OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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NEWS RELEASE

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FOR RELEASE March 25, 2019

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

The County had local tax revenue of $216,250,510 for the year ended June 30, 2018, which included $11,785,334 in tax credits from the state. The County forwarded $191,132,117 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $25,118,393 of the local tax revenue to finance County operations, a 5.9% increase over the prior year. Other revenues included charges for service of $5,542,934, operating grants, contributions and restricted interest of $6,845,024, capital grants, contributions and restricted interest of $277,655, tax increment financing of $24,418, unrestricted investment earnings of $627,680, gain on disposition of capital assets of $83,712 and other general revenues of $464,660.

Expenses for County operations for the year ended June 30, 2018 totaled $39,308,983, a 4.4% increase over the prior year. Expenses included $12,950,122 for public safety and legal services, $10,025,839 for roads and transportation and $5,095,419 for county environment and education.

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/.

# # #

DALLAS COUNTY

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

JUNE 30, 2018

1810-0025-B00F

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Dallas County

Officials

Name	Title	Term Expires
Kim Chapman	Board of Supervisors	Jan 2019
Brad Golightly	Board of Supervisors	Jan 2019
Mark Hanson	Board of Supervisors	Jan 2021
Julia Helm	County Auditor	Jan 2021
Mitchell Hambleton	County Treasurer	Jan 2019
Chad C. Airhart	County Recorder	Jan 2019
Chad Leonard	County Sheriff	Jan 2021
Wayne M. Reisetter	County Attorney	Jan 2019
Steve C. Helm	County Assessor	Jan 2022

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Dallas County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 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 Dallas 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.

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 and Related Ratios and Notes on pages 9 through 16 and 58 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2019 on our consideration of Dallas County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dallas County's internal control over financial reporting and compliance.

ROB SAND
Auditor of State

March 20, 2019

Dallas County

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased approximately $3,387,000 from fiscal year 2017 to fiscal year 2018, or 8.0%. Capital grants, contributions and restricted interest decreased approximately $3,334,000, charges for service decreased approximately $1,911,000 and operating grants, contributions and restricted interest increased approximately $148,000.
- Program expenses of the County's governmental activities for fiscal year 2018 increased approximately $1,656,000, or 4.4%, over fiscal year 2017.
- The County's net position at June 30, 2018 decreased 0.4%, or approximately $325,000, from June 30, 2017.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Dallas County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Internal Service and Agency Funds.

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

One of the most important questions asked about Dallas County's finances is, "Is Dallas County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary Funds account for the County's Internal Service, Professional Services and Employee Group Health Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

   The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

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

Reconciliations between the government–wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

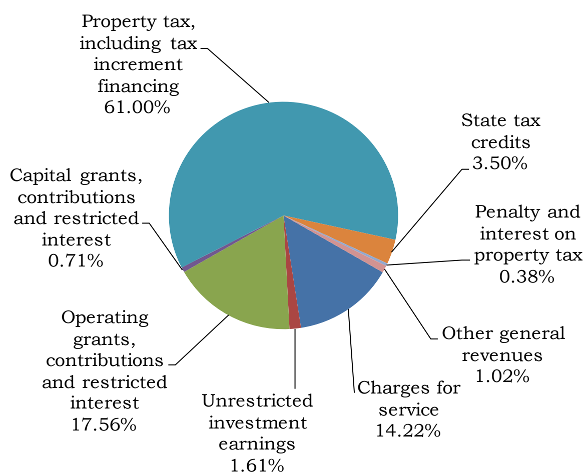
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2018	2017
Current and other assets	$ 79,776,674	60,107,940
Capital assets	79,429,648	76,140,101
Total assets	159,206,322	136,248,041
Deferred outflows of resources	3,763,568	3,593,199
Long-term liabilities	44,315,446	23,469,081
Other liabilities	3,576,182	2,925,370
Total liabilities	47,891,628	26,394,451
Deferred inflows of resources	25,768,737	23,812,757
Net position:		
Net investment in capital assets	65,958,491	65,078,609
Restricted	13,115,839	13,508,523
Unrestricted	10,235,195	11,046,900
Total net position	$ 89,309,525	89,634,032

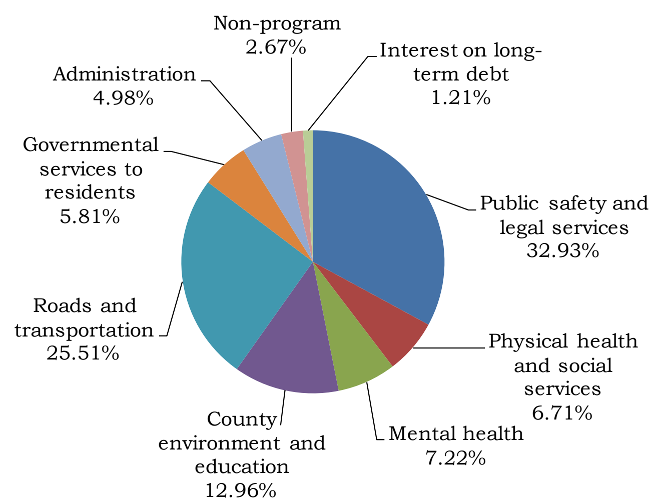
Dallas County's combined net position (which is the County's bottom line) decreased $324,507, a 0.4% decrease. The largest portion of Dallas County's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately $11,047,000 at June 30, 2017 to approximately $10,235,000 at the end of this year, a decrease of 7.3%.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2018	2017 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 5,542,934	7,453,631
Operating grants, contributions and restricted interest	6,845,024	6,697,424
Capital grants, contributions and restricted interest	277,655	3,611,958
General revenues:		
Property tax, including tax increment financing	23,776,586	22,412,382
Penalty and interest on property tax	148,854	141,142
State tax credits	1,366,225	1,418,929
Unrestricted investment earnings	627,680	276,800
Other general revenues	399,518	358,931
Total revenues	38,984,476	42,371,197
Program expenses:		
Public safety and legal services	12,950,122	11,185,925
Physical health and social services	2,636,573	3,448,636
Mental health	2,837,617	3,127,900
County environment and education	5,095,419	4,469,583
Roads and transportation	10,025,839	9,331,654
Governmental services to residents	2,283,043	2,355,833
Administration	1,956,788	2,171,929
Non-program	1,047,730	1,171,328
Interest on long-term debt	475,852	390,233
Total expenses	39,308,983	37,653,021
Change in net position	(324,507)	4,718,176
Net position beginning of year	89,634,032	84,915,856
Net position end of year	$ 89,309,525	89,634,032

Revenues by Source



Expenses by Program



For the year ended June 30, 2018, governmental activities revenues totaled $38,984,476, a decrease of $3,386,721 from fiscal year 2017. Property and other county tax revenue, the County's largest revenue source, increased approximately $1,364,000, while capital grants, contributions and restricted interest decreased approximately $3,334,000, primarily due to the timing of construction projects funded through the Iowa Department of Transportation.

The cost of all governmental activities this year was $39,308,983 compared to $37,653,021 last year, an increase of $1,655,962. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $26.6 million because some of the cost was paid by those directly benefitting from the programs (approximately $5.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $7.1 million).

Dallas County's county-wide property tax levy rates decreased from $7.93887 to $7.84847 per $1,000 of taxable valuation for fiscal year 2018. The general basic levy rate for fiscal year 2018 decreased from $3.17505 to $3.17289 per $1,000 of taxable valuation. The rural services tax levy rate for fiscal year 2018 decreased from $3.95 to $3.94134 per $1,000 of taxable valuation. The mental health levy decreased from $0.32597 to $0.29931 per $1,000 of taxable valuation. The debt service levy decreased from $0.48785 to $0.43493 per $1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately $416,484,261, or approximately 8.9%, over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of $46,891,110 which is greater than the fiscal year 2017 combined fund balance of $29,764,175.

The General Fund's ending fund balance decreased $1,684,166 to $11,749,709, primarily due to increased payments to the County's Internal Service, Professional Services fund. Of the ending fund balance, approximately $396,000 is committed for County farm and approximately $1.6 million is committed for other County purposes. The general basic levy rate decreased from $3.17505 to $3.17289 per $1,000 of taxable valuation and the general supplemental levy rate remained at zero for fiscal year 2018.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately $1,937,000, an increase of 5.1% over the prior year. Expenditures totaled approximately $2,630,000, an increase of 7.9% over the prior year. The increase is primarily due to an increase in services provided. The Mental Health Fund balance at year end decreased approximately $693,000 from the prior year to $1,135,568 at June 30, 2018.

