OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE January 24, 2019

Auditor of State Rob Sand today released an audit report on Dickinson County, Iowa.

The County had local tax revenue of $60,938,226 for the year ended June 30, 2018, which included $3,139,414 in tax credits from the state. The County forwarded $50,989,678 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $9,948,548 of the local tax revenue to finance County operations, a 4.77% increase over the prior year. Other revenues included charges for service of $1,211,169, operating grants, contributions and restricted interest of $5,054,202, capital grants, contributions and restricted interest of $1,009,130, tax increment financing of $601,549, local option sales tax of $1,345,233, hotel/motel tax of $65,550, unrestricted investment earnings of $338,370 and other general revenues of $273,179.

Expenses for County operations for the year ended June 30, 2018 totaled $17,042,475, a 17.0% increase over the prior year due, in part, to additional drainage projects and increased costs associated with secondary roads. Expenses included $5,137,377 for roads and transportation, $3,168,679 for county environment and $2,807,005 for public safety and legal services.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

# # #

DICKINSON COUNTY

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

JUNE 30, 2018

Table of Contents

Table of Contents
(continued)

Dickinson County

Officials

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

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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, 2018, 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, 2018, 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.

Emphasis of a Matter

As discussed in Note 21 to the financial statements, Dickinson County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

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 Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 16 and 60 through 69 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, 2017 (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 18, 2019 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.

Rob Sand

ROB SAND
Auditor of State

January 18, 2019

Dickinson County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by approximately $124,400 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 was not restated because the information needed to restate the amount was not available.
- Program expenses of the County's governmental activities increased 17.0%, or approximately $2,478,000, over fiscal year 2017. County environment and education expenses increased 43.9%, or approximately $967,000, over fiscal year 2017. Roads and transportation expenses increased approximately $791,000 and non-program expenses increased approximately $335,000.
- The County's net position at June 30, 2018 increased 5.3%, or approximately $2,805,000, over the restated June 30, 2017 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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 $52.6 million at June 30, 2017 to approximately $55.3 million at June 30, 2018. The analysis that follows focuses on the changes in the net position of governmental activities before restatement.

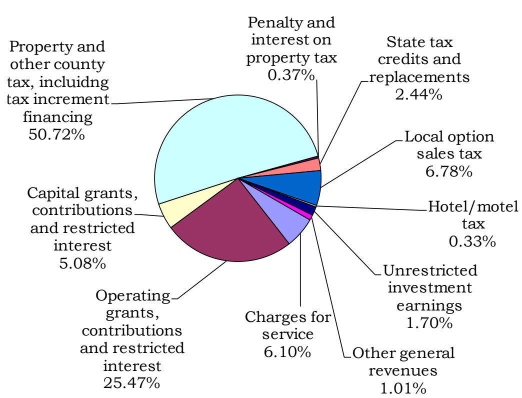
Net Position of Governmental Activities
(Expressed in Thousands)

	June 30,	
	2018	2017 (Not Restated)
Current and other assets	$ 37,690	43,317
Capital assets	51,556	49,848
Total assets	89,246	93,165
Deferred outflows of resources	1,316	1,243
Long-term liabilities	24,100	30,314
Other liabilities	1,018	1,132
Total liabilities	25,118	31,446
Deferred inflows of resources	10,121	10,319
Net position:		
Net investment in capital assets	44,004	41,226
Restricted	8,714	8,858
Unrestricted	2,605	2,559
Total net position	$ 55,323	52,643

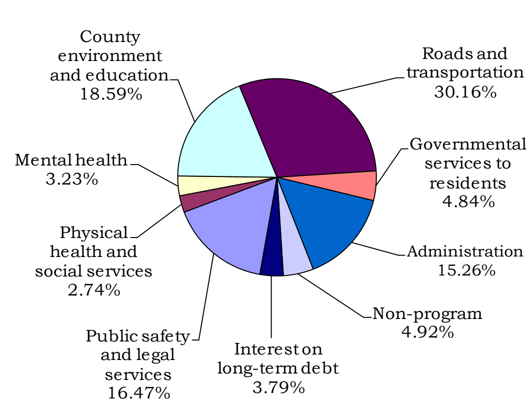
Prior to restatement, the net position of Dickinson County's governmental activities increased approximately 5.1% (approximately $55.3 million compared to approximately $52.6 million). A large portion of the County's net position is invested in capital assets (e.g. land, infrastructure, buildings and 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. Restricted net position decreased approximately $144,000 or 1.6%. 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 – increased from approximately $2,559,000 at June 30, 2017 to approximately $2,605,000 at the end of this year, an increase of 1.8%.

Changes in Net Position of Governmental Activities (Expressed in Thousands)			
		Year ended June 30,	
		2018	2017 (Not Restated)
Revenues:			
Program revenues:			
Charges for service	$	1,211	1,345
Operating grants, contributions and restricted interest		5,054	4,549
Capital grants, contributions and restricted interest		1,009	2,151
General revenues:			
Property and other county tax, including tax increment financing		10,065	9,573
Penalty and interest on property tax		74	76
State tax credits and replacements		485	464
Local option sales tax		1,345	1,282
Hotel/motel tax		65	55
Unrestricted investment earnings		338	237
Other general revenues		200	148
Total revenues		19,846	19,880
Program expenses:			
Public safety and legal services		2,807	2,551
Physical health and social services		468	440
Mental health		551	409
County environment and education		3,169	2,202
Roads and transportation		5,137	4,346
Governmental services to residents		825	759
Administration		2,602	2,557
Non-program		839	504
Interest on long-term debt		646	796
Total expenses		17,042	14,564
Change in net position		2,804	5,316
Net position beginning of year, as restated		52,518	47,327
Net position end of year	$	55,322	52,643

Revenues by Source



Expenses by Function



The County's taxable valuation increased approximately 3.97% and the levy rate increased approximately .85%, resulting in an increase in the County's property tax revenue of approximately $432,000 for fiscal year 2018. Based on an increase of approximately 4.7% in the taxable valuation and a decrease in levy rates for fiscal year 2019, property tax is expected to increase slightly next year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately $24.8 million, a decrease of approximately $6,101,000 from last year's total of approximately $30.9 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 $606,000 and expenditures increased approximately $145,000. The ending fund balance increased approximately $441,000 over the prior year to approximately $5.7 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 County has continued to look for ways to effectively manage the cost of mental health services. Expenditures for the year totaled approximately $547,000, an increase of approximately $138,000 over the prior year. Revenues remained consistent with the prior year. The disbursement to the Northwest Iowa Care Connection Region increased approximately $130,000 due to the required distribution to the Region. The Special Revenue, Mental Health Fund balance at year end decreased approximately $125,000 from the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately $106,000. This was primarily due to an increase in property tax of approximately $57,000. Expenditures increased approximately $156,000, due primarily to the construction of a new conservation building. This resulted in the ending fund balance decreasing approximately $46,000 to approximately $1,389,000 at June 30, 2018.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately $260,000, or 4.4%, from the prior year, due primarily to the addition of a new county shop in the prior fiscal year. Secondary Roads Fund revenues decreased approximately $435,000, primarily due to a decrease in reimbursements from several cities for a concrete overlay project and a decrease in road use tax revenues totaling approximately $366,000. The Secondary Roads Fund ending balance increased approximately $230,000, or 5.6%.
- The Special Revenue, Drainage Districts Fund ended the year with a deficit fund balance of approximately $550,000 compared to a deficit fund balance of approximately $478,000 at the end of the prior year. Revenues were relatively unchanged from the prior year, decreasing approximately $1,000. Expenditures increased approximately $282,000, due primarily to increased drainage projects in the current year compared to fiscal year 2017. Drainage warrants issued increased approximately $428,000.
- The Special Revenue, TIF and Urban Renewal Fund reported an increase in revenues of approximately $48,000, or 8.2% due to increased TIF revenues. TIF and Urban Renewal Fund expenditures decreased approximately $4,000. The balance in the fund at June 30, 2018 was approximately $263,000.

