Dickinson County

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

Year ended June 30, 2017

**Change in fund balances - Total governmental funds (page 25)** \$ 4,709,323

**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 capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 4,855,585	
Capital assets contributed by the Iowa Department of Transportation	167,047	
Depreciation/amortization expense	<u>(2,023,067)</u>	2,999,565

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 6,930

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, as follows:

Property tax	(12,329)	
Other	<u>405,993</u>	393,664

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	(7,697,048)	
Repaid	<u>4,634,082</u>	(3,062,966)

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 421,566

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	(1,160)	
Interest on long-term debt	12,420	
Pension expense	(400,879)	
Other postemployment benefits	<u>(18,700)</u>	(408,319)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 255,504

**Change in net position of governmental activities (page 19)** \$ 5,315,267

See notes to financial statements.

Dickinson County  
Statement of Net Position  
Proprietary Fund  
June 30, 2017

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 584,598
<b>Liabilities</b>	
Accounts payable	<u>28,198</u>
<b>Net Position</b>	
Unrestricted	<u>\$ 556,400</u>

See notes to financial statements.

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

Year ended June 30, 2017

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 454,518
Reimbursements from others		<u>6,227</u>
Total operating revenues		460,745
Operating expenses:		
Medical claims	\$ 200,704	
Administrative fees	<u>8,792</u>	<u>209,496</u>
Operating income		251,249
Non-operating revenues:		
Interest income		<u>4,255</u>
Net income		255,504
Net position beginning of year		<u>300,896</u>
Net position end of year		<u><u>\$ 556,400</u></u>

See notes to financial statements.

Dickinson County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2017

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 454,518
Cash received from others	6,227
Cash paid to suppliers for services	(190,911)
Net cash provided by operating activities	269,834
Cash flows from investing activities:	
Interest on investments	4,494
Net increase in cash and cash equivalents	274,328
Cash and cash equivalents beginning of year	310,270
Cash and cash equivalents end of year	\$ 584,598
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 251,249
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	18,585
Net cash provided by operating activities	\$ 269,834

See notes to financial statements.

Dickinson County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2017

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,457,345
Other County officials	184,768
Receivables:	
Property tax:	
Delinquent	8,603
Succeeding year	43,128,000
Accounts	16,998
Special assessments	171,092
Succeeding year drainage assessments	199,344
Due from other governments	69,533
Prepaid insurance	1,224
<b>Total assets</b>	<u>45,236,907</u>
<b>Liabilities</b>	
Accounts payable	18,823
Salaries and benefits payable	7,427
Due to other governments	45,167,972
Trusts payable	5,753
Compensated absences	36,932
<b>Total liabilities</b>	<u>45,236,907</u>
<b>Net position</b>	<u>\$ -</u>

See notes to financial statements.



Dickinson County

Notes to Financial Statements

June 30, 2017

**(1) Summary of Significant Accounting Policies**

Dickinson County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dickinson County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Dickinson County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Eighty-six drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Dickinson County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts which are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Dickinson County Auditor's Office.

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

#### 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 the following 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 is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, 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 TIF (Tax Increment Financing) and Urban Renewal Fund is used to account for property tax revenue for the payment of debt incurred for urban renewal projects.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 revenue of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no 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.

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

Due from 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, 2017, 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 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, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. 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. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	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 and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment and vehicles	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, contributions from the County after the measurement date but before the end of the County’s reporting period and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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 compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the 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, 2017. 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. The net pension liability attributed to governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred 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, tax increment financing receivables 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 receivables which will not be recognized until the year for which they are levied and the unamortized portion of the unrecognized items not yet charged to pension expense.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, disbursements exceeded the amounts budgeted in the roads and transportation and non-program functions.



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

The County's deposits in banks at June 30, 2017 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, 2017, the County had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank (FHLB)	\$ 150,000	April 2021
Federal Home Loan Bank (FHLB)	340,000	July 2021
Federal Home Loan Bank (FHLB)	500,000	October 2021
Total	<u>\$ 990,000</u>	

At June 30, 2017 the Conservation Foundation, a blended component unit, had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Mutual funds	<u>\$ 419,208</u>	N/A

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 measurements for the FHLB securities of \$990,000 and the mutual funds of \$419,208 were 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 (IPAIT) which are valued at an amortized cost of \$162 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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 FHLB investments at June 30, 2017 are rated AA+ by Moody's Investors Service.

Concentration of credit risk and custodial risk – No more than 5% of the portfolio may be invested in the securities of a single issuer unless the issuer is a United States Government sponsored enterprise security and no more than 10% of the portfolio may be invested in each of the following categories of securities: prime bankers’ acceptances and commercial paper or other short-term corporate debt. The investments of the County are in a United States Government sponsored enterprise security.

Disclosure of concentration of credit risk and interest rate risk do not apply to the Conservation Foundation’s investments.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Drainage Districts	<u>\$ 471,071</u>

**(4) Advances To and From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Resource Enhancement and Protection	<u>\$ 38,398</u>

During fiscal year 2011, the County approved an advance from the General Fund to the Special Revenue, Resource Enhancement and Protection Fund. The advance was made to finance the completion of the Nature Center project.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Rural Service	\$ 18,416
Special Revenue: Secondary Roads	General	195,580
	Special Revenue: Rural Services	2,498,568
TIF and Urban Renewal	Special Revenue: Low and Moderate Income	73,800
Low and Moderate Income	Special Revenue: TIF and Urban Renewal	46,605
Trails Maintenance	General	170,000
Debt Service	Special Revenue: TIF and Urban Renewal	<u>616,549</u>
Total		<u>\$ 3,619,518</u>