The Special Revenue, Rural Services Fund ended fiscal year 2018 with a $695,599 balance, an increase of $126,020 over the prior year ending balance. The rural services tax levy rate decreased slightly from $3.95 to $3.94134 per $1,000 of taxable valuation while property valuations increased approximately 4.9%. The majority of the property tax is transferred to the Special Revenue, Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Special Revenue, Secondary Roads Fund ended fiscal year 2018 with a balance of $5,887,091, a 6.3% decrease compared to the fiscal year 2017 balance of $6,284,700. Of the ending fund balance, $404,552 is non-spendable and $5,482,539 is restricted for road purposes. Expenditures increased 27.1%, or approximately $2,042,000, over the prior year primarily due to an increase in road construction projects.

The Capital Projects Fund ended fiscal year 2018 with a fund balance of $23,800,300 compared to the fiscal year 2017 balance of $4,409,982, a 439.7% increase due to the deposit of capital loan note proceeds to finance the construction of the law enforcement center, as well as costs associated with ongoing projects.

The Debt Service Fund ended fiscal year 2018 with a balance of $278,796 compared to the fiscal year 2017 balance of $183,843. During the year ended June 30, 2018, the County issued $5,565,000 of general obligation refunding capital loan notes, Series 2017B and 2017C. The proceeds of the issuances provided for the refunding of the County's General Obligation Bonds, Series 2005 and Series 2008 issuances.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2018, Dallas County amended the operating budget two times. The first amendment was made in November 2017 to increase budgeted disbursements approximately $2,277,000 primarily in the public safety and county environment and education functions. Budgeted disbursements increased as the Board of Supervisors budgeted certain previously assigned and unspent funds for equipment and salary adjustments. The second amendment was made in May 2018 to increase budgeted disbursements approximately $5,436,000 for various increases in services and costs made throughout the year, including an increase in capital projects primarily for the law enforcement center.

Actual disbursements for the year totaled $43,096,860, which was $7,852,467 under budgeted disbursements. Capital projects disbursements were approximately $3.8 million under budget because the law enforcement center project was not completed as planned. Public safety and legal services disbursements were approximately $1.5 under budget due to carrying forward of capital equipment purchases. Actual net receipts for fiscal year 2018 were $36,944,409, which was approximately $1,489,000 less than budget due, in part, to intergovernmental grants for the conservation bike trail not being received as budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, Dallas County had $79,429,648 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to $76,140,101 at the end of fiscal year 2017. The County's net capital assets increased $3,289,547, or about 4.3%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2018	2017
Land	$ 6,148,661	6,115,563
Intangibles, road network	1,008,506	1,008,506
Construction in progress	5,741,579	3,105,758
Buildings and improvements	23,925,190	24,398,170
Equipment and vehicles	7,725,876	5,208,507
Intangibles	625,889	727,422
Infrastructure	34,253,947	35,576,175
Total	$ 79,429,648	76,140,101
This year's major additions included:		
Law enforcement center		$ 4,394,980
Infrastructure		1,454,774
911 equipment		138,141
Human services building roof replacement		145,105
Telephone system and phone switches		207,325
Administration buildings remodel and roof replacement		110,956
Dump truck and Secondary Roads equipment		661,928
Sheriff vehicles		283,806
Conservation vehicles and equipment		193,778
Total		$ 7,590,793

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

Long-Term Debt

At June 30, 2018, Dallas County had $32,057,480 of outstanding debt versus $11,808,193 last year, a net increase of $20,249,287.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2018	2017
General obligation bonds	$ -	5,575,000
General obligation capital loan notes	31,910,000	5,630,000
Drainage district warrants	147,480	603,193
Total	$ 32,057,480	11,808,193

Debt increased primarily as a result of issuing $22,900,000 in capital loan notes to finance the construction of the County's law enforcement center. The County also issued $5,565,000 of capital loan refunding notes which refunded $5,575,000 of the outstanding general obligation bonds, Series 2005 and 2008.

Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit ($9,040,587,334 X .05 = $452,029,367). Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2019 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors is committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa. It was ranked 21st in the nation for growth between 2016 and 2017 with a 3.6% increase in population. The unemployment rate in Dallas County stands at 1.8% as of June 30, 2018, compared to last year's rate of 2.3%, the State average of 2.7% and the national average of 4.0%. Budgeted disbursements for the fiscal year 2019 operating budget are approximately $61.3 million, an increase of about $18.2 million in spending over the prior year's actual disbursements, primarily due to an increase in capital projects function for the law enforcement projects. The budget estimates a total ending fund balance of approximately $21.7 million at the close of fiscal year 2019.

In November 2017, a Local Option Sales Tax referendum passed in which the County will receive additional revenue beginning in fiscal year 2019.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dallas County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rob Tietz at the Operations Administration Office, 902 Court Street, Adel, Iowa 50003.

Basic Financial Statements

Dallas County

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 51,774,464
Receivables:	
Property tax:	
Delinquent	18,702
Succeeding year	25,439,000
Interest and penalty on property tax	12,377
Accounts	237,859
Accrued interest	38,785
Drainage assessments	144,274
Due from other governments	1,005,774
Inventories	357,260
Prepaid items	748,179
Capital assets, net of accumulated depreciation/amortization	79,429,648
Total assets	159,206,322
Deferred Outflows of Resources	
Pension related deferred outflows	3,723,048
OPEB related deferred outflows	40,520
Total deferred outflows of resources	3,763,568
Liabilities	
Accounts payable	2,547,145
Accrued interest payable	145,019
Salaries and benefits payable	807,663
Due to other governments	76,355
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	3,130,000
Drainage district warrants	27,281
Compensated absences	569,747
Portion due or payable after one year:	
General obligation capital loan notes	28,780,000
Drainage district warrants	120,199
Compensated absences	810,431
Net pension liability	9,522,382
Total OPEB liability	1,355,406
Total liabilities	47,891,628
Deferred Inflows of Resources:	
Unavailable property tax revenue	25,439,000
Pension related deferred inflows	309,455
OPEB related deferred inflows	20,282
Total deferred inflows of resources	25,768,737
Net Position	
Net investment in capital assets	65,958,491
Restricted for:	
Supplemental levy purposes	676,648
Mental health	1,494,903
Rural services purposes	695,831
Secondary roads purposes	5,466,497
Drainage district purposes	71,610
Debt service	136,126
Capital projects	921,846
Other purposes	3,652,378
Unrestricted	10,235,195
Total net position	$ 89,309,525

See notes to financial statements.

Dallas 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	$ 12,950,122	1,428,565	602,974	-	(10,918,583)
Physical health and social services	2,636,573	96,027	833,696	-	(1,706,850)
Mental health	2,837,617	38,666	667,427	-	(2,131,524)
County environment and education	5,095,419	382,686	468,789	105,999	(4,137,945)
Roads and transportation	10,025,839	160,745	4,233,035	171,656	(5,460,403)
Governmental services to residents	2,283,043	2,262,460	1,387	-	(19,196)
Administration	1,956,788	191,380	13,180	-	(1,752,228)
Non-program	1,047,730	982,405	-	-	(65,325)
Interest on long-term debt	475,852	-	24,536	-	(451,316)
Total	$ 39,308,983	5,542,934	6,845,024	277,655	(26,643,370)
General Revenues:					
Property and other county tax levied for:					
General purposes					21,343,185
Debt service					2,408,983
Tax increment financing					24,418
Penalty and interest on property tax					148,854
State tax credits					1,366,225
Unrestricted investment earnings					627,680
Gain on disposition of capital assets					83,712
Miscellaneous					315,806
Total general revenues					26,318,863
Change in net position					(324,507)
Net position beginning of year					89,634,032
Net position end of year					$ 89,309,525

See notes to financial statements.

