OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE June 9, 2020

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled $52,698,662 for the year ended June 30, 2019, a 35.2% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled $42,830,655, a 9.0% increase over the prior year. The significant increase in the revenues is due primarily to local option sales tax revenue approved by taxpayers for collection in the current fiscal year and an increase in the debt service property tax levy to pay for debt issued in previous year. The significant increase in expenses is due primarily to an increase in contributions to the mental health region and an increase in secondary roads maintenance.

AUDIT FINDINGS:

Sand reported eight findings related to the receipt and expenditure of taxpayer funds and two findings pertaining to the Dallas County Conservation Foundation, a blended component unit. They are found on pages 90 through 100 of this report. The findings address issues such as lack of segregation of duties, material amounts of accounts receivable, deferred inflows of resources and retainage payable not properly recorded in the County's financial statements and exclusion of certain revenues and expenditures during the conversion to a new software system. Sand provided the County and the Conservation Foundation with recommendations to address each of these findings.

Two findings pertaining to the County and two pertaining to the Conservation Foundation are repeated from the prior year. The County Board of Supervisors, other elected officials and management of the Conservation Foundation have a fiduciary responsibility to provide oversight of the County's and the Conservation Foundation's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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/.

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DALLAS COUNTY

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

JUNE 30, 2019

Dallas County

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

June 1, 2020

Officials of Dallas County
Adel, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Dallas County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Dallas County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

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(Continued)

Dallas County

Officials

(Before January 2019)

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

(After January 2019)

Name	Title	Term Expires
Mark Hanson	Board of Supervisors	Jan 2021
Kim Chapman	Board of Supervisors	Jan 2023
Brad Golightly	Board of Supervisors	Jan 2023
Julia Helm	County Auditor	Jan 2021
Mitchell Hambleton	County Treasurer	Jan 2023
Chad C. Airhart	County Recorder	Jan 2023
Chad Leonard	County Sheriff	Jan 2021
Charles Sinnard	County Attorney	Jan 2023
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, 2019, 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, 2019, 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 8 through 15 and 60 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 1, 2020 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.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 1, 2020

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, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased approximately $13,714,000 from fiscal year 2018 to fiscal year 2019, or 35.2%. Capital grants, contributions and restricted interest increased approximately $7,343,000, charges for service decreased approximately $310,000 and operating grants, contributions and restricted interest increased approximately $937,000.
- Program expenses of the County's governmental activities were 9.0%, or approximately $3,522,000, more in fiscal year 2019 than in fiscal year 2018. Roads and transportation, mental health and interest on long-term debt expenses increased approximately $1,739,000, $1,422,000 and $418,000, or 17.3%, 50.1% and 87.8% respectively, over fiscal year 2018.
- The County's net position at June 30, 2019 increased 11.0%, or approximately $9,868,000, over June 30, 2018.

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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

One of the most important questions asked about Dallas County's finances is, "Is Dallas County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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

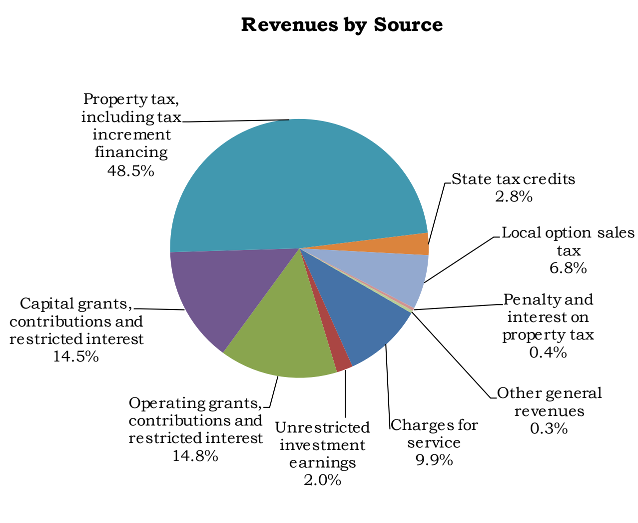
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