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

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 2,752,578	1,434,000	-	4,186,578
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	1,060,839	900,159	(1,769,090)	191,908
Construction in progress	1,827,686	1,167,913	(2,862,449)	133,150
Total capital assets not being depreciated/amortized	6,171,003	3,502,072	(4,631,539)	5,041,536
Capital assets being depreciated/amortized:				
Buildings	18,198,265	2,481,278	-	20,679,543
Improvements other than buildings	303,124	-	-	303,124
Equipment and vehicles	7,514,298	1,562,041	(389,040)	8,687,299
Infrastructure, road network	19,593,564	1,769,090	-	21,362,654
Infrastructure, other	8,165,406	381,171	-	8,546,577
Total capital assets being depreciated/amortized	53,774,657	6,193,580	(389,040)	59,579,197
Less accumulated depreciation/amortized for:				
Buildings	2,879,420	409,698	-	3,289,118
Improvements other than buildings	35,865	6,992	-	42,857
Equipment and vehicles	4,247,847	468,921	(354,489)	4,362,279
Infrastructure, road network	4,977,037	828,790	-	5,805,827
Infrastructure, other	964,240	308,666	-	1,272,906
Total accumulated depreciation/amortized	13,104,409	2,023,067	(354,489)	14,772,987
Total capital assets being depreciated/amortized, net	40,670,248	4,170,513	(34,551)	44,806,210
Governmental activities capital assets, net	\$46,841,251	7,672,585	(4,666,090)	49,847,746

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 65,039
Physical health and social services	1,261
County environment and education	233,635
Roads and transportation	1,346,715
Administration	376,417
Total depreciation/amortization expense - governmental activities	<u>\$ 2,023,067</u>

**(7) 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, 2017 is as follows:

Fund	Description	Amount
General	Services	\$ 48,895
Special Revenue:		
Secondary Roads	Services	70,675
TIF and Urban Renewal	Services	567
Waste Management Reduction	Services	35
Total for governmental funds		<u>\$ 120,172</u>
Agency:		
County Offices	Collections	\$ 188,401
Agricultural Extension Education		232,302
County Assessor		611,905
Schools		20,484,163
Community Colleges		2,498,437
Corporations		13,309,261
Townships		476,921
Auto License, Use Tax and Drivers' License		554,738
All other		<u>6,811,844</u>
Total for agency funds		<u>\$45,167,972</u>

**(8) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revital- ization Bonds	Installment Purchase Agreement	Drainage Warrants	Compen- sated Absences	(Assets in excess of) Net OPEB Liability	Net Pension Liability	Total
Balance beginning of year	\$ 22,405,000	574,000	539,796	48,250	26,686	295,156	(13,300)	2,379,424	26,255,012
Increases	7,575,000	-	-	-	122,048	277,813	18,700	976,641	8,970,202
Decreases	4,460,000	37,000	49,858	48,250	38,974	276,653	-	-	4,910,735
Balance end of year	<u>\$ 25,520,000</u>	<u>537,000</u>	<u>489,938</u>	<u>-</u>	<u>109,760</u>	<u>296,316</u>	<u>5,400</u>	<u>3,356,065</u>	<u>30,314,479</u>
Due within one year	<u>\$ 6,960,000</u>	<u>38,000</u>	<u>51,375</u>	<u>-</u>	<u>109,760</u>	<u>112,546</u>	<u>-</u>	<u>-</u>	<u>7,271,681</u>

General Obligation Bonds/Notes

A summary of the County's June 30, 2017 general obligation indebtedness is as follows:

General Obligation Bonds/Notes						
Year Ending June 30,	Courthouse Construction Urban Renewal Bonds Issued Apr 1, 2009			Dickinson County/Orleans Urban Renewal Project Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2018	4.00%	\$ 5,980,000	249,575	4.00%	\$ 115,000
2019	4.00	-	-	4.00	-	-
2020	4.00	-	-	4.00	-	-
2021	4.00	-	-	4.00	-	-
2022	4.00	-	-	4.00	-	-
2023-2027	4.00	-	-	4.00	-	-
2028-2032	4.00	-	-	4.00	-	-
Total		<u>\$ 5,980,000</u>	<u>249,575</u>		<u>115,000</u>	<u>4,600</u>

General Obligation Bonds/Notes						
Year Ending June 30,	Hospital Urban Renewal Issued Aug 22, 2012			Hospital Urban Renewal Issued Feb 21, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2018	2.00%	\$ -	218,050	1.50%	\$ 725,000
2019	2.00	-	218,050	1.50	730,000	23,100
2020	2.00	-	218,050	1.50	740,000	12,150
2021	2.00	680,000	218,050	1.50	70,000	1,050
2022	2.00	765,000	204,450	-	-	-
2023-2027	2.00-2.13	4,050,000	786,750	-	-	-
2028-2032	2.25-2.50	4,505,000	330,800	-	-	-
Total		<u>\$ 10,000,000</u>	<u>2,194,200</u>		<u>\$ 2,265,000</u>	<u>70,275</u>

General Obligation Bonds/Notes						
Year Ending June 30,	East Okoboji Beach Urban Renewal Refunding Bonds Issued Oct 11, 2016			Courthouse Construction Urban Renewal Refunding Bonds Issued Oct 11, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2018	1.50%	\$ 140,000	33,550	1.00%	\$ -
2019	1.50	140,000	31,450	1.00	1,035,000	56,393
2020	1.50	140,000	29,350	1.00	1,010,000	46,043
2021	1.50	150,000	27,250	1.05	1,010,000	35,943
2022	1.50	150,000	25,000	1.15	1,100,000	25,338
2023-2027	1.50-1.75	760,000	90,126	1.25	1,015,000	12,688
2028-2032	2.00	510,000	20,700	-	-	-
Total		<u>\$ 1,990,000</u>	<u>257,426</u>		<u>\$ 5,170,000</u>	<u>232,798</u>

Year Ending June 30,	General Obligation Bonds/Notes Total		
	Principal	Interest	Total
	2018	\$ 6,960,000	596,143
2019	1,905,000	328,993	2,233,993
2020	1,890,000	305,593	2,195,593
2021	1,910,000	282,293	2,192,293
2022	2,015,000	254,788	2,269,788
2023-2027	5,825,000	889,564	6,714,564
2028-2032	5,015,000	351,500	5,366,500
Total	<u>\$ 25,520,000</u>	<u>3,008,874</u>	<u>28,528,874</u>

### General Obligation Bonds/Notes

On October 11, 2016, the County issued \$2,405,000 of general obligation refunding bonds with interest rates ranging from 1.50% to 2.00% per annum. The bonds were issued to currently refund the \$2,280,000 outstanding balance of general obligation bonds issued May 1, 2009.

The refunding was undertaken to reduce total debt service payments over the next twelve years by \$398,995 and resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$358,775.

On October 11, 2016, the County issued \$5,170,000 of general obligation refunding capital loan notes for a crossover advance refunding of \$5,085,000 of general obligation capital loan notes dated April 1, 2009. The notes bear interest at rates ranging from 1.00% to 1.25% per annum and mature May 1, 2023. The crossover refunding date is May 1, 2018.