Dallas County

Balance Sheet
Governmental Funds

June 30, 2018

			Special	
		General	Mental Health	Rural Services
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$	11,767,671	1,165,366	709,407
Conservation Foundation		-	-	-
Receivables:				
Property tax:				
Delinquent		13,364	1,683	488
Succeeding year		16,782,000	2,113,000	2,630,000
Interest and penalty on property tax		12,377	-	-
Accounts, net of allowance for doubtful ambulance accounts of $260,247		225,656	-	-
Accrued interest		24,276	-	-
Drainage assessments		-	-	-
Due from other funds		124,286	-	-
Due from other governments		306,141	391,668	46
Inventories		-	-	-
Prepaid items		468,391	1,010	-
Total assets	$	29,724,162	3,672,727	3,339,941

Special Revenue Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
5,868,772	24,678,738	277,978	2,612,821	47,080,753
-	-	-	759,976	759,976
-	-	3,167	-	18,702
-	-	3,914,000	-	25,439,000
-	-	-	-	12,377
2,080	30	-	144	227,910
-	14,501	-	8	38,785
-	-	-	144,274	144,274
-	-	-	-	124,286
307,653	-	-	-	1,005,508
357,260	-	-	-	357,260
47,292	14,786	-	-	531,479
6,583,057	24,708,055	4,195,145	3,517,223	75,740,310

(Continued on next page)

Dallas County

Balance Sheet
Governmental Funds
(continued)
June 30, 2018

	General	Special Revenue: Mental Health	Special Revenue: Rural Services
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 328,045	2,541	14,110
Salaries and benefits payable	569,046	28,350	-
Due to other funds	-	-	-
Due to other governments	69,960	421	-
Total liabilities	967,051	31,312	14,110
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	16,782,000	2,113,000	2,630,000
Other	225,402	392,847	232
Total deferred inflows of resources	17,007,402	2,505,847	2,630,232
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	468,391	1,010	-
Restricted for:			
Supplemental levy purposes	613,730	-	-
Mental health purposes	-	1,134,558	-
Rural services purposes	-	-	695,599
Secondary roads purposes	-	-	-
Drainage district purposes	-	-	-
Conservation land acquisition/capital improvements	128,590	-	-
Debt service	-	-	-
Capital projects	-	-	-
Forfeitures	-	-	-
Wetland bank maintenance	-	-	-
Other purposes	254,470	-	-
Committed for:			
County conservation	519,236	-	-
Public health	772,473	-	-
County farm	395,777	-	-
County care facility	195,709	-	-
Jail commissary	130,672	-	-
Assigned for:			
Capital projects	-	-	-
Departmental purposes	828,622	-	-
Equipment	1,115,605	-	-
Unassigned	6,326,434	-	-
Total fund balances	11,749,709	1,135,568	695,599
Total liabilities, deferred inflows of resources and fund balances	$ 29,724,162	3,672,727	3,339,941

See notes to financial statements.

Special Revenue Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
414,232	907,755	-	28,815	1,695,498
150,120	-	-	-	747,516
127,703	-	-	-	127,703
3,611	-	-	-	73,992
695,666	907,755	-	28,815	2,644,709
-	-	3,914,000	-	25,439,000
300	-	2,349	144,361	765,491
300	-	3,916,349	144,361	26,204,491
357,260	-	-	-	357,260
47,292	14,786	-	-	531,479
-	-	-	-	613,730
-	-	-	-	1,134,558
-	-	-	-	695,599
5,482,539	-	-	-	5,482,539
-	-	-	74,816	74,816
-	-	-	1,053,038	1,181,628
-	-	278,796	-	278,796
-	19,345,903	-	-	19,345,903
-	-	-	183,335	183,335
-	-	-	1,147,934	1,147,934
-	-	-	884,924	1,139,394
-	-	-	-	519,236
-	-	-	-	772,473
-	-	-	-	395,777
-	-	-	-	195,709
-	-	-	-	130,672
-	4,439,611	-	-	4,439,611
-	-	-	-	828,622
-	-	-	-	1,115,605
-	-	-	-	6,326,434
5,887,091	23,800,300	278,796	3,344,047	46,891,110
6,583,057	24,708,055	4,195,145	3,517,223	75,740,310

Dallas County

Dallas County

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

June 30, 2018

Total governmental fund balances (page 23)		$ 46,891,110
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets, excluding Internal Service Funds, is $129,401,251 and the accumulated depreciation/amortization is $50,550,259.		78,850,992
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.		765,491
The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.		3,274,695
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	3,537,755	
Deferred inflows of resources	(309,954)	3,227,801
Long-term liabilities, including general obligation capital loan notes payable, drainage district warrants payable, compensated absences payable, 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.		(43,700,564)
Net position of governmental activities (page 18)		$ 89,309,525

See notes to financial statements.

Dallas 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	$	15,695,689	1,480,849	4,166,464
Interest and penalty on property tax		151,495	-	-
Tax increment financing		-	-	-
Intergovernmental		2,867,081	454,991	168,894
Licenses and permits		237,279	-	-
Charges for service		3,197,987	-	-
Use of money and property		670,256	-	-
Miscellaneous		472,652	1,004	-
Total revenues		23,292,439	1,936,844	4,335,358
Expenditures:				
Operating:				
Public safety and legal services		11,943,710	-	-
Physical health and social services		2,662,329	-	-
Mental health		133,152	2,629,565	-
County environment and education		4,240,556	-	281,743
Roads and transportation		-	-	47,069
Governmental services to residents		2,212,725	-	-
Administration		1,792,648	-	-
Non-program		55,461	-	-
Debt service		-	-	-
Capital projects		30	-	-
Total expenditures		23,040,611	2,629,565	328,812
Excess (deficiency) of revenues over (under) expenditures		251,828	(692,721)	4,006,546
Other financing sources (uses):				
Transfers in		-	-	-
Transfers out		(1,935,994)	-	(3,880,526)
General obligation bonds issued		-	-	-
Premium on general obligation bonds issued		-	-	-
Payment to refunding bond agent		-	-	-
Drainage warrants issued		-	-	-
Total other financing sources (uses)		(1,935,994)	-	(3,880,526)
Change in fund balances		(1,684,166)	(692,721)	126,020
Fund balances beginning of year		13,433,875	1,828,289	569,579
Fund balances end of year	$	11,749,709	1,135,568	695,599

See notes to financial statements.

Revenue				
Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
-	-	2,408,145	-	23,751,147
-	-	-	-	151,495
-	-	-	24,418	24,418
4,263,793	75,188	143,553	109,602	8,083,102
150	-	-	-	237,429
-	35,241	-	21,175	3,254,403
-	73,517	24,536	35,610	803,919
139,925	41,791	-	830,666	1,486,038
4,403,868	225,737	2,576,234	1,021,471	37,791,951
-	-	-	41,102	11,984,812
-	-	-	-	2,662,329
-	-	-	-	2,762,717
-	-	-	45,054	4,567,353
7,314,459	-	-	-	7,361,528
-	-	-	32,723	2,245,448
-	-	-	-	1,792,648
-	-	-	137,590	193,051
-	-	2,511,027	488,577	2,999,604
2,251,472	5,015,186	-	-	7,266,688
9,565,931	5,015,186	2,511,027	745,046	43,836,178
(5,162,063)	(4,789,449)	65,207	276,425	(6,044,227)
4,765,084	1,051,436	-	-	5,816,520
-	-	-	-	(5,816,520)
-	22,900,000	5,565,000	-	28,465,000
-	228,331	51,907	-	280,238
-	-	(5,587,161)	-	(5,587,161)
-	-	-	13,085	13,085
4,765,084	24,179,767	29,746	13,085	23,171,162
(396,979)	19,390,318	94,953	289,510	17,126,935
6,284,070	4,409,982	183,843	3,054,537	29,764,175
5,887,091	23,800,300	278,796	3,344,047	46,891,110

Dallas County

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

Year ended June 30, 2018

Change in fund balances - Total governmental funds (page 27)		$ 17,126,935
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 7,259,106	
Capital assets contributed by the Iowa Department of Transportation	171,656	
Depreciation/amortization expense	(4,382,809)	3,047,953
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds reports the proceeds from the disposition as an increase in financial resources.		62,381
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.		(334,038)
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	(28,478,085)	
Repaid	8,228,798	(20,249,287)
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		1,162,284
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	(57,300)	
Interest on long-term debt	(117,885)	
Pension expense	(1,523,767)	
OPEB expense	(51,604)	(1,750,556)
The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The decrease in net position of the Internal Service Funds is included in governmental activities in the Statement of Net Position.		609,821
Change in net position of governmental activities (page 19)		$ (324,507)

See notes to financial statements.