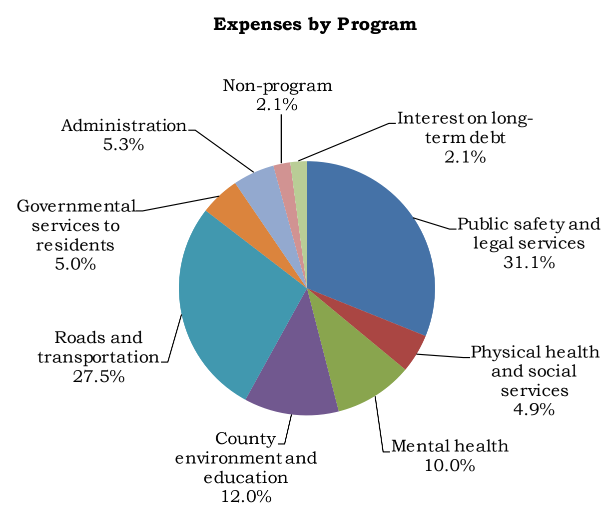
Net Position of Governmental Activities

	June 30,	
	2019	2018
Current and other assets	$ 72,904,008	79,776,674
Capital assets	96,368,820	79,429,648
Total assets	169,272,828	159,206,322
Deferred outflows of resources	3,677,732	3,763,568
Long-term liabilities	40,374,719	44,315,446
Other liabilities	4,412,363	3,576,182
Total liabilities	44,787,082	47,891,628
Deferred inflows of resources	28,985,946	25,768,737
Net position:		
Net investment in capital assets	74,900,358	65,958,491
Restricted	12,356,857	13,115,839
Unrestricted	11,920,317	10,235,195
Total net position	$ 99,177,532	89,309,525

Dallas County's combined net position (which is the County's bottom line) increased $9,868,007, an 11.0% increase. The largest portion of Dallas County's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately $10,235,000 at June 30, 2018 to approximately $11,920,000 at the end of this year, an increase of 16.5%.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	$ 5,233,055	5,542,934
Operating grants, contributions and restricted interest	7,781,758	6,845,024
Capital grants, contributions and restricted interest	7,621,018	277,655
General revenues:		
Property tax, including tax increment financing	25,575,256	23,776,586
Penalty and interest on property tax	189,743	148,854
State tax credits	1,467,055	1,366,225
Local option sales tax	3,582,443	-
Unrestricted investment earnings	1,075,409	627,680
Other general revenues	172,925	399,518
Total revenues	52,698,662	38,984,476
Program expenses:		
Public safety and legal services	13,341,894	12,950,122
Physical health and social services	2,109,459	2,636,573
Mental health	4,259,907	2,837,617
County environment and education	5,125,108	5,095,419
Roads and transportation	11,778,791	10,025,839
Governmental services to residents	2,157,777	2,283,043
Administration	2,249,470	1,956,788
Non-program	914,788	1,047,730
Interest on long-term debt	893,461	475,852
Total expenses	42,830,655	39,308,983
Change in net position	9,868,007	(324,507)
Net position beginning of year	89,309,525	89,634,032
Net position end of year	$ 99,177,532	89,309,525





For the year ended June 30, 2019, governmental activities revenues totaled $52,698,662, an increase of $13,714,186 over fiscal year 2018. Property and other county tax revenue, the County's largest revenue source, increased approximately $1,799,000, or 7.6%. The increase in property tax revenues is due to an overall decrease in the county-wide levy rate offset by an increase in property valuations. Capital grants, contributions and restricted interest increased approximately $7,343,000, primarily due to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

The cost of all governmental activities this year was $42,830,655 compared to $39,308,983 last year, an increase of $3,521,672. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $22.2 million because some of the cost was paid by those directly benefitting from the programs (approximately $5.2 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $15.4 million).

Dallas County's county-wide property tax levy rates decreased from $7.84847 to $6.6532 per $1,000 of taxable valuation for fiscal year 2019. The general basic levy rate for fiscal year 2019 increased from $3.17289 to $3.17300 per $1,000 of taxable valuation. The rural services tax levy rate for fiscal year 2019 decreased from $3.94134 to $2.4232 per $1,000 of taxable valuation. The mental health levy increased from $0.29931 to $0.39960 per $1,000 of taxable valuation. The debt service levy increased from $0.43493 to $0.65628 per $1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately $371,699,786 or approximately 7.3%, over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of $36,157,137 which is less than the fiscal year 2018 combined fund balance of $46,891,110.