- Revenues of the Debt Service Fund decreased approximately $106,000. Expenditures decreased approximately $486,000 or 16.1%. Debt service payments were approximately $2.5 million in fiscal year 2018. The ending fund balance in the Debt Service Fund decreased approximately $5,865,000 due primarily to the crossover advance refunding notes which matured in May 2018. The fund balance is large because debt for the Lakes Regional Hospital of $11,540,000 is not recorded as a fund liability under the modified accrual basis of accounting, however, a receivable from the hospital is recorded.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget one time. The only amendment was made on May 29, 2018 to increase the budget in the public safety and legal services, mental health and nonprogram functions for an increase medical examiner costs, an increase in the cost share for the Mental Health/Community Service employee and asbestos removal from the County farm. This resulted in an increase in budgeted disbursements of $103,000.

The County's receipts were $189,801 more than budgeted, a variance of 1.1%. The County did fewer road projects for other governments than anticipated, and as a result, intergovernmental receipts were less than projected. However, interest revenue was more than projected.

Total disbursements were $2,547,212 less than the amended budget. Actual disbursements for the county environment and education and capital project functions were approximately $1,110,000 and $662,000, respectively, less than the budgeted amount because overall utility and personnel costs were less than expected. Actual disbursements for the roads and transportation function were approximately $447,000 less than budgeted because fewer road projects were undertaken than anticipated.

Even with the budget amendment, the County exceeded the amounts budgeted in the non-program and debt service functions for the year ended June 30, 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Dickinson County had approximately $51.6 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 $1,708,000, or 3.4%, over last year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30, 2018	June 30, 2017
Land	$ 4,319	4,187
Buildings and improvements	17,234	17,651
Intangibles, road network	530	530
Equipment and vehicles	5,294	4,325
Construction in progress	1,482	325
Infrastructure	22,697	22,830
Total	$ 51,556	49,848

The County had depreciation expense of approximately $2,193,000 in fiscal year 2018 and total accumulated depreciation of approximately $16.2 million at June 30, 2018.

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 $20.2 million of outstanding debt at June 30, 2018, which included approximately $18.6 million of general obligation bonds and notes, approximately $532,000 of general obligation capital loan notes, approximately $439,000 of urban revitalization bonds and approximately $643,000 of drainage warrants compared to total outstanding debt of approximately $26.7 million at June 30, 2017.

Outstanding Debt of Governmental Activities at Year-End
(Expressed in Thousands)

	June 30,	
	2018	2017
General obligation bonds and notes	$ 18,560	25,520
General obligation capital loan notes	532	537
Urban revitalization bonds	439	490
Drainage warrants	643	110
Total	$ 20,174	26,657

Total debt decreased approximately $6,483,000, primarily as a result of the repayment of $5,980,000 of the 2009 Courthouse construction urban renewal bonds which had a cross over refunding date of May 1, 2018.

The County continues to carry a general obligation bond rating of Aa2 (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 $234,704,000. 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 2019 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.3% versus 2.6% a year ago. This compares with the State's unemployment rate of 2.7% and the national rate of 4.0%.

The County's total cash basis fund balance is expected to decrease by the close of fiscal year 2019 from the fiscal year 2018 actual balance of approximately $11.8 million to approximately $9.1 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 2018 and thereafter, and 5) it reflects a loss in revenue from state reimbursements.

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 2019 budget, which certified property tax as follows: (Amount certified includes utility replacement and property tax dollars.)

	2019 Dollars Certified	2018 Dollars Certified	Percentage Change
General basic levy	$ 6,452,532	6,156,712	4.8%
Mental health levy	170,174	407,601	-58.2%
Rural services levy	1,988,187	1,918,548	3.6%
Debt service levy	1,081,325	1,132,713	-4.5%
Total	$ 9,692,218	9,615,574	0.8%

Levy rates (expressed per $1,000 of taxable valuation) to produce the above dollars for fiscal year 2019 and fiscal year 2018 are as follows:

	2019	2018	Percentage Change
General basic levy	$ 2.45135	2.45135	0.0%
Mental health levy	0.06465	0.16229	-60.2%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.37665	0.40936	-8.0%
Total	$ 4.73265	4.86300	-2.7%

Budgeted receipts in the fiscal year 2019 operating budget are approximately $424,000 less than the fiscal year 2018 actual receipts of approximately $18.0 million. Budgeted disbursements in the fiscal year 2019 operating budget are approximately $20.3 million, which is approximately $2.5 million more than the fiscal year 2018 actual final disbursements of approximately $17.8 million. Total taxable valuations increased approximately $119 million, from approximately $2.5 billion to approximately $2.7 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.

Basic Financial Statements

Dickinson County

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 13,361,793
Receivables:	
Property tax:	
Delinquent	2,032
Succeeding year	9,514,000
Succeeding year tax increment financing	286,000
Accounts	38,469
Loan to Lakes Regional Hospital	11,540,000
Accrued interest	3,922
Drainage assessments	1,193,014
Due from other governments	777,560
Inventories	939,372
Prepaid expenses	33,607
Capital assets, net of accumulated depreciation/amortization	51,555,591
Total assets	89,245,360
Deferred Outflows of Resources	
Pension related deferred outflows	1,316,074
Liabilities	
Accounts payable	566,737
Accrued interest payable	102,671
Salaries and benefits payable	113,511
Due to other governments	234,758
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,905,000
General obligation capital loan notes	39,000
Urban revitalization bonds	52,938
Drainage warrants	3,505
Compensated absences	200,061
Portion due or payable after one year:	
General obligation bonds/notes	16,655,000
General obligation capital loan notes	492,999
Urban revitalization bonds	385,626
Drainage warrants	639,047
Compensated absences	101,573
Total OPEB liability	204,914
Net pension liability	3,420,491
Total liabilities	25,117,831
Deferred Inflows of Resources:	
Unavailable property tax revenue	9,514,000
Unavailable tax increment financing revenue	286,000
Pension related deferred inflows	320,919
Total deferred inflows of resources	10,120,919
Net Position	
Net investment in capital assets	44,003,592
Restricted for:	
Mental health purposes	127,463
Rural services purposes	1,389,964
Secondary roads purposes	4,183,361
Debt service	81,097
Other purposes	2,932,258
Unrestricted	2,604,949
Total net position	$ 55,322,684

See notes to financial statements.