Dallas County

Statement of Net Position
Proprietary Funds

June 30, 2018

		Internal Service
Assets		
Cash and cash equivalents	$	3,933,735
Receivables:		
Accounts		9,949
Due from other funds		127,703
Due from other governments		266
Prepaid insurance		216,700
Capital assets, net of accumulated depreciation		578,656
Total assets		4,867,009
Deferred Outflows of Resources		
OPEB related deferred outflows		2,431
Pension related deferred outflows		223,382
Total deferred outflows		225,813
Liabilities		
Accounts payable		851,647
Salaries and benefits payable		60,147
Due to other funds		124,286
Due to other governments		2,363
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences		43,816
Portion due or payable after one year:		
Compensated absences		63,418
Net pension liability		571,343
Total OPEB liability		81,324
Total liabilities		1,798,344
Deferred Inflows of Resources		
Unavailable revenues:		
OPEB related deferred inflows		1,217
Pension related deferred inflows		18,566
Total deferred outflows		19,783
Net Position		
Net investment in capital assets		578,656
Unrestricted		2,696,039
Total net position	$	3,274,695

See notes to financial statements.

Dallas County

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

Year ended June 30, 2018

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		$ 6,107,016
Reimbursements from employees and others		563,092
Miscellaneous		51,585
Total operating revenues		6,721,693
Operating expenses:		
Medical claims	$ 2,766,076	
Administrative and other fees	404,847	
Central services	698,121	
Information technology	1,454,854	
Operations administration	299,972	
Human resources	376,252	
Depreciation	147,086	6,147,208
Operating income		574,485
Non-operating revenues (expenses):		
Interest income		36,354
Loss on disposal of capital assets		(1,018)
Net non-operating revenues (expenses):		35,336
Net income		609,821
Net position beginning of year		2,664,874
Net position end of year		$ 3,274,695

See notes to financial statements.

Dallas County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2018

		Internal Service
Cash flows from operating activities:		
Cash received from operating funds and other reimbursements	$	6,670,566
Cash received from insurance reimbursements		73,476
Cash paid for personal services		(2,686,086)
Cash paid to suppliers for services		(3,225,693)
Net cash provided by operating activities		832,263
Cash flows from non-capital financing activities:		
Deficit cash elimination from the General Fund		(268,468)
Cash flows from capital and related financing activities:		
Purchase of equipment		(327,317)
Cash flows from investing activities:		
Interest on investments		36,356
Net increase in cash and cash equivalents		272,834
Cash and cash equivalents beginning of year		3,660,901
Cash and cash equivalents end of year	$	3,933,735
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	574,485
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		147,086
Changes in assets and liabilities:		
Decrease in accounts receivable and due from other governments		150,052
(Increase) in due from other funds		(127,703)
(Increase) in prepaid insurance		(118,760)
(Increase) in deferred outflows of resources		(10,221)
Increase in accounts payable and due to other governments		156,537
Increase in salaries and benefits payable		4,264
Increase in compensated absences		19,935
Increase in net pension liability		38,272
Increase in deferred inflows of resources		5,398
(Decrease) in total OPEB liability		(7,082)
Net cash provided by operating activities	$	832,263

See notes to financial statements.

Dallas County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 7,027,702
Other County officials	225,667
Receivables:	
Property tax:	
Delinquent	167,115
Succeeding year	180,677,000
Accounts	149,098
Accrued interest	62
Special assessments	862,305
Due from other governments	733,374
Prepaid insurance	8,931
Total assets	189,851,254
Liabilities	
Accounts payable	762,270
Salaries and benefits payable	44,034
Due to other governments	187,674,806
Trusts payable	1,289,568
Compensated absences	80,576
Total liabilities	189,851,254
Net Position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

The County also participates in the North Dallas Regional Solid Waste Planning Commission and the Dallas County Housing Trust, jointly governed organizations established pursuant to Chapters 28E and 504A, respectively, of the Code of Iowa.

B. Basis of Presentation

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

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

> Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
>
> Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.
>
> Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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 Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund 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 which is valued at amortized cost and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is 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 by t have not been collected and remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 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 an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Other improvements	10 - 35
Infrastructure	20 - 65
Equipment	2 - 50
Vehicles	3 - 20
Intangibles	3 - 20

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB 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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on Dallas 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. 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. 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 receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax which will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension and OPEB 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.

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

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the debt service function.

(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 Farm Credit Banks (FFCB)	$ 370,529	February 2020

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

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $796,131 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restriction on withdrawals for the IPAIT investments. The investment in the IPAIT is unrated for credit risk purposes.

At June 30, 2018, the County had investments in drainage warrants of $147,424.

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

Credit risk – The County's FFCB investments at June 30, 2018 are rated Aaa by Moody's Investors Service. The investments in Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk – The County places no limit on the amount which may be invested in any one issuer. The County's investments in the FFCB are 28.2% of the County's total 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	Internal Service:	
	Professional Services	$ 124,286
Internal Service:	Special Revenue:	
Professional Services	Secondary Roads	127,703
Total		$ 251,989

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 884,558
	Special Revenue:	
	Rural Services	3,880,526
		4,765,084
Capital Projects	General	1,051,436
Total		$ 5,816,520

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 6,115,563	33,098	-	6,148,661
Intangibles, road network	1,008,506	-	-	1,008,506
Construction in progress	3,105,758	6,173,579	(3,537,758)	5,741,579
Total capital assets not being depreciated/amortized	10,229,827	6,206,677	(3,537,758)	12,898,746
Capital assets being depreciated/amortized:				
Buildings	34,611,620	267,752	-	34,879,372
Improvements other than buildings	1,008,554	-	-	1,008,554
Equipment and vehicles	12,741,788	3,957,252	(552,466)	16,146,574
Equipment and vehicles - internal service	1,131,581	327,317	(68,193)	1,390,705
Intangibles	1,013,088	-	-	1,013,088
Infrastructure, road network and other	62,828,261	626,656	-	63,454,917
Total capital assets being depreciated/amortized	113,334,892	5,178,977	(620,659)	117,893,210
Less accumulated depreciation/amortization for:				
Buildings	10,911,701	690,362	-	11,602,063
Improvements other than buildings	310,303	50,370	-	360,673
Equipment and vehicles	7,932,724	1,591,660	(525,030)	8,999,354
Equipment and vehicles - internal service	732,138	147,086	(67,175)	812,049
Intangibles	285,666	101,533	-	387,199
Infrastructure, road network and other	27,252,086	1,948,884	-	29,200,970
Total accumulated depreciation/amortization	47,424,618	4,529,895	(592,205)	51,362,308
Total capital assets being depreciated/amortized, net	65,910,274	649,082	(28,454)	66,530,902
Governmental activities capital assets, net	$ 76,140,101	6,855,759	(3,566,212)	79,429,648

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 1,138,538
Physical health and social services	19,598
Mental health	75,522
County environment and education	577,482
Roads and transportation	2,308,899
Governmental services to residents	51,084
Administration	358,772
Total depreciation/amortization expense - governmental activities	$ 4,529,895

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2018 is as follows:

Fund	Description	Amount
General	Services	$ 69,960
Special Revenue:		
Mental Health	Services	421
Secondary Roads	Services	3,611
Total for governmental funds		$ 73,992
Agency:		
Heart of Iowa Mental Health Region	Collections	$ 478,029
County Assessor		1,980,925
Schools		99,693,257
Community Colleges		3,687,816
Corporations		70,809,253
City Special Assessments		913,846
Auto License and Use Tax		3,002,708
All other		7,108,972
Total for agency funds		$ 187,674,806

(7) Long-Term Liabilities

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

	General Obligation Bonds	General Obligation Capital Loan Notes	Drainage District Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$ 5,575,000	5,630,000	603,193	1,302,943	8,884,510	1,473,435	23,469,081
Increases	-	28,465,000	13,085	870,749	637,872	-	29,986,706
Decreases	5,575,000	2,185,000	468,798	793,514	-	118,029	9,140,341
Balance end of year	$ -	31,910,000	147,480	1,380,178	9,522,382	1,355,406	44,315,446
Due within one year	$ -	3,130,000	27,281	569,747	-	-	3,727,028