The General Fund's ending fund balance increased $2,087,556 to $13,837,265, primarily due to increase of property taxes. Property tax revenues increased 18.7% or approximately $2,929,000, due to an increase in the general basic levy rate from $3.17289 to $3.17300 per $1,000 of taxable valuation and an increase in property tax valuations of approximately 7.4% over the prior fiscal year. Expenditures increased approximately $340,000, or 1.5%. Of the ending fund balance, approximately $415,000 is committed for County farm and approximately $1.680 million is committed for other County purposes.

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 $3,438,000, an increase of 77.5% over the prior year. Expenditures totaled approximately $4,126,000, an increase of 56.9% over the prior year. Revenues increased due to an increase in the property tax rate from $0.29931 to $0.39963 per $1,000 of taxable valuation and an increase in reimbursements from the fiscal agent. Expenditures increased due to an increase in payments to the mental health regional fiscal agent for services provided. The Mental Health Fund balance at year end decreased approximately $688,000 from the prior year to $447,971.

The Special Revenue, Rural Services Fund ended fiscal year 2019 with a $937,180 balance, an increase of $241,581 over the prior year ending balance. The rural services tax levy rate decreased from $3.94134 to $2.4232 per $1,000 of taxable valuation while property valuations increased approximately 3.22%. 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 2019 with a balance of $5,136,160, a 12.8% decrease compared to the fiscal year 2018 balance of $5,887,091. Revenues increased approximately $275,000, or 6.2%, due to an increase in road use tax revenues. Expenditures increased 9.1%, or approximately $874,000, over the prior year primarily due to an increase in road maintenance costs.

The Capital Projects Fund ended fiscal year 2019 with a fund balance of $11,732,415 compared to the fiscal year 2018 balance of $23,800,300, a 50.7% decrease, due to costs incurred in the construction of the law enforcement center and costs related to ongoing projects carried over from fiscal year 2018. Revenues increased approximately $657,000 due to an increase in bike trail grants and donations. Expenditures increased approximately $7,942,000, or 158.4%, primarily due to the construction of the law enforcement center.

The Debt Service Fund ended fiscal year 2019 with a fund balance of $324,391 compared to the fiscal year 2018 balance of $278,796, a 16.4% increase. Debt Service Fund revenues totaled approximately $4,163,000, an increase of 61.6% over the prior year, primarily due to an increase in the property tax levy rate from $.43493 to $.65628 per $1,000 of taxable valuation. Expenditures totaled approximately $4,117,000, an increase of 64.0% over the prior year due to scheduled payments on the County's capital loan note obligations.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2019, Dallas County amended the operating budget two times. The first amendment was made in November 2018 to increase budgeted disbursements approximately $5,889,000, primarily in the public safety and capital projects functions. Budgeted disbursements increased as the Board of Supervisors budgeted certain previously assigned and unspent funds for equipment and for the bike trail project. The second amendment was made in May 2019 to increase budgeted disbursements approximately $2,478,000 for various increases in services and costs made throughout the year, including an increase in mental health and road and transportation.

Actual disbursements for the year totaled $54,385,361, which was $15,278,628 under budgeted disbursements. Capital projects disbursements were approximately $11.7 million under budget because the law enforcement center project was not completed as planned. Public safety and legal services disbursements were approximately $1.6 million under budget due to carrying forward of capital equipment purchases. Actual receipts for fiscal year 2019 were $43,652,100, which was $6,592 more than the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Dallas County had $96,368,820 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to $79,429,648 at the end of fiscal year 2018. The County's net capital assets increased $16,939,172, or 21.3%, over the prior year.

Capital Assets of Governmental Activities at Year End			
	June 30,		
		2019	2018
Land	$	6,197,520	6,148,661
Intangibles, road network		953,380	1,008,506
Construction in progress		17,901,876	5,741,579
Buildings and improvements		23,327,665	23,925,190
Equipment and vehicles		7,505,372	7,725,876
Intangibles		524,357	625,889
Infrastructure		39,958,650	34,253,947
Total	$	96,368,820	79,429,648
This year's major additions included:			
Law enforcement center			$ 11,302,821
Infrastructure			7,264,580
Courthouse remodel and building			482,761
Dump truck and Secondary Roads equipment			1,346,784
Sheriff vehicles			252,198
Conservation vehicles and equipment			266,242
Total			$ 20,915,386

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

Long-Term Debt

At June 30, 2019, Dallas County had $28,893,384 of outstanding debt versus $32,057,480 last year, a net decrease of $3,164,096.