For the crossover advance refunding, the County entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes were converted into U.S. government securities. These securities were placed with an escrow agent to pay the principal and interest on the refunding general obligation capital loan notes (new debt) until the crossover refunding date. On the crossover refunding date of May 1, 2018, the refunded general obligation capital loan notes (old debt) will be paid using the amounts held by the escrow agent. From that point forward, the County will pay the principal and interest on the general obligation refunding capital loan notes (new debt) as they come due. The transactions and balances of the escrow account are reported in the County's Debt Service Fund since the refunded debt is not considered extinguished.

The refunding was undertaken to reduce total debt service payments over the next six years by \$402,170 and resulted in an economic gain of \$383,663.

### General Obligation Hospital Urban Renewal Bonds

On August 22, 2012, the County issued \$10,000,000 of general obligation hospital urban renewal bonds for an expansion project at Lakes Regional Hospital. The bonds bear interest payable semi-annually on the first of June and December each year at rates ranging from 2.00% to 2.50% per annum. Per the bond agreement, the County will make interest only payments through December 1, 2020.

On February 21, 2013, the County issued \$5,000,000 of general obligation hospital urban renewal bonds for an expansion project at Lakes Regional Hospital. The bonds bear interest payable semi-annually on the first of June and December each year at 1.50% per annum.

The County loaned the proceeds of both general obligation hospital urban renewal bonds issued during fiscal year 2013 to Lakes Regional Hospital. Under the loan agreement, Lakes Regional Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation urban renewal bonds. The payments received from Lakes Regional Hospital are credited to the Debt Service Fund.

General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to \$929,000 to pay for expenditures incurred in conjunction with one or more urban renewal projects in the East Okoboji Beach Urban Renewal Area. Projects include the construction of roads, water, sewer and storm sewer improvements. The total amount drawn was \$829,749. The capital loan notes bear interest at 3.00% per annum with final maturity on June 1, 2029. The first payment on the capital loan notes was due May 1, 2010. During the year ended June 30, 2017, the County paid principal and interest of \$37,000 and \$17,220, respectively, on the capital loan notes.

A summary of the County’s June 30, 2017 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2018	3.00%	\$ 38,000	16,110	54,110
2019	3.00	39,000	14,970	53,970
2020	3.00	40,000	13,800	53,800
2021	3.00	41,000	12,600	53,600
2022	3.00	43,000	11,370	54,370
2023-2027	3.00	233,000	36,810	269,810
2028-2030	3.00	103,000	4,650	107,650
Total		\$ 537,000	110,310	647,310

Urban Revitalization Bonds

The County issued \$790,000 of urban revitalization bonds in November 2005 for the purpose of carrying out an urban renewal project, including funding a \$700,000 forgivable loan to B.V. Building L.L.C. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the Dickinson County/Spirit Lake urban renewal area and credited to the Special Revenue, TIF and Urban Renewal Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban revitalization bonds shall be expended only for purposes which are consistent with the plans of the County’s urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

On August 28, 2012, the Board of Supervisors approved an amendment to the loan agreement providing for the reissuance of \$630,000 of urban revitalization bonds plus \$91,793 of delinquent principal, as well as amending the repayment schedule and interest rate. Principal and interest remaining on the bonds is \$559,179 is payable through December 2025. For the current year, principal and interest paid on the urban revitalization bonds were \$49,858 and \$15,928, respectively.

A summary of the County's June 30, 2017 urban revitalization bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2018	3.02%	\$ 51,375	14,411	65,786
2019	3.02	52,938	12,848	65,786
2020	3.02	54,549	11,237	65,786
2021	3.02	56,208	9,577	65,785
2022	3.02	57,919	7,867	65,786
2023-2027	3.02	216,949	13,300	230,249
Total		\$ 489,938	69,240	559,178

#### Senior Housing Revenue Bonds

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

On February 1, 2014, the County issued Senior Housing Revenue Notes (Keelson Harbour-Vista Prairie Communities Project) Series 2016 of \$5,000,000, as permitted by Chapter 419 of the Code of Iowa, to be used by the borrower to provide financing for a 27-unit addition to the assisted living facility mentioned in the previous paragraph. This will also provide for expansion of the existing main dining room area, installation of a new patio area and other improvements. The notes were dated February 28, 2014. The notes shall never constitute indebtedness, a general or moral obligation or a loan of credit of the County or a lien, charge or encumbrance, legal or equitable, against the County's property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the County, but rather shall be special obligations payable solely from revenues pledged and assigned to the payment thereof and secured by the loan agreement. Since these notes do not constitute indebtedness of the County, a liability has not been included in the Statement of Net Position.

#### Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid due to 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.



**(9) Lakes Regional Hospital Loan Receivable**

As detailed in Note 8 of the Notes to Financial Statements, the County loaned bond proceeds to Lakes Regional Hospital. Under the loan agreement, Lakes Regional Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation hospital urban renewal bonds.

**(10) 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](http://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 or 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 2017, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% for a total rate of 16.40%.

The County’s contributions to IPERS for the year ended June 30, 2017 totaled \$421,566.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$3,356,065 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the County’s proportion was 0.053328%, which was an increase of 0.005166% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$400,879. At June 30, 2017, 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	\$ 27,387	72,715
Changes of assumptions	47,277	15,249
Net difference between projected and actual earnings on IPERS' investments	632,131	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	114,278	201,279
County contributions subsequent to the measurement date	421,566	-
<b>Total</b>	<b>\$ 1,242,639</b>	<b>289,243</b>

\$421,566 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, 2018. 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
2018	\$ 16,325
2019	16,325
2020	299,507
2021	196,559
2022	3,114
Total	<u>\$ 531,830</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

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, 2016 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
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	\$ 6,002,424	3,356,065	1,124,829

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](http://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, 2017.