Drainage Warrants

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

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

General Obligation Capital Loan Notes

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

Year Ending June 30,	Communication Equipment and Refunding Issued November 17, 2015 Interest Rates	Principal	Interest	Law Enforcement Center Capital Loan Notes, Series 2017A Issued December 1, 2017 Interest Rates	Principal	Interest
2019	2.00%	$ 850,000	96,200	2.60-3.05%	$ -	351,109
2020	2.00	850,000	79,200	2.60-3.05	-	234,073
2021	2.00	495,000	62,200	2.60-3.05	-	234,072
2022	2.00	500,000	52,300	2.60-3.05	-	234,073
2023	2.00	510,000	42,300	2.60-3.05	-	234,072
2024-2028	2.00	1,605,000	64,600	2.60-3.05	-	1,170,363
2029-2033		-	-	2.60-2.70	2,300,000	1,146,182
2034-2037		-	-	2.80-3.05	5,880,000	444,660
Total		$ 4,810,000	396,800		$ 8,180,000	4,048,604

Year Ending June 30,	Refunding Capital Loan Notes, Series 2017B Issued December 1, 2017 Interest Rates	Principal	Interest	Refunding Capital Loan Notes, Series 2017C Issued December 27, 2017 Interest Rates	Principal	Interest
2019	3.00%	$ 120,000	36,028	3.00%	$ 1,350,000	82,500
2020	3.00	125,000	32,427	3.00	1,400,000	42,000
2021	3.00	130,000	28,678		-	-
2022	3.00	135,000	24,777		-	-
2023	3.00	150,000	20,728		-	-
2024-2028	1.75-2.30	790,000	51,422		-	-
2029-2033		-	-		-	-
2034-2037		-	-		-	-
Total		$ 1,450,000	194,060		$ 2,750,000	124,500

Year Ending June 30,	Law Enforcement Center Capital Loan Notes, Series 2018A Issued June 21, 2018 Interest Rates	Principal	Interest	Total Principal	Total Interest	Total
2019	3.00%	$ 810,000	419,111	$ 3,130,000	984,948	4,114,948
2020	3.00	950,000	419,465	3,325,000	807,165	4,132,165
2021	3.00	980,000	390,965	1,605,000	715,915	2,320,915
2022	3.00	1,005,000	361,565	1,640,000	672,715	2,312,715
2023	3.00	1,040,000	331,415	1,700,000	628,515	2,328,515
2024-2028	3.00	5,680,000	1,170,475	8,075,000	2,456,860	10,531,860
2029-2033		4,255,000	290,395	6,555,000	1,436,577	7,991,577
2034-2037		-	-	5,880,000	444,660	6,324,660
Total		$ 14,720,000	3,383,391	$ 31,910,000	8,147,355	40,057,355

During the year ended June 30, 2018, the County retired $2,185,000 of general obligation capital loan notes.

The County issued four general obligation capital loan notes during the fiscal year ended June 30, 2018, as noted below:

On December 1, 2017, the County issued $8,180,000 general obligation capital loan notes, Series 2017A, and on June 21, 2018, the County issued $14,720,000 general obligation capital loan notes, Series 2018A, for a total of $22,900,000 to finance costs of designing, constructing, erecting, equipping, and furnishing a new Law Enforcement Center, with related site improvements.

On December 1, 2017, the County issued $1,570,000 general obligation refunding capital loan notes, Series 2017B, to refund the outstanding debt of the General Obligation Bonds, dated June 1, 2008. The County entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes, Series 2017B, were converted into U.S. government securities. These securities, along with additional cash, were placed with an escrow agent to pay the interest on due and retire the refunded bonds on June 1, 2018. The County refunded the notes to reduce its total debt service payments by approximately $125,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $114,000.

On December 27, 2017, the County issued $3,995,000 general obligation refunding capital loan notes, Series 2017C, to currently refund the outstanding debt of the General Obligation Bonds dated December 28, 2005. The County refunded the notes to reduce its total debt service payments by approximately $109,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $106,000.

(8) 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 and protection occupation member's monthly IPERS benefit includes:

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

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

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

<u>Disability and Death Benefits</u> – 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.

<u>Contributions</u> – 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 6.76% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2018 totaled $1,236,472.

<u>Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2018, the County reported a liability of $9,522,382 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 0.142952%, which was an increase of 0.001778% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $1,621,025. 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	$	127,765	141,578
Changes of assumptions		2,103,395	20,855
Net difference between projected and actual earnings on IPERS' investments		-	135,972
Changes in proportion and differences between County contributions and its proportionate share of contributions		255,416	11,050
County contributions subsequent to the measurement date		1,236,472	-
Total	$	3,723,048	309,455

$1,236,472 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, 2019. 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	$ 315,281
2020	1,009,850
2021	623,378
2022	77,608
2023	151,004
Total	$ 2,177,121

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 assumption applied to all periods included in the measurement:

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	100.0%	

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	$ 17,614,165	9,522,382	2,730,599

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.

(9) 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 Dallas 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	14
Active employees	279
Total	293

Total OPEB Liability – The County's total OPEB liability of $1,355,406 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)	4.00% per annum.
Rates of salary increase (effective June 30, 2018)	4.00% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	8.50% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

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 SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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	$ 1,473,435
Changes for the year:	
Service cost	102,364
Interest	54,099
Differences between expected and actual experiences	(131,012)
Changes in assumptions	(30,141)
Benefit payments	(113,339)
Net changes	(118,029)
Total OPEB liability end of year	$ 1,355,406

Changes of assumptions reflect a change in the discount rate from 3.56% 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	$ 1,454,516	1,355,406	1,262,085

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 (7.50%, decreasing to an ultimate rate of 4.00%) or 1% higher (9.50%, decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates.

	1% Decrease (7.50%)	Healthcare Cost Trend Rate (8.50%)	1% Increase (9.50%)
Total OPEB liability	$ 1,199,406	1,355,406	1,541,141

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of $168,237. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 40,520	-
Changes in assumptions	-	(20,282)
Total	$ 40,520	(20,282)

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2019	$ 11,774
2020	11,774
2021	11,774
2022	11,774
2023	(26,858)
	$ 20,238

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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 operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2018 were $380,689.

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 risk pool or reinsurance coverage since the Pool's inception.

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

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

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of $50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2018 was $2,834,816.

Amounts payable from the Employee Group Health Fund at June 30, 2018 total $547,544, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $3,395,304 at June 30, 2018 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 602,414
Incurred claims (including claims incurred but not reported at June 30, 2018)	2,766,076
Payments on claims during the fiscal year	(2,820,946)
Unpaid claims end of year	$ 547,544

(12) Economic Development Agreements

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in financing an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began in fiscal year 2009 and continues through fiscal year 2019. Payments totaling $2,053,749 were made from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2018. The cumulative amount paid to the City at June 30, 2018 was $6,270,445.

In April 2010, the County amended the agreement dated October 2008 with the City of West Des Moines to financially participate in the financing of an economic development project. The County agreed to pay $307,875, or one half, of the initial costs previously incurred by the City associated with the Microsoft Corporation data center. Beginning with the fiscal year immediately following Microsoft Corporation's announcement to begin construction of a data center, the County will make semi-annual payments of $220,000 in January and June of each year for the next nine fiscal years. A final payment of $132,125 will be made in January of the following fiscal year. During fiscal year 2018, the County paid $440,000 from the General Fund to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2018 was $3,827,875.

(13) 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 of those governments.

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 Adel	Urban renewal and economic development projects	$ 746
City of Dallas Center	Urban renewal and economic development projects	1,897
City of De Soto	Urban renewal and economic development projects	4,384
City of Perry	Urban renewal and economic development projects	10,559
City of Redfield	Urban renewal and economic development projects	225
City of Van Meter	Urban renewal and economic development projects	17,518
City of Waukee	Urban renewal and economic development projects	56,312
City of West Des Moines	Urban renewal and economic development projects	187,374

(14) Pending Litigation

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

(15) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2017, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive $57,040 in land and building rent annually.

(16) Deficit Fund Balance

The Internal Service, Professional Services Fund has a deficit net position of $120,609 at June 30, 2018. The deficit will be eliminated through adjusting the reimbursement procedures from other funds.