Outstanding Debt of Governmental Activities at Year-End			
	June 30,		
		2019	2018
General obligation capital loan notes	$	28,780,000	31,910,000
Drainage district warrants		113,384	147,480
Total	$	28,893,384	32,057,480

The net change is primarily due to scheduled payments on the County's general obligation notes and a decrease in drainage warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit ($9,834,889,086 X .05 = $491,744,454). Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2020 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 36th in the nation for growth between 2017 and 2018 with a 3.4% increase in population. The unemployment rate in Dallas County stands at 2.0% as of June 30, 2019, compared to last year's rate of 1.8%, the State average of 2.8% and the national average of 3.7%. Budgeted disbursements for the fiscal year 2020 operating budget are approximately $48.5 million, a decrease of about $5.9 million in spending from the prior year's actual disbursements, primarily due to an decrease in capital projects function for the law enforcement projects. The budget estimates a total ending fund balance of approximately $21.4 million at the close of fiscal year 2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dallas County

Basic Financial Statements

Dallas County

Statement of Net Position

June 30, 2019

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 42,179,288
Receivables:	
Property tax:	
Delinquent	24,206
Succeeding year	27,718,000
Interest and penalty on property tax	31,942
Accounts	176,525
Accrued interest	40,234
Drainage assessments	140,776
Due from other governments	1,864,925
Inventories	312,731
Prepaid items	415,381
Capital assets, net of accumulated depreciation/amortization	96,368,820
Total assets	169,272,828
Deferred Outflows of Resources	
Pension related deferred outflows	3,284,439
OPEB related deferred outflows	393,293
Total deferred outflows of resources	3,677,732
Liabilities	
Accounts payable	3,324,008
Accrued interest payable	49,079
Salaries and benefits payable	868,481
Due to other governments	170,795
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	3,325,000
Drainage district warrants	113,384
Compensated absences	530,962
Portion due or payable after one year:	
General obligation capital loan notes	25,455,000
Compensated absences	932,504
Net pension liability	8,281,493
Total OPEB liability	1,736,376
Total liabilities	44,787,082
Deferred Inflows of Resources:	
Unavailable property tax revenue	27,718,000
Pension related deferred inflows	1,160,511
OPEB related deferred inflows	107,435
Total deferred inflows of resources	28,985,946
Net Position	
Net investment in capital assets	74,900,358
Restricted for:	
Supplemental levy purposes	617,506
Mental health	408,300
Rural services purposes	937,288
Secondary roads purposes	4,992,891
Drainage district purposes	108,943
Debt service	279,097
Capital projects	978,300
Other purposes	4,034,532
Unrestricted	11,920,317
Total net position	$ 99,177,532

See notes to financial statements.

Dallas County

Statement of Activities

Year ended June 30, 2019

	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	$ 13,341,894	1,460,930	820,393	-	(11,060,571)
Physical health and social services	2,109,459	22,620	768,207	-	(1,318,632)
Mental health	4,259,907	-	801,003	-	(3,458,904)
County environment and education	5,125,108	419,147	609,811	432,682	(3,663,468)
Roads and transportation	11,778,791	146,432	4,759,538	7,188,336	315,515
Governmental services to residents	2,157,777	2,215,994	1,136	-	59,353
Administration	2,249,470	91,767	865	-	(2,156,838)
Non-program	914,788	876,165	-	-	(38,623)
Interest on long-term debt	893,461	-	20,805	-	(872,656)
Total	$ 42,830,655	5,233,055	7,781,758	7,621,018	(22,194,824)
General Revenues:					
Property and other county tax levied for:					
General purposes					21,654,041
Debt service					3,921,215
Penalty and interest on property tax					189,743
State tax credits					1,467,055
Local option sales tax					3,582,443
Unrestricted investment earnings					1,075,409
Gain on disposition of capital assets					75,781
Miscellaneous					97,144
Total general revenues					32,062,831
Change in net position					9,868,007
Net position beginning of year					89,309,525
Net position end of year					$ 99,177,532

See notes to financial statements.