**(11) 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 87 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount determined using the alternate measurement method permitted by GASB Statement No. 45. The ARC represents a level of funding 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, 2017, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$	18,500
Interest on net OPEB obligation		(600)
Adjusted to annual required contribution		<u>800</u>
Annual OPEB cost		18,700
Contributions made		<u>-</u>
Increase in net OPEB obligation		18,700
(Assets in excess of) net OPEB obligation beginning of year		<u>(13,300)</u>
Net OPEB obligation end of year	\$	<u>5,400</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the County made no contributions to the medical plan. Plan members eligible for benefits contributed \$17,400, or 100% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in excess of) Net OPEB Obligation
2015	\$ 22,800	0.00%	\$ (32,300)
2016	19,000	0.00	(13,300)
2017	18,700	0.00	5,400

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$121,361, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$121,361. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,185,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2017, 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, 2015 actuarial valuation date, a simplified version of the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 5%. The ultimate medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the 2011 United States Life Tables. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are \$1,701 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.

## **(12) Revolving Loan Account**

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2017.

**(13) 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 753 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 property 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. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the 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, 2017 were \$274,832.

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 \$500,000 per claim. Claims exceeding \$500,000 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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, settled claims have not exceeded the 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 \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(14) Public Health**

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

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of the County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, effective July 1, 2011, the County and the Board agreed to reimburse the Hospital up to \$146,000 per year for public health services, including reimbursement for indigent fees.

**(15) Employee Group Health Fund**

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement with Employee Benefit Systems is renewable on an annual basis. After an eligible employee with single coverage has paid \$500 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$1,000 of the applicable deductible amount under the contract during a calendar year, the County will pay directly or reimburse any eligible employee for 60% (80% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance shall be \$1,000 with respect to single coverage and \$2,000 with respect to family coverage. After an employee has made the maximum prescribed payments, the County will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, but subject to deductible or co-insurance provisions of the contract.



Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Benefit Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2017 was \$454,518.

Amounts payable from the Employee Group Health Fund at June 30, 2017 total \$28,198, 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. 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	\$ 9,613
Incurred claims (including claims incurred but not reported at June 30, 2017)	200,704
Payments:	
Payment on claims during the year	<u>182,119</u>
Unpaid claims end of year	<u>\$ 28,198</u>

**(16) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens

**Tax Abatements of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lake Park	Urban renewal and economic development projects	\$ 611
City of Milford	Urban renewal and economic development projects	\$ 33,917
City of Spirit Lake	Urban renewal and economic development projects	\$ 8,674

**(17) Jointly Governed Organization**

The County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2017:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
Iowa Department of Natural Resources	43,857	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Wahpeton	16,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	244,057

Interest on investments 1,626

Total additions 245,683

Deductions:

Spirit Lake Protective Association	93,200	
Ducks Unlimited, Inc.	62,275	
Dickinson County Soil and Water Conservation District	59,443	
Miscellaneous	1,751	216,669

Net 29,014

Balance beginning of year 86,932

Balance end of year \$ 115,946

**(18) Development Agreements**

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

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The project involves two primary components, which are the extension of the City’s sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing (TIF) to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. In the prior year, the balance of LMI funds, \$539,739, was paid to the Lake Park Housing Authority to be used to provide housing assistance to low and moderate income families. In the current year, \$1,201 was paid to the Lake Park Housing Authority for this purpose. The developer’s project involves the establishment of a 33-acre lakeshore residential subdivision. The first \$650,000 of TIF revenue was granted to the developer. After the developer had received a total of \$650,000, the TIF revenue generated for the district was allocated one-half to the developer and one-half to the City until the developer received a total of \$800,000. The developer received the total of \$800,000 as of June 30, 2016. The collection of incremental property tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental property tax shall be limited to twenty (20) years. During the year ended June 30, 2017, \$254,142 was rebated to the City and the cumulative amount rebated at June 30, 2017 was \$1,202,868. Property tax levied for fiscal year 2018 totals \$253,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developers in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developers. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2017, \$65,786 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2018 totals \$55,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193<sup>rd</sup> Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated to be between \$400,000 and \$500,000. The County is going to use TIF revenue to support this residential development. Under the plan, 37% of the TIF revenue generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2017 in the Special Revenue, Low and Moderate Income Fund was \$67,686. No property tax has been levied for fiscal year 2018.

Shore Acres Urban Renewal Area – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and a service road within the subdivision. The County is using tax increment financing to support this development, which has an estimated cost of \$150,000. In addition, general obligation bonds totaling \$800,000 were sold during the year ended June 30, 2007 for additional construction costs. Under the plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. LMI funds were not held by the County for this project at June 30, 2017 in the Special Revenue, Low and Moderate Income Fund. During the year ended June 30, 2017, \$38,101 was provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2018.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in a new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is using tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. For this urban renewal area, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2017 in the Special Revenue, Low and Moderate Income Fund was \$371,619. The estimated costs will be the City's cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. During the year ended June 30, 2017, \$67,783 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2018 totals \$59,000.

**(19) Deficit Fund Balances**

The Special Revenue, Resource Enhancement and Protection (REAP) and Drainage Districts Funds had deficit unassigned fund balances of \$37,202 and \$478,389, respectively, at June 30, 2017. The deficit balances will be eliminated through the future collection of the County's REAP allocation from the State and future drainage assessments.

**(20) Dickinson County Financial Information Included as part of the Northwest Iowa Care Connection Region**

Northwest Iowa Care Connection Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial activity of Dickinson County's Special Revenue, Mental Health Fund is included as part of the Northwest Iowa Care Connection Region for the year ended June 30, 2017 as follows:

Revenues:		
Property and other county tax		\$ 400,662
Intergovernmental revenues:		
State tax credits	\$ 20,724	
Other intergovernmental revenues	432	21,156
Total revenues		<u>421,818</u>
Expenditures:		
General administration:		
Direct administration	128,183	
Distribution to regional fiscal agent	<u>280,894</u>	<u>409,077</u>
Excess of revenues over expenditures		12,741
Fund balance beginning of the year		<u>255,447</u>
Fund balance end of the year		<u>\$ 268,188</u>