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

Heart of Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Audubon County, Dallas County, Greene County and Guthrie County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Mental Health Region for the year ended June 30, 2018, as follows:

Revenues:		
Property and other county tax		$ 1,480,849
Intergovernmental revenues:		
State tax credits	$ 90,803	
Payments from regional fiscal agent	364,013	
Other	175	454,991
Miscellaneous		1,004
Total revenues		1,936,844
Expenditures:		
Services to persons with:		
Mental illness	30,356	
Intellectual disabilities	272,045	
Brain injury	20,531	322,932
General administration:		
Direct administration	356,173	
Distribution to regional fiscal agent	1,950,460	2,306,633
Total expenditures		2,629,565
Excess of expenditures over revenues		(692,721)
Fund balance beginning of the year		1,828,289
Fund balance end of the year		$ 1,135,568

(18) Construction Commitments

The County entered into a contract for $20,682,791 for construction of a law enforcement center. As of June 30, 2018, costs of $3,028,811 have been incurred on the contract. The $17,653,980 balance on the contract will be paid as work on the project progresses.

Required Supplementary Information

Dallas County

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

Required Supplementary Information

Year ended June 30, 2018

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 23,772,620	-	23,772,620
Interest and penalty on property tax	147,370	-	147,370
Intergovernmental	8,037,617	-	8,037,617
Licenses and permits	238,059	-	238,059
Charges for service	3,351,908	-	3,351,908
Use of money and property	724,339	4,502	719,837
Miscellaneous	1,506,492	829,494	676,998
Total receipts	37,778,405	833,996	36,944,409
Disbursements:			
Public safety and legal services	12,236,246	-	12,236,246
Physical health and social services	2,733,764	-	2,733,764
Mental health	2,950,292	-	2,950,292
County environment and education	5,018,835	42,261	4,976,574
Roads and transportation	7,163,593	-	7,163,593
Governmental services to residents	2,195,572	-	2,195,572
Administration	1,795,502	-	1,795,502
Non-program	166,301	-	166,301
Debt service	2,999,604	488,577	2,511,027
Capital projects	6,367,989	-	6,367,989
Total disbursements	43,627,698	530,838	43,096,860
Excess (deficiency) of receipts over (under) disbursements	(5,849,293)	303,158	(6,152,451)
Other financing sources, net	23,525,380	13,085	23,512,295
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	17,676,087	316,243	17,359,844
Balance beginning of year	30,164,642	518,549	29,646,093
Balance end of year	$ 47,840,729	834,792	47,005,937

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
24,002,502	24,027,437	(254,817)
153,500	153,500	(6,130)
9,679,527	9,214,686	(1,177,069)
203,750	203,750	34,309
2,852,525	2,844,295	507,613
344,034	646,576	73,261
1,282,720	1,343,178	(666,180)
38,518,558	38,433,422	(1,489,013)
12,638,052	13,746,318	1,510,072
3,789,881	2,990,565	256,801
2,760,599	2,957,322	7,030
4,733,259	5,328,163	351,589
8,548,733	8,548,733	1,385,140
2,343,088	2,703,115	507,543
1,690,328	1,842,068	46,566
51,100	188,691	22,390
2,481,635	2,479,202	(31,825)
4,199,520	10,165,150	3,797,161
43,236,195	50,949,327	7,852,467
(4,717,637)	(12,515,905)	6,363,454
355,000	23,270,673	241,622
(4,362,637)	10,754,768	6,605,076
22,366,277	22,366,277	7,279,816
18,003,640	33,121,045	13,884,892

Dallas County

Dallas 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	$ 37,778,405	13,546	37,791,951
Expenditures	43,627,698	208,480	43,836,178
Net	(5,849,293)	(194,934)	(6,044,227)
Other financing sources, net	23,525,380	(354,218)	23,171,162
Beginning fund balances	30,164,642	(400,467)	29,764,175
Ending fund balances	$ 47,840,729	(949,619)	46,891,110

See accompanying independent auditor's report.

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $7,713,132. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 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 amount budgeted in the debt service function.

Dallas 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	0.142952%	0.141174%	0.128206%	0.119569%
County's proportionate share of the net pension liability	$ 9,522	8,885	6,334	4,742
County's covered payroll	$ 13,369	12,784	11,788	11,318
County's proportionate share of the net pension liability as a percentage of its covered payroll	71.22%	69.50%	53.73%	41.90%
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.

Dallas 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	$	1,236	1,216	1,152	1,081
Contributions in relation to the statutorily required contribution		(1,236)	(1,216)	(1,152)	(1,081)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	13,607	13,369	12,784	11,788
Contributions as a percentage of covered payroll		9.08%	9.10%	9.01%	9.17%

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
1,041	973	933	802	731	669
(1,041)	(973)	(933)	(802)	(731)	(669)
-	-	-	-	-	-
11,318	10,776	10,951	10,630	10,376	9,954
9.20%	9.03%	8.52%	7.54%	7.05%	6.72%

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.

Dallas County

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

For the Last Two Years
Required Supplementary Information

		2018	2017
Service cost	$	102,364	42,557
Interest cost		54,099	34,944
Difference between expected and actual experiences		(131,012)	224,545
Changes in assumptions		(30,141)	7,253
Benefit payments		(113,339)	(64,633)
Net change in total OPEB liability		(118,029)	244,666
Total OPEB liability beginning of year		1,473,435	1,228,769
Total OPEB liability end of year	$	1,355,406	1,473,435
Covered-employee payroll	$	14,052,888	13,512,392
Total OPEB liability as a percentage of covered-employee payroll		9.65%	10.90%

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

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

Changes of 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: 3.56%
Year ended June 30, 2016: 2.92%

Dallas County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

	Special				
	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ 1,147,934	141,178	24,397	24,018	3,379
Conservation Foundation	-	-	-	-	-
Receivables:					
Accounts	-	-	-	144	-
Accrued interest	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Total assets	$ 1,147,934	141,178	24,397	24,162	3,379
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ -	6,315	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Other	-	-	-	87	-
Fund balances:					
Restricted for:					
Drainage district purposes	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Forfeitures	-	134,863	24,397	24,075	-
Wetland bank maintenance	1,147,934	-	-	-	-
Other purposes	-	-	-	-	3,379
Total fund balances	1,147,934	134,863	24,397	24,075	3,379
Total liabilities, deferred inflows of resources and fund balances	$ 1,147,934	141,178	24,397	24,075	3,379

See accompanying independent auditor's report.

Revenue						
County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Total
24,219	137	119,710	1,053,033	74,816	-	2,612,821
-	-	-	-	-	759,976	759,976
-	-	-	-	-	-	144
3	-	-	5	-	-	8
-	-	-	-	144,274	-	144,274
24,222	137	119,710	1,053,038	219,090	759,976	3,517,223
22,500	-	-	-	-	-	28,815
-	-	-	-	144,274	-	144,361
-	-	-	-	74,816	-	74,816
-	-	-	1,053,038	-	-	1,053,038
-	-	-	-	-	-	183,335
-	-	-	-	-	-	1,147,934
1,722	137	119,710	-	-	759,976	884,924
1,722	137	119,710	1,053,038	74,816	759,976	3,488,408
24,222	137	119,710	1,053,038	74,816	759,976	3,517,223

Dallas County

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

Year ended June 30, 2018

	Special					
	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Revenues:						
Tax increment financing	$ 24,418	-	-	-	-	-
Intergovernmental	692	85,750	-	-	-	-
Charges for service	-	-	-	-	-	-
Use of money and property	-	16,229	-	-	-	-
Miscellaneous	-	-	5	-	1,167	-
Total revenues	25,110	101,979	5	-	1,167	-
Expenditures:						
Operating:						
Public safety and legal services	-	-	40,102	-	1,000	-
County environment and education	-	2,793	-	-	-	-
Governmental services to residents	-	-	-	-	-	-
Non-program	137,590	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	137,590	2,793	40,102	-	1,000	-
Excess (deficiency) of revenues over (under) expenditures	(112,480)	99,186	(40,097)	-	167	-
Other financing sources (uses):						
Drainage warrants issued	-	-	-	-	-	-
Change in fund balances	(112,480)	99,186	(40,097)	-	167	-
Fund balances beginning of year	112,480	1,048,748	174,960	24,397	23,908	3,379
Fund balances end of year	$ -	1,147,934	134,863	24,397	24,075	3,379

See accompanying independent auditor's report.