Dickinson County

Statement of Activities

Year ended June 30, 2018

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 2,807,005	225,202	61,678	-	(2,520,125)
Physical health and social services	467,548	950	175,651	-	(290,947)
Mental health	550,831	1,912	-	-	(548,919)
County environment and education	3,168,679	188,180	1,833,024	945,616	(201,859)
Roads and transportation	5,137,377	152,075	2,731,714	63,514	(2,190,074)
Governmental services to residents	824,576	576,076	110	-	(248,390)
Administration	2,601,513	46,580	-	-	(2,554,933)
Non-program	838,666	20,194	-	-	(818,472)
Interest on long-term debt	646,280	-	252,025	-	(394,255)
Total	$ 17,042,475	1,211,169	5,054,202	1,009,130	(9,767,974)
General Revenues:					
Property and other county tax levied for:					
General purposes					8,355,787
Debt service					1,108,005
Tax increment financing					601,549
Penalty and interest on property tax					73,665
State tax credits and replacements					484,756
Local option sales tax					1,345,233
Hotel/motel tax					65,550
Unrestricted investment earnings					338,370
Gain on disposition of capital assets					119,332
Miscellaneous					80,182
Total general revenues					12,572,429
Change in net position					2,804,455
Net position beginning of year, as restated					52,518,229
Net position end of year					$ 55,322,684

See notes to financial statements.

Dickinson County

Balance Sheet
Governmental Funds

June 30, 2018

	General	Special: Mental Health	Special: Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	$ 5,105,433	144,574	1,304,218
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	1,131	75	633
Succeeding year	6,325,000	167,000	1,966,000
Succeeding year tax increment financing	-	-	-
Accounts	31,961	-	1
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	3,922	-	-
Drainage assessments	-	-	-
Advances to other funds	25,898	-	-
Due from other funds	547,673	-	-
Due from other governments	187,273	356	89,528
Inventories	-	-	-
Prepaid expenditures	33,607	-	-
Total assets	12,261,898	312,005	3,360,380
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 159,186	-	3,419
Salaries and benefits payable	76,037	2,013	997
Due to other funds	-	-	-
Due to other governments	37,463	-	-
Advances from other funds	-	-	-
Total liabilities	272,686	2,013	4,416
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,325,000	167,000	1,966,000
Succeeding year tax increment financing	-	-	-
Other	9,152	75	633
Total deferred inflows of resources	6,334,152	167,075	1,966,633
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	25,898	-	-
Prepaid expenditures	33,607	-	-
Restricted for:			
Mental health purposes	-	142,917	-
Rural services purposes	-	-	1,389,331
Secondary roads purposes	-	-	-
Conservation purposes	295,560	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned for:			
Buildings and grounds	780,846	-	-
Revolving loans	87,000	-	-
Unassigned	4,432,149	-	-
Total fund balances	5,655,060	142,917	1,389,331
Total liabilities, deferred inflows of resources and fund balances	$ 12,261,898	312,005	3,360,380

See notes to financial statements.

Revenue					
Secondary Roads	Drainage Districts	TIF and Urban Renewal	Debt Service	Nonmajor	Total
3,340,979	-	295,937	154,931	1,458,939	11,805,011
-	-	-	-	900,158	900,158
-	-	-	193	-	2,032
-	-	-	1,056,000	-	9,514,000
-	-	286,000	-	-	286,000
4,277	-	-	2	2,228	38,469
-	-	-	11,540,000	-	11,540,000
-	-	-	-	-	3,922
-	1,193,014	-	-	-	1,193,014
-	-	-	-	-	25,898
-	-	-	-	-	547,673
198,576	-	-	-	301,827	777,560
939,372	-	-	-	-	939,372
-	-	-	-	-	33,607
4,483,204	1,193,014	581,937	12,751,126	2,663,152	37,606,716
140,256	2,789	32,893	-	197,336	535,879
34,464	-	-	-	-	113,511
-	547,673	-	-	-	547,673
791	-	-	-	196,504	234,758
-	-	-	-	25,898	25,898
175,511	550,462	32,893	-	419,738	1,457,719
-	-	-	1,056,000	-	9,514,000
-	-	286,000	-	-	286,000
-	1,193,014	-	193	301,081	1,504,148
-	1,193,014	286,000	1,056,193	301,081	11,304,148
939,372	-	-	-	-	939,372
-	-	-	-	-	25,898
-			-		33,607
-	-	-	-	-	142,917
-	-	-	-	-	1,389,331
3,368,321	-	-	-	-	3,368,321
-	-	-	-	900,158	1,195,718
-	-	-	11,694,933	-	11,694,933
-	-	263,044	-	1,089,159	1,352,203
-	-	-	-	-	780,846
-	-	-	-	-	87,000
-	(550,462)	-	-	(46,984)	3,834,703
4,307,693	(550,462)	263,044	11,694,933	1,942,333	24,844,849
4,483,204	1,193,014	581,937	12,751,126	2,663,152	37,606,716

Dickinson County

Dickinson County

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

June 30, 2018

Total governmental fund balances (page 21)		$ 24,844,849
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 $67,705,756 and the accumulated depreciation is $16,150,165.		51,555,591
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.		1,504,148
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.		625,766
Pension and OPEB 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	1,316,074	
Deferred inflows of resources	(320,919)	995,155
Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, drainage warrants, compensated absences, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(24,202,825)
Net position of governmental activities (page 18)		$ 55,322,684

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2018

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 6,054,785	400,782	1,900,257
Tax increment financing	-	-	-
Local option sales tax	401,858	-	1,008,925
Interest and penalty on property tax	73,665	-	-
Intergovernmental	834,199	20,877	86,029
Licenses and permits	56,827	-	-
Charges for service	692,301	-	-
Use of money and property	256,635	-	-
Miscellaneous	246,368	-	-
Total revenues	8,616,638	421,659	2,995,211
Expenditures:			
Operating:			
Public safety and legal services	2,748,743	-	7,699
Physical health and social services	462,989	-	-
Mental health	1,657	546,930	-
County environment and education	1,108,855	-	438,617
Roads and transportation	-	-	-
Governmental services to residents	925,437	-	-
Administration	2,268,278	-	-
Non-program	179,182	-	-
Debt service	-	-	-
Capital projects	198,581	-	-
Total expenditures	7,893,722	546,930	446,316
Excess (deficiency) of revenues over (under) expenditures	722,916	(125,271)	2,548,895
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(314,524)	-	(2,595,314)
General obligation notes/bonds issued	32,999	-	-
Refunded bond principal payment	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(281,525)	-	(2,595,314)
Change in fund balances	441,391	(125,271)	(46,419)
Fund balances beginning of year	5,213,669	268,188	1,435,750
Fund balances end of year	$ 5,655,060	142,917	1,389,331

See notes to financial statements.