**(21) New Accounting Pronouncement**

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

**(22) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's other postemployment benefits.

**Dickinson County**

**Required Supplementary Information**

Dickinson County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2017

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 11,039,746	-	11,039,746
Interest and penalty on property tax	76,078	-	76,078
Intergovernmental	4,742,876	-	4,742,876
Licenses and permits	96,049	-	96,049
Charges for service	814,273	-	814,273
Use of money and property	279,589	42,296	237,293
Miscellaneous	985,090	533,227	451,863
Total receipts	<u>18,033,701</u>	<u>575,523</u>	<u>17,458,178</u>
<b>Disbursements:</b>			
Public safety and legal services	2,680,047	-	2,680,047
Physical health and social services	448,025	-	448,025
Mental health	414,866	-	414,866
County environment and education	2,505,092	30,043	2,475,049
Roads and transportation	5,790,284	-	5,790,284
Governmental services to residents	787,833	-	787,833
Administration	2,216,730	-	2,216,730
Non-program	534,459	108,810	425,649
Debt service	1,935,532	39,491	1,896,041
Capital projects	1,100,354	-	1,100,354
Total disbursements	<u>18,413,222</u>	<u>178,344</u>	<u>18,234,878</u>
Deficiency of receipts under disbursements	(379,521)	397,179	(776,700)
Other financing sources, net	<u>297,973</u>	<u>122,048</u>	<u>175,925</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(81,548)	519,227	(600,775)
Balance beginning of year	<u>12,792,733</u>	<u>626,554</u>	<u>12,166,179</u>
Balance end of year	<u>\$ 12,711,185</u>	<u>1,145,781</u>	<u>11,565,404</u>

See accompanying independent auditor's report.



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<u>Budgeted Amounts</u>		Final to Net Variance
Original	Final	
11,045,210	11,045,210	(5,464)
44,200	44,200	31,878
5,177,541	5,253,141	(510,265)
62,850	62,850	33,199
625,680	625,680	188,593
233,485	233,485	3,808
255,075	255,075	196,788
<u>17,444,041</u>	<u>17,519,641</u>	<u>(61,463)</u>
2,736,314	2,736,314	56,267
540,674	540,674	92,649
546,702	546,702	131,836
2,355,079	2,706,239	231,190
5,773,000	5,773,000	(17,284)
861,958	861,958	74,125
2,218,583	2,258,583	41,853
207,000	242,000	(183,649)
1,708,694	1,928,934	32,893
2,948,857	2,948,857	1,848,503
<u>19,896,861</u>	<u>20,543,261</u>	<u>2,308,383</u>
(2,452,820)	(3,023,620)	2,246,920
1,000	87,711	88,214
(2,451,820)	(2,935,909)	2,335,134
<u>12,318,098</u>	<u>12,318,098</u>	<u>(151,919)</u>
<u>9,866,278</u>	<u>9,382,189</u>	<u>2,183,215</u>

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Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,033,701	236,676	18,270,377
Expenditures	18,413,222	658,626	19,071,848
Net	(379,521)	(421,950)	(801,471)
Other financing sources, net	297,973	5,212,821	5,510,794
Beginning fund balances	12,792,733	13,443,662	26,236,395
Ending fund balances	\$ 12,711,185	18,234,533	30,945,718

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds and the Debt Service 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 \$646,400. 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, 2017, disbursements exceed the amounts budgeted in the roads and transportation and nonprogram functions.

**Dickinson County**

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Dickinson County

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

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

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.053328%	0.048162%	0.049831%
County's proportionate share of the net pension liability	\$ 3,356	2,379	1,976
County's covered-employee payroll	\$ 4,634	4,301	4,226
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.42%	55.31%	46.76%
IPERS' net position as a percentage of the total pension liability	81.82%	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.

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Dickinson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 422	424	395	386
Contributions in relation to the statutorily required contribution	<u>(422)</u>	<u>(424)</u>	<u>(395)</u>	<u>(386)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 4,625	4,634	4,301	4,226
Contributions as a percentage of covered-employee payroll	9.12%	9.15%	9.18%	9.13%

See accompanying independent auditor's report.

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2013	2012	2011	2010	2009	2008
372	335	292	273	256	225
(372)	(335)	(292)	(273)	(256)	(225)
-	-	-	-	-	-
4,194	4,007	4,002	3,986	3,898	3,610
8.87%	8.36%	7.30%	6.85%	6.57%	6.23%

Dickinson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

*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 (unfunded actuarial liability) 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.



Dickinson County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 321	321	0.00%	\$ 3,443	9.30%
2011	Jul 1, 2009	-	321	321	0.00	3,179	10.10
2012	Jul 1, 2009	-	321	321	0.00	3,548	9.00
2013	Jul 1, 2012	-	163	163	0.00	3,576	4.50
2014	Jul 1, 2012	-	163	163	0.00	3,706	4.40
2015	Jul 1, 2012	-	163	163	0.00	4,087	4.00
2016	Jul 1, 2015	-	121	121	0.00	4,162	2.90
2017	Jul 1, 2015	-	121	121	0.00	4,185	2.90

See Note 11 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.

**Dickinson County**

## **Supplementary Information**

Dickinson County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2017

	Special				
	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ 97,873	5,797	1,196	-	895
Conservation Foundation	-	-	-	-	-
Receivables:					
Drainage assessments	-	-	-	588,148	-
Due from other governments	676	-	-	-	3,623
<b>Total assets</b>	<b>\$ 98,549</b>	<b>5,797</b>	<b>1,196</b>	<b>588,148</b>	<b>4,518</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	-	-	7,318	-
Due to other funds	-	-	-	471,071	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	38,398	-	-
Total liabilities	-	-	38,398	478,389	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	588,148	-
Fund balances:					
Restricted for:					
Conservation purposes	-	-	-	-	-
Other purposes	98,549	5,797	1,196	-	4,518
Unassigned	-	-	(38,398)	(478,389)	-
Total fund balances	98,549	5,797	(37,202)	(478,389)	4,518
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 98,549</b>	<b>5,797</b>	<b>1,196</b>	<b>588,148</b>	<b>4,518</b>

See accompanying independent auditor's report.