Revenue						
County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Total
-	-	-	-	-	-	24,418
-	-	23,160	-	-	-	109,602
21,175	-	-	-	-	-	21,175
31	-	758	14,090	-	4,502	35,610
-	-	-	-	499,354	330,140	830,666
21,206	-	23,918	14,090	499,354	334,642	1,021,471
-	-	-	-	-	-	41,102
-	-	-	-	23,611	18,650	45,054
32,723	-	-	-	-	-	32,723
-	-	-	-	-	-	137,590
-	-	-	-	488,577	-	488,577
32,723	-	-	-	512,188	18,650	745,046
(11,517)	-	23,918	14,090	(12,834)	315,992	276,425
-	-	-	-	13,085	-	13,085
(11,517)	-	23,918	14,090	(12,834)	315,992	276,425
13,239	137	95,792	1,038,948	74,565	443,984	3,054,537
1,722	137	119,710	1,053,038	61,731	759,976	3,344,047

Dallas County

Dallas County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2018

	Professional Services	Employee Group Health	Total
Assets			
Cash and cash equivalents	$ -	3,933,735	3,933,735
Receivables:			
Accounts	736	9,213	9,949
Due from other funds	127,703	-	127,703
Due from other governments	266	-	266
Prepaid expenses	216,700	-	216,700
Capital assets, net of accumulated depreciation/amortization	578,656	-	578,656
Total assets	924,061	3,942,948	4,867,009
Deferred Outflows of Resources			
OPEB related deferred outflows	2,431	-	2,431
Pension related deferred outflows	223,382	-	223,382
Total deferred outflows of resources	225,813	-	225,813
Liabilities			
Accounts payable	304,103	547,544	851,647
Salaries and benefits payable	60,147	-	60,147
Due to other funds	124,286	-	124,286
Due to other governments	2,263	100	2,363
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	43,816	-	43,816
Portion due or payable after one year:			
Compensated absences	63,418	-	63,418
Net pension liability	571,343	-	571,343
Total OPEB liability	81,324	-	81,324
Total liabilities	1,250,700	547,644	1,798,344
Deferred Inflows of Resources			
Unavailable revenues:			
OPEB related deferred inflows	1,217	-	1,217
Pension related deferred inflows	18,566	-	18,566
Total deferred outflows of resources	19,783	-	19,783
Net Position			
Net investment in capital assets	578,656	-	578,656
Unrestricted	(699,265)	3,395,304	2,696,039
Total net position	$ (120,609)	3,395,304	3,274,695

See accompanying independent auditor's report.

Dallas County

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

Year ended June 30, 2018

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	$ 3,272,200	2,834,816	6,107,016
Reimbursements from employees and others	-	563,092	563,092
Miscellaneous	51,585	-	51,585
Total operating revenues	3,323,785	3,397,908	6,721,693
Operating expenses:			
Medical claims	-	2,766,076	2,766,076
Administrative and other fees	-	404,847	404,847
Central services	698,121	-	698,121
Information technology	1,454,854	-	1,454,854
Operations administration	299,972	-	299,972
Human resources	376,252	-	376,252
Depreciation	147,086	-	147,086
Total operating expenses	2,976,285	3,170,923	6,147,208
Operating income	347,500	226,985	574,485
Non-operating revenues (expenses):			
Interest income	-	36,354	36,354
Loss on disposal of capital assets	(1,018)	-	(1,018)
Net non-operating revenues (expenses):	(1,018)	36,354	35,336
Net income	346,482	263,339	609,821
Net position beginning of year	(467,091)	3,131,965	2,664,874
Net position end of year	$ (120,609)	3,395,304	3,274,695

See accompanying independent auditor's report.

Dallas County

Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2018

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	$ 3,281,871	3,388,695	6,670,566
Cash received from insurance reimbursements	-	73,476	73,476
Cash paid for personal services	(2,686,086)	-	(2,686,086)
Cash paid to suppliers for services	-	(3,225,693)	(3,225,693)
Net cash provided by operating activities	595,785	236,478	832,263
Cash flows from non-capital financing activities:			
Deficit cash elimination from the General Fund	(268,468)	-	(268,468)
Cash flows from capital and related financing activities:			
Purchase of equipment	(327,317)	-	(327,317)
Cash flows from investing activities:			
Interest on investments	-	36,356	36,356
Increase in cash and cash equivalents	-	272,834	272,834
Cash and cash equivalents beginning of year	-	3,660,901	3,660,901
Cash and cash equivalents end of year	$ -	3,933,735	3,933,735
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income	$ 347,500	226,985	574,485
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization	147,086	-	147,086
Changes in assets and liabilities:			
Decrease in accounts receivable and due from other governments	85,789	64,263	150,052
(Increase) in due from other funds	(127,703)	-	(127,703)
(Increase) in prepaid expenses	(118,760)	-	(118,760)
(Increase) in deferred outflows of resources	(10,221)	-	(10,221)
Increase (decrease) in accounts payable and due to other governments	211,307	(54,770)	156,537
Increase in salaries and benefits payable	4,264	-	4,264
Increase in compensated absences	19,935	-	19,935
Increase in net pension liability	38,272	-	38,272
Increase in deferred inflows of resources	5,398	-	5,398
(Decrease) in total OPEB liability	(7,082)	-	(7,082)
Net cash provided by operating activities	$ 595,785	236,478	832,263

See accompanying independent auditor's report.

Dallas County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2018

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	496,484	1,125	822,375	302,471
Other County officials	225,667	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	1,063	82,786
Succeeding year	-	-	365,000	1,336,000	99,308,000
Accounts	10,574	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	660,148	-	-	-
Prepaid expenses	-	4,905	-	1,181	-
Total assets	$ 236,241	1,161,537	366,125	2,160,619	99,693,257
Liabilities					
Accounts payable	$ -	683,508	-	55,084	-
Salaries and benefits payable	-	-	-	44,034	-
Due to other governments	171,726	478,029	366,125	1,980,925	99,693,257
Trusts payable	64,515	-	-	-	-
Compensated absences	-	-	-	80,576	-
Total liabilities	$ 236,241	1,161,537	366,125	2,160,619	99,693,257

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
10,890	186,280	1,881	51,541	3,002,708	2,151,947	7,027,702
-	-	-	-	-	-	225,667
2,926	76,973	98	-	-	3,269	167,115
3,674,000	70,546,000	532,000	-	-	4,916,000	180,677,000
-	-	-	-	-	138,524	149,098
-	-	-	-	-	62	62
-	-	-	862,305	-	-	862,305
-	-	-	-	-	73,226	733,374
-	-	-	-	-	2,845	8,931
3,687,816	70,809,253	533,979	913,846	3,002,708	7,285,873	189,851,254
-	-	-	-	-	23,678	762,270
-	-	-	-	-	-	44,034
3,687,816	70,809,253	533,979	913,846	3,002,708	6,037,142	187,674,806
-	-	-	-	-	1,225,053	1,289,568
-	-	-	-	-	-	80,576
3,687,816	70,809,253	533,979	913,846	3,002,708	7,285,873	189,851,254

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2018

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	$ 226,661	488,164	345,140	2,348,887	92,375,141
Additions:					
Property and other county tax	-	-	366,162	1,342,122	99,601,855
911 surcharge	-	-	-	-	-
State tax credits	-	-	21,171	82,847	5,684,924
Drivers license fees	-	-	-	-	-
Office fees and collections	3,059,232	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	2,939,191	-	-	-	-
Miscellaneous	-	3,351,002	13	50	3,731
Total additions	5,998,423	3,351,002	387,346	1,425,019	105,290,510
Deductions:					
Agency remittances:					
To other funds	1,311,354	-	-	-	-
To other governments	1,734,105	2,677,629	366,361	1,613,287	97,972,394
Trusts paid out	2,943,384	-	-	-	-
Total deductions	5,988,843	2,677,629	366,361	1,613,287	97,972,394
Balances end of year	$ 236,241	1,161,537	366,125	2,160,619	99,693,257

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
3,333,272	65,232,406	497,062	874,655	2,735,607	5,384,883	173,841,878
3,690,832	70,230,275	548,988	-	-	4,932,774	180,713,008
-	-	-	-	-	515,171	515,171
204,646	4,115,633	19,555	-	-	290,333	10,419,109
-	-	-	-	570,521	-	570,521
-	-	-	-	-	-	3,059,232
-	-	-	-	33,445,592	-	33,445,592
-	-	-	256,861	-	-	256,861
-	-	-	-	-	1,799,943	4,739,134
126	3,179	-	-	-	251,700	3,609,801
3,895,604	74,349,087	568,543	256,861	34,016,113	7,789,921	237,328,429
-	-	-	-	1,218,340	-	2,529,694
3,541,060	68,772,240	531,626	217,670	32,530,672	5,089,618	215,046,662
-	-	-	-	-	799,313	3,742,697
3,541,060	68,772,240	531,626	217,670	33,749,012	5,888,931	221,319,053
3,687,816	70,809,253	533,979	913,846	3,002,708	7,285,873	189,851,254