Revenue					
Secondary Roads	Drainage Districts	TIF and Urban Renewal	Debt Service	Nonmajor	Total
-	-	-	1,108,020	-	9,463,844
-	-	601,549	-	-	601,549
-	-	-	-	-	1,410,783
-	-	-	-	-	73,665
2,808,680	-	23,751	311,335	800,831	4,885,702
46,714	-	-	-	-	103,541
141	-	-	-	112,931	805,373
43,959	-	4,119	34,253	38,375	377,341
17,219	25,278	-	-	828,433	1,117,298
2,916,713	25,278	629,419	1,453,608	1,780,570	18,839,096
-	-	-	-	625	2,757,067
-	-	-	-	-	462,989
-	-	-	-	-	548,587
-	-	250,472	-	2,572,356	4,370,300
4,618,240	-	-	-	-	4,618,240
-	-	-	-	-	925,437
-	-	-	-	-	2,268,278
4,712	629,716	-	-	-	813,610
-	18,118	65,786	2,527,752	-	2,611,656
958,702	-	-	-	-	1,157,283
5,581,654	647,834	316,258	2,527,752	2,572,981	20,533,447
(2,664,941)	(622,556)	313,161	(1,074,144)	(792,411)	(1,694,351)
95,000	-	-	-	-	95,000
2,799,838	-	-	294,150	114,259	3,208,247
-	-	(298,409)	-	-	(3,208,247)
-	-	-	-	-	32,999
-	-	-	(5,085,000)	-	(5,085,000)
-	550,483	-	-	-	550,483
2,894,838	550,483	(298,409)	(4,790,850)	114,259	(4,406,518)
229,897	(72,073)	14,752	(5,864,994)	(678,152)	(6,100,869)
4,077,796	(478,389)	248,292	17,559,927	2,620,485	30,945,718
4,307,693	(550,462)	263,044	11,694,933	1,942,333	24,844,849

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, 2018

Change in fund balances - Total governmental funds (page 25)		$ (6,100,869)
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/amoritization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 3,876,978	
Depreciation/amortization expense	(2,193,455)	1,683,523
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.		24,322
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	(52)	
Other	764,323	764,271
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 repayments exceeded issuances, as follows:		
Issued	(583,482)	
Repaid	7,067,065	6,483,583
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.		448,610
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	(5,318)	
Interest on long-term debt	(16,689)	
Pension expense	(471,277)	
OPEB expense	(75,067)	(568,351)
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.		69,366
Change in net position of governmental activities (page 19)		$ 2,804,455

See notes to financial statements.

Dickinson County

Statement of Net Position
Proprietary Fund

June 30, 2018

		Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	$	656,624
Liabilities		
Accounts payable		30,858
Net Position		
Unrestricted	$	625,766

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2018

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		$ 263,963
Reimbursements from others		2,642
Total operating revenues		266,605
Operating expenses:		
Medical claims	$ 195,522	
Administrative fees	10,754	206,276
Operating income		60,329
Non-operating revenues:		
Interest income		9,037
Net income		69,366
Net position beginning of year		556,400
Net position end of year		$ 625,766

See notes to financial statements.

Dickinson County

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2018

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	$ 263,963
Cash received from others	2,642
Cash paid to suppliers for services	(203,616)
Net cash provided by operating activities	62,989
Cash flows from investing activities:	
Interest on investments	9,037
Net increase in cash and cash equivalents	72,026
Cash and cash equivalents beginning of year	584,598
Cash and cash equivalents end of year	$ 656,624
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 60,329
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	2,660
Net cash provided by operating activities	$ 62,989

See notes to financial statements.

Dickinson County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 2,593,165
Other County officials	191,931
Receivables:	
Property tax:	
Delinquent	7,115
Succeeding year	47,086,000
Accounts	14,326
Special assessments	141,970
Succeeding year drainage assessments	165,663
Due from other governments	145,318
Prepaid insurance	1,256
Total assets	50,346,744
Liabilities	
Accounts payable	11,031
Salaries and benefits payable	7,713
Due to other governments	50,283,492
Trusts payable	5,502
Compensated absences	39,006
Total liabilities	50,346,744
Net position	$ -

See notes to financial statements.

(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 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 Drainage Districts Fund is used to account for the drainage assessment revenue and for the payment of construction, repairs and maintenance for a district's drains.

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 Balance/Net Position

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 reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and 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, 2018, 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. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 65,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/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 and contributions from the County after the measurement date but before the end of the County's reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and 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, 2018. 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.

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Dickinson County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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.

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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

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, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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, 2018, disbursements exceeded the amounts budgeted in the non-program and debt service function and disbursements in two departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2018 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, 2018, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Bank (FHLB)	$ 100,000	December 2020
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	$ 1,090,000	

At June 30, 2018 the Conservation Foundation, a blended component unit, had the following investments:

Investment	Fair Value	Maturity
Mutual funds	$ 595,464	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 $1,090,000 and the mutual funds of $595,464 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 $164 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, 2018 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, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Drainage Districts	$ 547,673

(4) Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Resource Enhancement and Protection	$ 25,898

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, 2018 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 204,524
	Special Revenue:	
	Rural Services	2,595,314
Low and Moderate Income	Special Revenue:	
	TIF and Urban Renewal	4,259
Trails Maintenance	General	110,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	294,150
Total		$ 3,208,247

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, 2018 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 4,186,578	175,000	(42,567)	4,319,011
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	191,908	868,764	(1,060,672)	-
Construction in progress	133,150	1,348,716	-	1,481,866
Total capital assets not being depreciated/amortized	5,041,536	2,392,480	(1,103,239)	6,330,777
Capital assets being depreciated/amortized:				
Buildings	20,679,543	-	-	20,679,543
Improvements other than buildings	303,124	-	-	303,124
Equipment and vehicles	8,687,299	1,679,988	(944,878)	9,422,409
Infrastructure, road network	21,362,654	1,060,672	-	22,423,326
Infrastructure, other	8,546,577	-	-	8,546,577
Total capital assets being depreciated/amortized	59,579,197	2,740,660	(944,878)	61,374,979
Less accumulated depreciation/amoritized for:				
Buildings	3,289,118	409,698	-	3,698,816
Improvements other than buildings	42,857	6,993	-	49,850
Equipment and vehicles	4,362,279	582,476	(816,277)	4,128,478
Infrastructure, road network	5,805,827	885,622	-	6,691,449
Infrastructure, other	1,272,906	308,666	-	1,581,572
Total accumulated depreciation/amortized	14,772,987	2,193,455	(816,277)	16,150,165
Total capital assets being depreciated/amortized, net	44,806,210	547,205	(128,601)	45,224,814
Governmental activities capital assets, net	49,847,746	2,939,685	(1,231,840)	51,555,591

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 70,842
Physical health and social services	1,261
County environment and education	244,204
Roads and transportation	1,477,589
Governmental services to residents	17,604
Administration	381,955
Total depreciation/amortization expense - governmental activities	$ 2,193,455

(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, 2018 is as follows:

Fund	Description	Amount
General	Services	$ 37,463
Special Revenue:		
Secondary Roads	Services	791
Dickinson County Trails	Services	190,265
Trails Maintenance	Services	6,203
Waste Management Reduction	Services	36
Total for governmental funds		$ 234,758
Agency:		
County Offices	Collections	$ 194,101
Agricultural Extension Education		239,366
County Assessor		604,225
Schools		23,131,482
Community Colleges		2,935,652
Corporations		13,961,331
Townships		502,794
Auto License, Use Tax and Drivers' License		587,654
All other		8,126,887
Total for agency funds		$ 50,283,492

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revital-ization Bonds	Drainage Warrants	Compen-sated Absences	Total OPEB Liability	Net Pension Liability	Total
Balance beginning of year, as restated	$ 25,520,000	537,000	489,938	109,760	296,316	129,847	3,356,065	30,438,926
Increases	-	32,999	-	550,483	292,270	87,242	64,426	1,027,420
Decreases	6,960,000	38,000	51,374	17,691	286,952	12,175	-	7,366,192
Balance end of year	$ 18,560,000	531,999	438,564	642,552	301,634	204,914	3,420,491	24,100,154
Due within one year	$ 1,905,000	39,000	52,938	3,505	200,061	-	-	2,200,504

General Obligation Bonds/Notes

A summary of the County's June 30, 2018 general obligation indebtedness is as follows:

	General Obligation Bonds/Notes					
	Hospital Urban Renewal Issued Aug 22, 2012			Hospital Urban Renewal Issued Feb 21, 2013		
Year Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	2.00	780,000	189,150		-	-
2024-2028	2.00-2.25	4,130,000	704,700		-	-
2029-2033	2.38-2.50	3,645,000	223,700		-	-
Total		$ 10,000,000	1,976,150		$ 1,540,000	36,300

	General Obligation Bonds/Notes					
	East Okoboji Beach Urban Renewal Refunding Bonds Issued Oct 11, 2016			Courthouse Construction Urban Renewal Refunding Bonds Issued Oct 11, 2016		
Year Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	1.00	1,010,000	35,943
2022	1.50	150,000	25,000	1.05	1,100,000	25,338
2023	1.50	150,000	22,750	1.15	1,015,000	12,688
2024-2028	1.50-2.00	770,000	77,576	1.25	-	-
2029-2033	2.00	350,000	10,500		-	-
Total		$ 1,850,000	223,876		$ 5,170,000	176,405

	General Obligation Bonds/Notes Total		
Year Ending June 30,	Principal	Interest	Total
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	1,945,000	224,588	2,169,588
2024-2028	4,900,000	782,276	5,682,276
2029-2033	3,995,000	234,200	4,229,200
Total	$ 18,560,000	2,412,731	20,972,731

General Obligation Bonds/Notes

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 was 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) were paid using the amounts held by the escrow agent. From this point forward, the County will pay the principal and interest on the general obligation refunding capital loan notes (new debt) as they come due.

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, 2018, the County paid principal and interest of $38,000 and $16,110, respectively, on the capital loan notes.

On May 22, 2018, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to $80,000 to pay for costs on an interim basis incurred in conjunction with the Francis Sites Wetland Project. The project includes the costs for the planning and the works and facilities used for the collection and disposal of surface waters and streams on East Okoboji Lake. The total amount drawn to date and outstanding at June 30, 2018 is $32,999. The capital loan note is non interest bearing and is due in full at maturity on June 8, 2021.

A summary of the County's June 30, 2018 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes East Okoboji Beach Urban Renewal Area Issued May 6, 2009 Interest Rates		Principal	Interest
2019	3.00%	$	39,000	14,970
2020	3.00		40,000	13,800
2021	3.00		41,000	12,600
2022	3.00		43,000	11,370
2023	3.00		44,000	10,080
2024-2028	3.00		240,000	29,820
2029-2030	3.00		52,000	1,560
Total		$	499,000	94,200

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 of $493,393 is payable through December 2025. For the current year, principal and interest paid on the urban revitalization bonds were $51,375 and $14,411, respectively.

A summary of the County's June 30, 2018 urban revitalization bonded indebtedness is as follows:

Year ending June 30,	Interest Rates		Principal	Interest	Total
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	3.02		59,681	6,105	65,786
2024-2028	3.02		157,269	7,195	164,464
Total		$	438,564	54,829	493,393

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 2017 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.

In February 2018 both Senior Housing Revenue Bonds went into forbearance. An extension of the agreement has been negotiated with Dubuque Bank and Trust, pending the sale of the Keelson Harbour facility.

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 PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

The formula used to calculate a sheriff's, deputy's 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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.38% of covered payroll for a total rate of 18.76%. 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, 2018 totaled $448,610.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of $3,420,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the County's proportion was 0.051349%, which was a decrease of 0.001979% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $471,277. At June 30, 2018, 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	$ 46,014	49,322
Changes of assumptions	736,711	7,808
Net difference between projected and actual earnings on IPERS' investments	-	47,222
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	84,739	216,567
County contributions subsequent to the measurement date	448,610	-
Total	$ 1,316,074	320,919

$448,610 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
2019	$ 16,708
2020	287,867
2021	190,803
2022	5,669
2023	45,498
Total	$ 546,545

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 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, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	$ 6,243,383	3,420,491	1,051,176

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2018.

(11) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Dickinson County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	90
Total	92

Total OPEB Liability – The County's total OPEB liability of $204,914 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00% per annum.
Rates of salary increase (effective June 30, 2018)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	5% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2014 United State Life Tables.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 129,847
Changes for the year:	
Service cost	8,994
Interest	5,974
Differences between expected and actual experiences	48,842
Changes in assumptions	23,432
Benefit payments	(12,175)
Net changes	75,067
Total OPEB liability end of year	$ 204,914

Changes of assumptions reflect a change in the discount rate from 4.50% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$ 219,075	204,914	191,075

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	$ 184,722	204,914	228,717

OPEB Expense – For the year ended June 30, 2018, the County recognized OPEB expense of $75,067.

(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, 2018.

(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 775 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, 2018 were $301,908.

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, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, 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, 2018 was $263,963.

Amounts payable from the Employee Group Health Fund at June 30, 2018 total $30,858, 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	$	28,198
Incurred claims (including claims incurred but not reported at June 30, 2018)		195,522
Payments:		
Payment on claims during the year		192,862
Unpaid claims end of year	$	30,858

(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, 2018 under agreements entered into by the following entities:

Entity	Tax Abatement Program		Amount of Tax Abated
City of Lake Park	Urban renewal and economic development projects	$	875
City of Milford	Urban renewal and economic development projects		36,645
City of Spirit Lake	Urban renewal and economic development projects		3,609

(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, 2018:

Additions:		
Contributions from governmental units:		
Dickinson County	$ 84,600	
Iowa Department of Natural Resources	77,395	
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	277,595
Interest on investments		3,010
Total additions		280,605
Deductions:		
Team Wave	75,000	
Ducks Unlimited, Inc.	44,904	
Dickinson County Soil and Water Conservation District	30,000	
Okoboji Homeowners Association	29,356	
Okoboji Protective Association	20,000	
Spirit Lake Protective Association	11,800	
Miscellaneous	2,807	213,867
Net		66,738
Balance beginning of year		115,946
Balance end of year		$ 182,684

(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, $540,940, was paid to the Lake Park Housing Authority to be used to provide housing assistance to low and moderate income families. 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, 2018, $250,471 was rebated to the City and the cumulative amount rebated at June 30, 2018 was $1,453,339. Property tax levied for fiscal year 2019 totals $10,000.

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, 2018, $65,786 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2019 totals $46,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County's primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated 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, 2018 in the Special Revenue, Low and Moderate Income Fund was $72,127. No property tax has been levied for fiscal year 2019.

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, 2018 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, 2018, $120,100 was provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2019.

(19) Deficit Fund Balances

The Special Revenue, Resource Enhancement and Protection, Drainage Districts and Trails Maintenance Funds had deficit unassigned fund balances of $25,898, $550,462 and $21,086, respectively, at June 30, 2018. The deficit balances will be eliminated through the future collection of the County's REAP allocation from the State, future drainage assessments and grants and donations.