Revenue								
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Court-house Memorial		Total
439,487	86,905	3	895,505	63,401	-	184		1,591,246
-	-	-	-	-	1,145,781	-		1,145,781
-	-	-	-	-	-	-		588,148
-	-	-	15,441	-	-	-		19,740
<b>439,487</b>	<b>86,905</b>	<b>3</b>	<b>910,946</b>	<b>63,401</b>	<b>1,145,781</b>	<b>184</b>		<b>3,344,915</b>
-	13,381	-	47,802	21,225	-	-		89,726
-	-	-	-	-	-	-		471,071
-	35	-	-	-	-	-		35
-	-	-	-	-	-	-		38,398
-	13,416	-	47,802	21,225	-	-		599,230
-	-	-	15,441	-	-	-		603,589
-	-	-	-	-	1,145,781	-		1,145,781
439,487	73,489	3	847,703	42,176	-	184		1,513,102
-	-	-	-	-	-	-		(516,787)
<b>439,487</b>	<b>73,489</b>	<b>3</b>	<b>847,703</b>	<b>42,176</b>	<b>1,145,781</b>	<b>184</b>		<b>2,142,096</b>
<b>439,487</b>	<b>86,905</b>	<b>3</b>	<b>910,946</b>	<b>63,401</b>	<b>1,145,781</b>	<b>184</b>		<b>3,344,915</b>

Dickinson County

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

Year ended June 30, 2017

	Special				
	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
<b>Revenues:</b>					
Intergovernmental	\$ -	-	15,075	-	-
Charges for service	7,509	-	-	-	-
Use of money and property	882	54	41	-	-
Miscellaneous	-	-	-	26,252	3,623
<b>Total revenues</b>	<b>8,391</b>	<b>54</b>	<b>15,116</b>	<b>26,252</b>	<b>3,623</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	-	-	-	-	1,935
County environment and education	-	-	-	-	-
Non-program	-	-	-	326,341	-
Debt service	-	-	-	39,491	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365,832</b>	<b>1,935</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,391</b>	<b>54</b>	<b>15,116</b>	<b>(339,580)</b>	<b>1,688</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Drainage warrants issued	-	-	-	122,048	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,048</b>	<b>-</b>
<b>Change in fund balances</b>	<b>8,391</b>	<b>54</b>	<b>15,116</b>	<b>(217,532)</b>	<b>1,688</b>
<b>Fund balances beginning of year</b>	<b>90,158</b>	<b>5,743</b>	<b>(52,318)</b>	<b>(260,857)</b>	<b>2,830</b>
<b>Fund balances end of year</b>	<b>\$ 98,549</b>	<b>5,797</b>	<b>(37,202)</b>	<b>(478,389)</b>	<b>4,518</b>

See accompanying independent auditor's report.

Revenue							
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Courthouse Memorial	Total
-	-	-	643,930	-	-	-	659,005
-	117,221	-	-	-	-	-	124,730
-	-	-	6,671	-	42,552	-	50,200
-	-	-	62,510	-	529,170	1	621,556
-	117,221	-	713,111	-	571,722	1	1,455,491
-	-	-	-	-	-	-	1,935
1,201	105,796	-	747,303	173,904	52,495	-	1,080,699
-	-	-	-	-	-	-	326,341
-	-	-	-	-	-	-	39,491
1,201	105,796	-	747,303	173,904	52,495	-	1,448,466
(1,201)	11,425	-	(34,192)	(173,904)	519,227	1	7,025
46,605	-	-	-	170,000	-	-	216,605
(73,800)	-	-	-	-	-	-	(73,800)
-	-	-	-	-	-	-	122,048
(27,195)	-	-	-	170,000	-	-	264,853
(28,396)	11,425	-	(34,192)	(3,904)	519,227	1	271,878
467,883	62,064	3	881,895	46,080	626,554	183	1,870,218
439,487	73,489	3	847,703	42,176	1,145,781	184	2,142,096

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	998	151,878	87,455
Other County officials	184,768	-	-	-
Receivables:				
Property tax:				
Delinquent	-	51	85	4,198
Succeeding year	-	231,000	494,000	20,368,000
Accounts	3,633	3	7	275
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	250	534	24,235
Prepaid insurance	-	-	-	-
<b>Total assets</b>	<b>\$ 188,401</b>	<b>232,302</b>	<b>646,504</b>	<b>20,484,163</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	1,111	-
Salaries and benefits payable	-	-	6,247	-
Due to other governments	188,401	232,302	611,905	20,484,163
Trusts payable	-	-	-	-
Compensated absences	-	-	27,241	-
<b>Total liabilities</b>	<b>\$ 188,401</b>	<b>232,302</b>	<b>646,504</b>	<b>20,484,163</b>

See accompanying independent auditor's report.



Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
10,247	71,866	2,561	554,738	577,602	1,457,345
-	-	-	-	-	184,768
522	2,294	102	-	1,351	8,603
2,485,000	13,064,000	473,000	-	6,013,000	43,128,000
33	9	12	-	13,026	16,998
-	171,092	-	-	-	171,092
-	-	-	-	199,344	199,344
2,635	-	1,246	-	40,633	69,533
-	-	-	-	1,224	1,224
<b>2,498,437</b>	<b>13,309,261</b>	<b>476,921</b>	<b>554,738</b>	<b>6,846,180</b>	<b>45,236,907</b>
-	-	-	-	17,712	18,823
-	-	-	-	1,180	7,427
2,498,437	13,309,261	476,921	554,738	6,811,844	45,167,972
-	-	-	-	5,753	5,753
-	-	-	-	9,691	36,932
<b>2,498,437</b>	<b>13,309,261</b>	<b>476,921</b>	<b>554,738</b>	<b>6,846,180</b>	<b>45,236,907</b>

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 190,982	226,209	578,264	18,983,831
Additions:				
Property and other county tax	-	231,358	495,810	20,433,589
E-911 surcharges	-	-	-	-
State tax credits	-	11,656	19,594	1,001,373
Office fees and collections	435,288	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,041,414	-	-	-
Miscellaneous	-	253	540	24,510
Total additions	1,476,702	243,267	515,944	21,459,472
Deductions:				
Agency remittances:				
To other funds	472,662	-	-	-
To other governments	99,030	237,174	447,704	19,959,140
Trusts paid out	907,591	-	-	-
Total deductions	1,479,283	237,174	447,704	19,959,140
Balances end of year	\$ 188,401	232,302	646,504	20,484,163

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
2,315,028	12,643,691	481,661	576,263	6,737,543	42,733,472
2,493,373	13,050,278	477,242	-	6,207,357	43,389,007
-	-	-	-	184,526	184,526
120,245	1,089,496	25,410	-	274,758	2,542,532
-	-	-	-	-	435,288
-	-	-	6,630,850	-	6,630,850
-	45,503	-	-	50,135	95,638
-	-	-	-	72,654	1,114,068
2,669	9	1,258	-	371,790	401,029
2,616,287	14,185,286	503,910	6,630,850	7,161,220	54,792,938
-	-	-	247,835	6,692	727,189
2,432,878	13,519,716	508,650	6,404,540	6,973,114	50,581,946
-	-	-	-	72,777	980,368
2,432,878	13,519,716	508,650	6,652,375	7,052,583	52,289,503
2,498,437	13,309,261	476,921	554,738	6,846,180	45,236,907