Dallas 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	$ 23,751,147	22,307,584	20,557,779	19,297,992
Interest and penalty on property tax	151,495	138,110	147,056	146,484
Tax increment financing	24,418	102,700	97,087	100,956
Intergovernmental	8,083,102	9,677,530	9,646,964	10,884,066
Licenses and permits	237,429	216,902	195,827	177,553
Charges for service	3,254,403	3,578,091	3,246,569	2,894,320
Use of money and property	803,919	386,429	301,534	315,240
Miscellaneous	1,486,038	855,121	836,507	652,133
Total	$ 37,791,951	37,262,467	35,029,323	34,468,744
Expenditures:				
Operating:				
Public safety and legal services	$ 11,984,812	10,369,948	9,801,775	9,420,387
Physical health and social services	2,662,329	3,332,045	3,183,651	3,014,152
Mental health	2,762,717	2,992,986	2,596,836	3,294,070
County environment and education	4,567,353	3,839,669	3,824,009	3,514,414
Roads and transportation	7,361,528	6,953,472	6,672,732	6,490,035
Governmental services to residents	2,245,448	2,143,512	1,984,473	2,298,557
Administration	1,792,648	1,596,818	1,670,842	1,863,375
Non-program	193,051	3,340	14,298	11,249
Debt service	2,999,604	2,571,032	2,110,476	1,887,573
Capital projects	7,266,688	2,942,981	9,371,884	3,076,076
Total	$ 43,836,178	36,745,803	41,230,976	34,869,888

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
18,774,955	19,141,260	18,439,134	19,118,842	19,030,273	17,705,482
152,944	152,413	201,385	199,956	239,000	267,434
98,441	109,529	128,211	115,087	113,173	124,508
9,555,277	8,483,422	10,356,247	8,966,703	11,527,229	11,669,174
171,694	142,434	124,719	108,069	111,223	114,954
2,688,187	2,895,612	2,537,582	2,414,405	2,341,986	2,171,847
318,975	299,663	625,957	521,825	516,572	758,573
691,317	647,448	679,094	513,084	1,389,911	454,448
32,451,790	31,871,781	33,092,329	31,957,971	35,269,367	33,266,420
8,362,939	7,635,590	7,535,107	7,642,460	6,992,046	6,503,733
2,889,683	2,872,561	2,791,212	2,879,816	2,803,326	2,839,385
2,373,144	2,490,442	4,803,000	4,535,343	4,182,996	4,131,844
3,038,226	2,837,183	3,179,353	3,079,502	3,126,025	3,410,286
7,738,509	7,615,842	6,867,019	6,381,300	6,030,594	6,642,798
1,842,953	1,749,461	1,748,738	1,614,275	1,516,940	1,474,652
1,551,918	1,512,103	1,671,751	1,582,888	1,531,994	1,459,195
17,363	111,511	45,728	92,612	149,498	81,993
1,815,875	1,748,125	1,701,369	1,659,657	1,624,943	1,957,792
396,233	2,402,316	1,880,891	1,424,486	1,942,638	5,709,783
30,026,843	30,975,134	32,224,168	30,892,339	29,901,000	34,211,461

Dallas County

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Rob Sand
Auditor of State

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

To the Officials of Dallas County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2019.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as items (C) through (E) to be significant deficiencies.

Compliance and Other Matters

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

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

Dallas County's Responses to the Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ROB SAND
Auditor of State

March 20, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Sheriff should review the operating procedures for the commissary to obtain the maximum internal control possible under the circumstances. The County Sheriff should utilize current personnel, including personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Response – At this time there is not a resolution for this issue. Because of the amount of staff on each shift, it is not possible to segregate this duty. However, jailers are restricted in the software program and the Jail Sergeants and Jail Lieutenants are the only ones that are able to make changes and or override a check.

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

(B) Segregation of Duties – Conservation Foundation

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 – For the Conservation Foundation, the responsibilities for collection, deposit preparation, cash disbursement and bank reconciliation functions are not properly segregated and there is no independent review of these duties. In addition, there is no independent review of bank reconciliations.

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

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

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Conservation Foundation should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

Response – The Conservation Foundation is not a county government department. The Conservation Foundation has NO paid employees. The checkbook ledger that shows expenses and revenues are reviewed annually by the Conservation Foundation Board. In addition to this, continued communication throughout the year on the funds within the Conservation Foundation, is ongoing with the Chair of the Conservation Foundation.

Conclusion – Response acknowledged. Although the funds held by the Foundation are not County funds, the Foundation is part of the County's reporting entity because the organization exists to support the County's Conservation Department. Proper internal controls should be in place to safeguard the donations and other assets the Foundation is entrusted with. The Foundation should continue to review operating procedures to obtain the maximum internal control possible, including using Board members more frequently than just annually to review transactions and reconciliations. This would help strengthen internal controls and allow for more timely resolution if errors or discrepancies are identified.

(C) Unsupported Disbursements – Conservation Foundation

Criteria – An effective internal control system provides for internal controls related to ensuring all disbursements are properly supported.

Condition – During fiscal year 2018, one $400 cash withdrawal was made for purchases to be made during a trip to Idaho for a Wilderness Trek event. However, vendor receipts were not maintained to support these purchases.

Cause – Policies and procedures have not been established to require all purchases be made by check or to ensure vendor receipts are retained for all purchases.

Effect – When sufficient records are not maintained to account for expenditures, the opportunity for misappropriation and undetected errors can result.

Recommendation – The Foundation should require all purchases to be made by check and establish policies and procedures to ensure all expenditures are adequately supported by a vendor receipt.

Response – The Conservation Foundation is not a county government department. The $400 cash was used for the Wilderness Trek participants (it was their money, part of their registration fee). This cash was provided to a Conservation Board staff member for the event to distribute to the participants and a receipt for those funds was received from that staff member. In addition to this, a full accounting of the trips expenses was documented with appropriate receipts. However, those receipts and documentation were not held on to for an extended period of time as they had never been needed internally for future use after the event was completed. In the future, receipts and documentation will remain on file for a longer period of time and the issuance of cash for an activity will be handled differently. It should be noted that during the fiscal year 2019, the same sequence of events happened, as the issue had not been brought to our attention by the State Auditor's Office yet, and the event had already taken place.

Conclusion – Response accepted.

(D) Ambulance Billings

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

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

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

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

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

Response – A policy has been in place and is still in place for auditing the third party billing company. Compliance with the policy has been sporadic. Plans on improving compliance will be all monthly audits will be submitted to the Dallas County's Office of Finance by the EMS Director.

Conclusion – Response accepted.

(E) County Sheriff Commissary Account

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

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

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

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

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

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the debt service function. Also, disbursements in the mental health function exceeded the amount budgeted prior to the budget amendment.

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

Response – In fiscal year 2018, the County retired old debt by issuing refunding bonds in conjunction with the debt issuance for the Law Enforcement Center. As a result of these transactions, the estimated interest due on the 2008 bond series ended up being slightly more than what was originally budgeted. In the future if the County restructures debt, we will work more closely with our Financial Advisor and Trustee to ensure budgeted amounts are sufficient to service the expenditures of the retired debt.

Reporting functionality to separate mental health appropriations by fund will be implemented in July 2019 when the County makes the transition to our new accounting software. Going forward we will have better tools in place to ensure overspending appropriations will not occur.

Conclusion – Response accepted.

(2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

(4) Business Transactions – No business transactions between the County and County officials or employees were noted.

(5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

(7) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

(8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

(9) 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.

(10) Financial Condition – At June 30, 2018, the Internal Service, Professional Services fund had a deficit net position of $120,609.

Recommendation – The County should investigate alternatives to eliminate this deficit net position.

Response – Working with the County's Auditor, we have changed how we bill departments for the Internal Service, Professional Services Fund. Previously, we billed actual expenses from two years prior. Going forward we will bill the current year budgeted amounts, with a correcting billing at the end of the year to match as close as possible to current year actual expenses. We have also put a plan in place to recapture the negative fund balance from departments over a three year period.

Conclusion – Response accepted.

(11) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Staff

This audit was performed by:

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