(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, 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, 2018 as follows:

Revenues:		
Property and other county tax		400,782
Intergovernmental revenues:		
State tax credits	$ 12,517	
Other intergovernmental revenues	8,360	20,877
Total revenues		421,659
Expenditures:		
Services to persons with		
Mental illness		89,234
General administration:		
Direct administration	46,611	
Distribution to regional fiscal agent	411,085	457,696
Total expenditures		546,930
Excess of expenditures over revenues		(125,271)
Fund balance beginning of the year		268,188
Fund balance end of the year		$ 142,917

(21) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities
Net position June 30, 2017, as previously reported	$ 52,642,676
Net OPEB obligation measured under previous standards	5,400
Total OPEB liability at June 30, 2017	(129,847)
Net position July 1, 2017, as restated	$ 52,518,229

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, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 11,470,711	-	11,470,711
Interest and penalty on property tax	73,654	-	73,654
Intergovernmental	4,685,731	-	4,685,731
Licenses and permits	103,726	-	103,726
Charges for service	796,437	30,298	766,139
Use of money and property	407,681	-	407,681
Miscellaneous	1,190,921	693,018	497,903
Total receipts	18,728,861	723,316	18,005,545
Disbursements:			
Public safety and legal services	2,753,267	-	2,753,267
Physical health and social services	464,406	-	464,406
Mental health	548,547	-	548,547
County environment and education	3,802,295	943,661	2,858,634
Roads and transportation	4,547,331	-	4,547,331
Governmental services to residents	866,124	-	866,124
Administration	2,266,325	-	2,266,325
Non-program	851,307	557,643	293,664
Debt service	1,578,238	18,118	1,560,120
Capital projects	1,628,522	-	1,628,522
Total disbursements	19,306,362	1,519,422	17,786,940
Excess (deficiency) of receipts over (under) disbursements	(577,501)	(796,106)	218,605
Other financing sources, net	571,485	550,483	21,002
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(6,016)	(245,623)	239,607
Balance beginning of year	12,711,185	1,145,781	11,565,404
Balance end of year	$ 12,705,169	900,158	11,805,011

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
11,590,730	11,590,730	(120,019)
43,300	43,300	30,354
4,905,279	4,921,279	(235,548)
70,700	70,700	33,026
665,810	665,810	100,329
240,315	186,315	221,366
337,610	337,610	160,293
17,853,744	17,815,744	189,801
2,776,995	2,779,995	26,728
550,321	550,321	85,915
537,494	552,494	3,947
3,968,493	3,968,493	1,109,859
4,994,600	4,994,600	447,269
915,199	915,199	49,075
2,471,145	2,471,145	204,820
167,500	252,500	(41,164)
1,559,121	1,559,121	(999)
2,290,284	2,290,284	661,762
20,231,152	20,334,152	2,547,212
(2,377,408)	(2,518,408)	2,737,013
1,000	1,000	20,002
(2,376,408)	(2,517,408)	2,757,015
10,190,216	10,190,216	1,375,188
7,813,808	7,672,808	4,132,203

Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 18,728,861	110,235	18,839,096
Expenditures	19,306,362	1,227,085	20,533,447
Net	(577,501)	(1,116,850)	(1,694,351)
Other financing sources (uses), net	571,485	(4,978,003)	(4,406,518)
Beginning fund balances	12,711,185	18,234,533	30,945,718
Ending fund balances	$ 12,705,169	12,139,680	24,844,849

See accompanying independent auditor's report.

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, one budget amendment increased budgeted disbursements by $103,000. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2018, disbursements exceed the amounts budgeted in the non-program and debt service functions and disbursements in two departments exceeded the amounts appropriated.

Dickinson County

Dickinson County

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

Iowa Public Employees’ Retirement System
For the Last Four Years*
(In Thousands)

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.051349%	0.053328%	0.048162%	0.049831%
County's proportionate share of the net pension liability	$ 3,420	3,356	2,379	1,976
County's covered payroll	$ 4,625	4,634	4,301	4,226
County's proportionate share of the net pension liability as a percentage of its covered payroll	73.95%	72.42%	55.31%	46.76%
IPERS' net position as a percentage of the total pension liability	82.21%	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.

Dickinson County

Schedule of County Contributions

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

Required Supplementary Information

		2018	2017	2016	2015
Statutorily required contribution	$	449	422	424	395
Contributions in relation to the statutorily required contribution		(449)	(422)	(424)	(395)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	4,937	4,625	4,634	4,301
Contributions as a percentage of covered payroll		9.09%	9.12%	9.15%	9.18%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
386	372	335	292	273	256
(386)	(372)	(335)	(292)	(273)	(256)
-	-	-	-	-	-
4,226	4,194	4,007	4,002	3,986	3,898
9.13%	8.87%	8.36%	7.30%	6.85%	6.57%

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.

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 Changes in the County's
Total OPEB Liability, Related Ratios and Notes

For the Current Year
Required Supplementary Information

	2018
Service Cost	$ 8,994
Interest cost	5,974
Difference between expected and actual experiences	48,842
Changes in assumptions	23,432
Benefit payments	(12,175)
Net change in total OPEB liability	75,067
Total OPEB liability beginning of year, as restated	129,847
Total OPEB liability end of year	$ 204,914
Covered-employee payroll	$ 4,457,240
Total OPEB liability as a percentage of covered-employee payroll	4.6%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

Dickinson County

Supplementary Information

Dickinson County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

		Special		
	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance- ment and Protection	Confiscated Property Fees
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ 106,087	5,880	121	8,397
Conservation Foundation	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other governments	636	-	-	110
Total assets	$ 106,723	5,880	121	8,507
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	25,898	-
Total liabilities	-	-	25,898	-
Deferred inflows of resources:				
Unavailable revenues	-	-	-	-
Fund balances:				
Restricted for:				
Conservation purposes	-	-	-	-
Other purposes	106,723	5,880	121	8,507
Unassigned	-	-	(25,898)	-
Total fund balances	106,723	5,880	(25,777)	8,507
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 106,723	5,880	121	8,507

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
443,746	94,516	3	732,559	67,445	-	185	1,458,939
-	-	-	-	-	900,158	-	900,158
-	2,228	-	-	-	-	-	2,228
-	-	-	301,081	-	-	-	301,827
443,746	96,744	3	1,033,640	67,445	900,158	185	2,663,152
-	11,913	-	103,095	82,328	-	-	197,336
-	36	-	190,265	6,203	-	-	196,504
-	-	-	-	-	-	-	25,898
-	11,949	-	293,360	88,531	-	-	419,738
-	-	-	301,081	-	-	-	301,081
-							
-	-	-	-	-	900,158	-	900,158
443,746	84,795	3	439,199	-	-	185	1,089,159
-	-	-	-	(21,086)	-	-	(46,984)
443,746	84,795	3	439,199	(21,086)	900,158	185	1,942,333
443,746	96,744	3	1,033,640	67,445	900,158	185	2,663,152

Dickinson County

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

Year ended June 30, 2018

				Special
	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance-ment and Protection	Confiscated Property Fees
Revenues:				
Intergovernmental	$ -	-	11,294	-
Charges for service	6,722	-	-	-
Use of money and property	1,452	83	131	-
Miscellaneous	-	-	-	4,614
Total revenues	8,174	83	11,425	4,614
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	625
County environment and education	-	-	-	-
Total expenditures	-	-	-	625
Excess (deficiency) of revenues over (under) expenditures	8,174	83	11,425	3,989
Other financing sources (uses):				
Transfers in	-	-	-	-
Change in fund balances	8,174	83	11,425	3,989
Fund balances beginning of year	98,549	5,797	(37,202)	4,518
Fund balances end of year	$ 106,723	5,880	(25,777)	8,507

See accompanying independent auditor's report.