Dickinson County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
<b>Revenues:</b>				
Property and other county tax	\$ 9,099,276	8,865,585	8,745,388	8,520,932
Tax increment financing	541,217	629,123	601,203	623,530
Local option sales tax	1,281,417	1,284,840	1,284,712	1,070,286
Interest and penalty on property tax	76,083	80,917	70,657	71,953
Intergovernmental	5,083,104	4,085,560	3,898,652	4,603,348
Licenses and permits	99,746	24,665	27,475	31,398
Charges for service	788,311	780,456	831,957	746,058
Use of money and property	338,272	276,670	254,292	218,678
Miscellaneous	962,951	427,438	572,372	968,175
<b>Total</b>	<b>\$ 18,270,377</b>	<b>16,455,254</b>	<b>16,286,708</b>	<b>16,854,358</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,676,797	2,500,229	2,469,254	2,309,002
Physical health and social services	445,684	465,906	441,405	488,597
Mental health	410,525	814,722	569,695	458,537
County environment and education	2,844,517	1,958,135	1,981,743	2,654,821
Roads and transportation	5,026,580	4,679,053	3,417,401	3,610,183
Governmental services to residents	791,858	736,362	715,146	711,827
Administration	2,262,930	1,960,764	1,904,593	1,962,582
Non-program	545,652	316,688	494,081	336,776
Debt service	3,119,316	2,695,810	3,042,341	2,666,176
Capital projects	947,989	983,771	1,414,329	1,879,197
<b>Total</b>	<b>\$ 19,071,848</b>	<b>17,111,440</b>	<b>16,449,988</b>	<b>17,077,698</b>

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
8,172,638	7,641,275	7,637,937	6,634,100	6,138,717	6,005,253
613,089	755,022	902,236	810,056	726,935	339,504
1,211,552	1,112,969	1,128,037	976,690	1,094,722	1,099,717
77,837	81,622	102,332	109,867	106,336	92,108
3,492,114	3,974,019	4,723,680	4,539,983	3,884,878	3,445,434
29,192	26,438	21,003	21,852	55,517	27,664
750,598	783,089	811,289	702,101	728,348	714,019
155,768	242,015	350,878	315,118	367,074	604,102
598,411	1,301,687	1,174,143	1,721,288	681,048	903,971
<u>15,101,199</u>	<u>15,918,136</u>	<u>16,851,535</u>	<u>15,831,055</u>	<u>13,783,575</u>	<u>13,231,772</u>
2,297,986	2,144,921	2,075,000	2,100,461	2,156,711	2,053,184
531,217	496,257	503,091	504,145	480,887	516,069
483,324	1,907,359	1,567,038	1,459,058	1,411,752	1,443,277
2,717,185	2,130,823	1,822,520	2,544,159	1,768,270	1,924,663
3,777,499	3,006,073	3,596,528	2,907,392	3,321,261	3,061,942
680,024	648,715	546,284	573,635	573,533	509,223
1,855,411	1,886,325	1,749,855	1,682,226	1,787,404	1,400,817
550,946	212,090	162,512	337,982	215,994	506,128
1,999,826	1,403,790	2,040,341	2,111,933	1,809,695	2,106,582
1,582,433	468,040	2,167,881	5,509,379	2,414,730	1,761,521
<u>16,475,851</u>	<u>14,304,393</u>	<u>16,231,050</u>	<u>19,730,370</u>	<u>15,940,237</u>	<u>15,283,406</u>

**Schedule 6**

## Dickinson County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior			
Fish and Wildlife Service:			
National Wildlife Refugee Fund	15.659		<u>\$ 42,573</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561		<u>23,725</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-17-33-16	<u>25,000</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	16-TAP-122	<u>606,049</u>
Iowa Department of Public Safety, Governor's Traffic			
Safety Bureau:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PAP 17-402, Task 24-80	<u>4,200</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health			
Public Health Emergency Preparedness	93.069	5887BT21	<u>42,021</u>
Epidemiology and Laboratory Capacity for Infectious			
Diseases	93.323	MOU-2018-ELC01	<u>400</u>
Immunization Cooperative Agreements	93.268	5886I416	<u>11,532</u>
Immunization Cooperative Agreements	93.268	5888I426	<u>3,884</u>
			<u>15,416</u>

Dickinson County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect cont.			
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Program	93.566		70
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,732
Foster Care_Title IV-E	93.658		8,802
Adoption Assistance	93.659		2,733
Social Services Block Grant	93.667		6,997
Medicaid Cluster:			
Medical Assistance Program	93.778		41,396
Children's Health Insurance Program	93.767		188
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		25,120
Total Indirect			808,849
Total			\$ 851,422

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Dickinson County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dickinson County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Dickinson County.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** – Dickinson County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

**Dickinson County**





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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of Dickinson County:

We have audited 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 Dickinson County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson 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 Dickinson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we have identified certain deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

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 and Questioned Costs as items II-A-17 and II-B-17 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item II-C-17 to be a significant deficiency.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


### Dickinson County's Responses to the Findings

Dickinson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Dickinson 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.

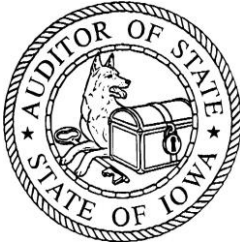
### Purpose of this Report

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 Dickinson County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

January 23, 2018



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance

To the Officials of Dickinson County:

Report on Compliance for Each Major Federal Program

We have audited Dickinson County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Dickinson County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Dickinson County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dickinson County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Dickinson County's compliance.

Opinion on the Major Federal Program

In our opinion, Dickinson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.


## Report on Internal Control Over Compliance

The management of Dickinson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dickinson County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickinson County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

January 23, 2018

Dickinson County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Dickinson County did not qualify as a low-risk auditee.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-17 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 offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	County Recorder, County Treasurer, County Sheriff, Ag Extension and Recycling Center
(2) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. For the Sheriff only, an initial listing is not completed and compared to receipt records by an independent person.	County Recorder, County Treasurer and County Sheriff

Cause – The County offices noted above have 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’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 – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Ag Extension – We are a small office with three full time staff and two part-time. All have access to receipting income and petty cash. We have an off-site bookkeeper who prepares reports and a nine-person elected council which reviews financials on a monthly basis.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

We will strive to segregate duties to the best of our abilities and continue financial reporting/reviewing by offsite staff, county staff, regional staff and our elected officials.