Revenue							
Low and Moderate Income	Waste Manage-ment Reduction	Supple-mental Environ-mental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Courthouse Memorial	Total
-	-	-	789,537	-	-	-	800,831
-	106,209	-	-	-	-	-	112,931
-	-	-	6,410	-	30,298	1	38,375
-	-	-	156,079	-	667,740	-	828,433
-	106,209	-	952,026	-	698,038	1	1,780,570
-	-	-	-	-	-	-	625
-	94,903	-	1,360,530	173,262	943,661	-	2,572,356
-	94,903	-	1,360,530	173,262	943,661	-	2,572,981
-	11,306	-	(408,504)	(173,262)	(245,623)	1	(792,411)
4,259	-	-	-	110,000	-	-	114,259
4,259	11,306	-	(408,504)	(63,262)	(245,623)	1	(678,152)
439,487	73,489	3	847,703	42,176	1,145,781	184	2,620,485
443,746	84,795	3	439,199	(21,086)	900,158	185	1,942,333

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$ -	1,117	183,108	98,657
Other County officials	191,931	-	-	-
Receivables:				
Property tax:				
Delinquent	-	43	93	3,802
Succeeding year	-	238,000	456,000	23,009,000
Accounts	2,170	-	-	36
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	206	474	19,987
Prepaid insurance	-	-	-	-
Total assets	$ 194,101	239,366	639,675	23,131,482
Liabilities				
Accounts payable	$ -	-	1,025	-
Salaries and benefits payable	-	-	6,488	-
Due to other governments	194,101	239,366	604,225	23,131,482
Trusts payable	-	-	-	-
Compensated absences	-	-	27,937	-
Total liabilities	$ 194,101	239,366	639,675	23,131,482

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
12,015	87,840	1,670	587,654	1,621,104	2,593,165
-	-	-	-	-	191,931
459	1,469	96	-	1,153	7,115
2,921,000	13,730,000	500,000	-	6,232,000	47,086,000
5	52	-	-	12,063	14,326
-	141,970	-	-	-	141,970
-	-	-	-	165,663	165,663
2,173	-	1,028	-	121,450	145,318
-	-	-	-	1,256	1,256
2,935,652	13,961,331	502,794	587,654	8,154,689	50,346,744
-	-	-	-	10,006	11,031
-	-	-	-	1,225	7,713
2,935,652	13,961,331	502,794	587,654	8,126,887	50,283,492
-	-	-	-	5,502	5,502
-	-	-	-	11,069	39,006
2,935,652	13,961,331	502,794	587,654	8,154,689	50,346,744

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	$ 188,401	232,302	646,504	20,484,163
Additions:				
Property and other county tax	-	238,712	457,526	23,083,252
911 surcharges	-	-	-	-
State tax credits	-	11,864	25,371	1,068,822
Office fees and collections	444,157	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,041,148	-	-	-
Miscellaneous	-	203	489	19,749
Total additions	1,485,305	250,779	483,386	24,171,823
Deductions:				
Agency remittances:				
To other funds	438,487	-	-	-
To other governments	82,503	243,715	490,215	21,524,504
Trusts paid out	958,615	-	-	-
Total deductions	1,479,605	243,715	490,215	21,524,504
Balances end of year	$ 194,101	239,366	639,675	23,131,482

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
2,498,437	13,309,261	476,921	554,738	6,846,180	45,236,907
2,928,999	13,718,937	504,315	-	7,403,279	48,335,020
-	-	-	-	254,255	254,255
128,869	1,109,800	26,684	-	283,248	2,654,658
-	-	-	-	-	444,157
-	-	-	6,952,377	-	6,952,377
-	21,660	-	-	48,189	69,849
-	-	-	-	75,665	1,116,813
2,145	43	1,016	-	474,870	498,515
3,060,013	14,850,440	532,015	6,952,377	8,539,506	60,325,644
-	-	-	258,687	-	697,174
2,622,798	14,198,370	506,142	6,660,774	7,155,081	53,484,102
-	-	-	-	75,916	1,034,531
2,622,798	14,198,370	506,142	6,919,461	7,230,997	55,215,807
2,935,652	13,961,331	502,794	587,654	8,154,689	50,346,744

Dickinson County

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

For the Last Ten Years

		2018	2017	2016	Modified 2015
Revenues:					
Property and other county tax	$	9,463,844	9,099,276	8,865,585	8,745,388
Tax increment financing		601,549	541,217	629,123	601,203
Local option sales tax		1,410,783	1,281,417	1,284,840	1,284,712
Interest and penalty on property tax		73,665	76,083	80,917	70,657
Intergovernmental		4,885,702	5,083,104	4,085,560	3,898,652
Licenses and permits		103,541	99,746	24,665	27,475
Charges for service		805,373	788,311	780,456	831,957
Use of money and property		377,341	338,272	276,670	254,292
Miscellaneous		1,117,298	962,951	427,438	572,372
Total	$	18,839,096	18,270,377	16,455,254	16,286,708
Expenditures:					
Operating:					
Public safety and legal services	$	2,757,067	2,676,797	2,500,229	2,469,254
Physical health and social services		462,989	445,684	465,906	441,405
Mental health		548,587	410,525	814,722	569,695
County environment and education		4,370,300	2,844,517	1,958,135	1,981,743
Roads and transportation		4,618,240	5,026,580	4,679,053	3,417,401
Governmental services to residents		925,437	791,858	736,362	715,146
Administration		2,268,278	2,262,930	1,960,764	1,904,593
Non-program		813,610	545,652	316,688	494,081
Debt service		2,611,656	3,119,316	2,695,810	3,042,341
Capital projects		1,157,283	947,989	983,771	1,414,329
Total	$	20,533,447	19,071,848	17,111,440	16,449,988

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
8,520,932	8,172,638	7,641,275	7,637,937	6,634,100	6,138,717
623,530	613,089	755,022	902,236	810,056	726,935
1,070,286	1,211,552	1,112,969	1,128,037	976,690	1,094,722
71,953	77,837	81,622	102,332	109,867	106,336
4,603,348	3,492,114	3,974,019	4,723,680	4,539,983	3,884,878
31,398	29,192	26,438	21,003	21,852	55,517
746,058	750,598	783,089	811,289	702,101	728,348
218,678	155,768	242,015	350,878	315,118	367,074
968,175	598,411	1,301,687	1,174,143	1,721,288	681,048
16,854,358	15,101,199	15,918,136	16,851,535	15,831,055	13,783,575
2,309,002	2,297,986	2,144,921	2,075,000	2,100,461	2,156,711
488,597	531,217	496,257	503,091	504,145	480,887
458,537	483,324	1,907,359	1,567,038	1,459,058	1,411,752
2,654,821	2,717,185	2,130,823	1,822,520	2,544,159	1,768,270
3,610,183	3,777,499	3,006,073	3,596,528	2,907,392	3,321,261
711,827	680,024	648,715	546,284	573,635	573,533
1,962,582	1,855,411	1,886,325	1,749,855	1,682,226	1,787,404
336,776	550,946	212,090	162,512	337,982	215,994
2,666,176	1,999,826	1,403,790	2,040,341	2,111,933	1,809,695
1,879,197	1,582,433	468,040	2,167,881	5,509,379	2,414,730
17,077,698	16,475,851	14,304,393	16,231,050	19,730,370	15,940,237

Dickinson County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

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		$ 35,110
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		24,865
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-18-33-16	25,000
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	16-TAP-122	1,026,851
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5888I426	9,034
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	MOU-2018-ELC01	400

Dickinson County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect (Continued):			
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		35
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,747
Foster Care_Title IV-E	93.658		9,080
Adoption Assistance	93.659		2,920
Social Services Block Grant	93.667		7,410
Medicaid Cluster:			
Medical Assistance Program	93.778		40,377
Children's Health Insurance Program	93.767		183
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		19,996
Homeland Security Grant	97.067		125
Total Indirect			1,173,023
Total			$ 1,208,133

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, 2018. 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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 18, 2019.

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 significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-A-18 and II-B-18 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items II-C-18 and II-D-18 to be significant deficiencies.

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, 2018 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.

ROB SAND
Auditor of State

January 18, 2019

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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, 2018. 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, 2018.

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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item III-A-18 that we consider to be a significant deficiency.

Dickinson County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Dickinson County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Rob Sand

ROB SAND
Auditor of State

January 18, 2019

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) A significant deficiency in internal control over the major program was noted. 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 disclosed an audit finding which was 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.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-18 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:

		Applicable Offices
(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.

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 – We will do our diligence on attempting to segregate duties when collecting and depositing or funds.

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-18 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 inventory, receivables, payables 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.

Recommendation – The County should implement procedures to ensure all inventories, receivables, payables and capital asset additions are identified and properly included in the County's financial statements.

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 and payables within the same guidelines, so that they are reflected in the financial statement. In addition, we will ensure inventory is properly recorded. 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-18 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 three of thirty-six transactions tested, including one from the Conservation Department 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, lessoning the liability and stress on the County Auditor's office.

Conclusion – Response accepted.

II-D-18 Overtime Policy

Criteria – The County's overtime policy allows non-exempt employees to receive overtime pay at a rate of one and one half times the hourly rate for any hours in excess of 40 hours per week including hours of pay for vacation, holidays and sick leave. Employees have the option of either being paid out for overtime compensation or banking the hours to be used for compensation time off.

Additionally, the policy states hours which are not used by June 15th are to be paid for in cash in the last paycheck or fifty percent of the compensation time balance may be carried over to July 1st at the employee's request. The maximum number of hours which can be accumulated and used during the year is 64 hours.

Condition – Non-exempt and exempt employees are receiving compensation time. Four employees had compensation time balances greater than 64 hours at June 30, 2018 and 13 employees used more than 64 hours of compensation time during the year.

Additionally, 2 employees had negative compensation time balances at June 30, 2018.

Cause – The overtime policy refers to employees and non-exempt employees. However, the policy is not clear if it applies to both non-exempt and exempt employees. In addition, the overtime policy does not specify if the maximum of 64 hours which can be accumulated and used include compensation hours rolled forward from the previous fiscal year. Also, the County is not following the overtime policy regarding compensation time used.

In addition, the County did not properly record vacation time when employees reported compensation time used in excess of their compensation time balance.

Effect – Employees may be accruing and using more compensation time hours than allowed by the policy. In addition, because the policy is not clear on exempt and non-exempt employees, it is not clear who is eligible to earn and use compensation time. Accordingly, the County may be allowing employees to earn or be paid for compensation time they are not eligible to receive. This would result in an additional liability to the County.

Recommendation – The County should review the overtime policy to ensure employees covered and hours accumulated are clearly defined. The County should follow their policy and ensure employees are not using more compensation time hours than allowed.

Response – The County will schedule a Department Head/Supervisor meeting in the upcoming future to address the inconsistencies with the policy language regarding overtime and compensation time as it is not clearly stated nor understood. Additionally, we will engage with legal counsel regarding the language in the policy as it stands today, and its lack of lack of clarity and definition of exempt and non-exempt employees and those that are eligible for overtime and compensation time. After the language is better clarified, we will meet with the departments to further explain the policy change. We will work with our software vendor to assist us in halting the payroll process when an employee goes into a negative leave balance.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 20.205: Highway Planning and Construction
Pass-through Entity Identifying Number: 16-TAP-122
Federal Award Year: 2018
Prior Year Finding Number: N/A
U.S Department of Transportation
Passed through the Iowa Department of Transportation

III-A-18 (2018-001) Wage Rate Requirements

Criteria – Per the Uniform Guidance Compliance Supplement, Department of Transportation Cross-Cutting Section, Wage Rate Requirements, “All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL).”

Condition – Although the County obtained certified payroll records to determine compliance with the wage rate requirement, the County did not document its review of these records.

Cause – The County was unaware of the need to document the review of the certified payroll records.

Effect – The County is responsible for ensuring the wages paid are in compliance with the prevailing wage rates. Without documentation of the review, there is no assurance the County is reviewing the certified payroll for compliance with the wage rate requirements.

Recommendation – The County should develop and implement procures to ensure the certified payroll records are reviewed for compliance with the wage rate requirements and the review should be documented.

Response – The County will develop and implement procedures to document the review of the certified payroll records to ensure compliance with the wage rate requirements.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-18 Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the debt service and nonprogram functions. In addition, disbursements in two departments exceed the amounts appropriated.

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.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County will make every effort to comply with Iowa Code Chapters 331.434(6) and 331.435 by not allowing disbursements to exceed the amount budgeted prior to an amendment. We understand that the board, by passing a resolution, may increase or decrease departmental appropriations as long as the function does not go over the budgeted amount. As we have now become more familiar with our new financial software and reporting system, we will be diligent during the payable process to check balances prior to the items posting to the general ledger.

Conclusion – Response accepted.

IV-B-18 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-18 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-18 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Frank Franek Jr., Secondary Roads employee	Mowing	$ 800
Tim Fairchild, Board of Supervisor, Owner of Fairchild Manufacturing	Building repairs and maintenance	355
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs LLC	Vehicle equipment installs/uninstalls	6,735

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Fairchild Manufacturing and Frank Franek Jr. do not appear to represent conflicts of interest since the transactions were less than $1,500 during the fiscal year. In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transaction with 911 Installs LLC may represent a conflict of interest since the 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.

IV-E-18 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-18 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, certain Board minutes were not signed.

Recommendation – The County should ensure all minutes are properly signed.

Response – The Auditor will ensure that all board minute proceedings are properly and fully signed by the Board chair, or vice-chair, and the County Auditor.

Conclusion – Response accepted.

IV-G-18 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-18 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-18 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, 2018 for the County Extension Office did not exceed the amount budgeted.

IV-J-18 Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management by December 1 and no exceptions were noted.

IV-K-18 Financial Condition – At June 30, 2018, the Special Revenue, Drainage Districts, Resource Enhancement and Protection (REAP) and Trail Maintenance Funds had deficit unassigned fund balances of $550,462, $25,598 and $21,086, respectively.

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

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. The Trail Maintenance Fund will be eliminated through future grants and donations.

Conclusion – Response accepted.

IV-L-18 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.

As of June 30, 2018, 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 account has a balance of $101,816 at June 30, 2018, 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 – 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 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.

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Jamie T. Reuter, Senior Auditor II
Sarah J. Swisher, Senior Auditor
Marcus B. Johnson, Senior Auditor
Preston R. Grygiel, Staff Auditor
Anthony J. Mallie, CPA, Staff Auditor
Matthew A. Miller, Staff Auditor
Ethan M. Snedigar, Assistant Auditor

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State