County Sheriff – We will give every attempt to further segregate duties.

County Recorder – The Dickinson County Recorder’s office works diligently to segregate duties, including monthly financial reviews by staff in Dickinson County Treasurer’s office.

County Treasurer – We will continue to try to segregate duties as much as possible to ensure responsibilities for collection, deposit preparation, and reconciliation functions are segregated from those for recording and accounting for cash receipts. The clerks in the office do the bulk of the receipting in from customers, including cash receipts. The deputies do the majority of the daily balancing. The Treasurer continues to look over the receipts at minimum, monthly, to ensure all is proper. The Treasurer utilizes staff to open the mail that do not have access to the financial programs.

County Recycling Center – The Recycling Center will strive to improve segregation of duties and additional controls through financial reviews and reports.

Conclusions – Responses acknowledged. The officials should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

II-B-17 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 receivables and capital asset additions were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require 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.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Response – The County will be diligent in identifying newly acquired capital assets so they are properly recorded within the County’s financial Statements. Additionally, every attempt will be made to properly include and record receivables within the same guidelines, so that they are reflected in the financial statement. We will continue to collaborate with all Departments to ensure these requirements are met, reducing these omissions in the Financial Report.

Conclusion – Response accepted.

II-C-17 County Credit Cards

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The County has credit cards for use by various employees while on County business. Per the County’s credit card policy, original receipts documenting charges are required for all purchases. For seven of eighty-five transactions tested, including three from the Conservation Department and one from the Sheriff’s office, an original itemized receipt was not submitted, although a credit card receipt was submitted.

Cause – County staff are not consistently following the credit card policy.

Effect – The use of credit cards and a lack of original, itemized receipts to support all charges could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The County’s credit card policy should be followed which requires original itemized receipts be received and maintained for all credit card charges.

Response – Department Heads and/or direct Supervisors will continue to be instructed regarding credit card purchases, and the required supporting documentation, which must accompany each claim for County reimbursement. The County will be requiring each office to receive an individual statement for their office cards, lessening the liability and stress on the County Auditor’s office.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.



Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over financial reporting were noted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the roads and transportation and nonprogram functions.

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

Response – The County will make every effort in complying with Iowa Code Chapters 331.434(6) and 331.435 by not allowing disbursements to exceed the amount budgeted prior to an amendment. These events can be avoided by being fastidious in checking balances in the fund, department, activity or service area prior to any payments being finalized.

Conclusion – Response accepted.

IV-B-17 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-17 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-17 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs LLC	Vehicle equipment installs/uninstalls	\$ 5,320

These transactions may represent a conflict of interest in accordance with Chapter 331.342 of the Code of Iowa since total transactions were more than \$1,500 during the year and the transactions were not competitively bid.

Recommendation – The County should consult legal counsel to determine the proper disposition of this matter.

Response – Beginning in fiscal year 2019, we have put these services out for bid.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

- IV-E-17 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- IV-F-17 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-17 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-17 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-17 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, 2017 for the County Extension Office did not exceed the amount budgeted.

- IV-J-17 Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management by December 1.

However, the County’s expenses and ending cash balance of the Special Revenue, TIF and Urban Renewal Fund reported in the Levy Authority Summary do not agree with the County’s general ledger. Also, the TIF Debt Outstanding reported in the Levy Authority Summary was not fully supported.

Recommendation – The County should ensure the amounts reported in the Levy Authority Summary page agree with and are supported by the County’s records.

Response – The County has corrected the inaccuracies from the prior year’s submitted Annual Urban Renewal report. We are confident that going forward all data will be fully supported and the report will be filed accurately.

Conclusion – Response accepted.

- IV-K-17 Financial Condition – At June 30, 2017, the Special Revenue, Resource Enhancement and Protection (REAP) and Drainage Districts Funds had deficit unassigned fund balances of \$37,202 and \$478,389, respectively.

Recommendation – The County should investigate alternatives to eliminate these deficits to return the funds to a sound financial position.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Response – The REAP Fund deficit balance is the result of an advance from the General Fund, which in time will be paid off as the REAP funds are collected. The Special Revenue, Drainage Districts Fund deficit will be eliminated from the collection of future assessments. The drainage deficit was a result of a large claim which was to have been paid by stamped warrants.

Conclusion – Response accepted.

- IV-L-17 Tax Increment Financing (TIF) Indebtedness Certification – Chapter 403.19 of the Code of Iowa provides a municipality shall certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide available incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal and interest on the certified indebtedness.

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

As of June 30, 2017, the development agreement associated with the Silver Shore urban renewal area was fully paid and the required low-and-moderate-income funds had been allocated to the respective LMI account. However, the Silver Shore Urban Renewal has a balance of \$101,816 at June 30, 2017, which represents TIF collections in excess of the TIF debt certified.

The County Auditor has not prepared a reconciliation of tax increment financing remitted to the amount of debt certified for the urban renewal areas of the Cities within the County.

Recommendation – By resolution, the County Board of Supervisors should establish TIF debt for the additional costs for the Dickinson County/Orleans urban renewal area and certify the debt as TIF debt. The County should consult TIF legal counsel to determine the appropriate resolution for the excess TIF collections in the Silver Shore Urban Renewal account. The County Auditor should annually prepare a reconciliation of tax increment financing remitted to the amount of debt certified for all urban renewal areas within the County.

Response – The County Board of Supervisors will adopt by resolution the additional TIF debt incurred in the Dickinson County/Orleans Urban Renewal Area. The County Treasurer will apportion the excess TIF monies collected in the Silver Shore Urban Renewal Area back to the appropriate taxing entities. With the help of the area cities, the Auditor will work to prepare annual reconciliations of tax increment financing for each city.


Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Jamie T. Reuter, Senior Auditor II  
Sarah J. Swisher, Staff Auditor  
Alex D. Dau, Assistant Auditor  
Michaela M. Goergen, Assistant Auditor  
Micaela A. Tintjer, Assistant Auditor  
Jon G. Hanson, Auditor Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State