Dallas County

Balance Sheet
Governmental Funds

June 30, 2019

			Special	
		General	Mental Health	Rural Services
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	$	14,124,703	235,810	568,863
Conservation Foundation		-	-	-
Receivables:				
Property tax:				
Delinquent		18,196	2,117	108
Succeeding year		18,820,000	2,190,000	2,692,000
Interest and penalty on property tax		31,942	-	-
Accounts, net of allowance for doubtful ambulance accounts of $365,601		159,206	-	-
Accrued interest		34,497	-	-
Drainage assessments		-	-	-
Due from other governments		579,867	247,217	372,292
Inventories		-	-	-
Prepaid items		134,863	1,026	-
Total assets	$	33,903,274	2,676,170	3,633,263

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
5,273,218	324,391	13,352,365	2,815,166	36,694,516
-	-	-	923,263	923,263
-	3,785	-	-	24,206
-	4,016,000	-	-	27,718,000
-	-	-	-	31,942
7,191	-	-	-	166,397
-	-	-	2,719	37,216
-	-	-	140,776	140,776
555,728	-	16,329	1,197	1,772,630
312,731	-	-	-	312,731
58,119	-	13,408	1,277	208,693
6,206,987	4,344,176	13,382,102	3,884,398	68,030,370

(Continued on next page)

Dallas County

Balance Sheet
Governmental Funds
(continued)
June 30, 2019

			Special	
		General	Mental Health	Rural Services
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$	277,476	2,025	3,975
Salaries and benefits payable		608,962	31,805	-
Due to other governments		140,020	2,252	-
Total liabilities		1,026,458	36,082	3,975
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		18,820,000	2,190,000	2,692,000
Other		219,551	2,117	108
Total deferred inflows of resources		19,039,551	2,192,117	2,692,108
Fund balances:				
Nonspendable:				
Inventories		-	-	-
Prepaid items		134,863	1,026	-
Restricted for:				
Supplemental levy purposes		571,580	-	-
Mental health purposes		-	446,945	-
Rural services purposes		-	-	937,180
Secondary roads purposes		-	-	-
Drainage district purposes		-	-	-
Conservation land acquisition/capital improvements		129,614	-	-
Debt service		-	-	-
Capital projects		-	-	-
Forfeitures		-	-	-
Wetland bank maintenance		-	-	-
Other purposes		253,703	-	-
Committed for:				
County conservation		645,354	-	-
Public health		702,126	-	-
County farm		415,081	-	-
County care facility		183,046	-	-
Jail commissary		149,717	-	-
Assigned for:				
Capital projects		-	-	-
Departmental purposes		355,758	-	-
Equipment		1,217,920	-	-
Unassigned		9,078,503	-	-
Total fund balances		13,837,265	447,971	937,180
Total liabilities, deferred inflows of resources and fund balances	$	33,903,274	2,676,170	3,633,263

See notes to financial statements.

Special Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
655,969	-	1,649,687	1,814	2,590,946
163,668	-	-	-	804,435
23,289	-	-	-	165,561
842,926	-	1,649,687	1,814	3,560,942
-	4,016,000	-	-	27,718,000
227,901	3,785	-	140,829	594,291
227,901	4,019,785	-	140,829	28,312,291
312,731	-	-	-	312,731
58,119	-	13,408	1,277	208,693
-	-	-	-	571,580
-	-	-	-	446,945
-	-	-	-	937,180
4,765,310	-	-	-	4,765,310
-	-	-	81,551	81,551
-	-	-	1,081,778	1,211,392
-	324,391	-	-	324,391
-	-	8,276,430	-	8,276,430
-	-	-	162,775	162,775
-	-	-	1,328,180	1,328,180
-	-	-	1,086,194	1,339,897
-	-	-	-	645,354
-	-	-	-	702,126
-	-	-	-	415,081
-	-	-	-	183,046
-	-	-	-	149,717
-	-	3,442,577	-	3,442,577
-	-	-	-	355,758
-	-	-	-	1,217,920
-	-	-	-	9,078,503
5,136,160	324,391	11,732,415	3,741,755	36,157,137
6,206,987	4,344,176	13,382,102	3,884,398	68,030,370

Dallas County

Dallas County

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

June 30, 2019

Total governmental fund balances (page 23)		$ 36,157,137
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 $150,597,157 and the accumulated depreciation/amortization is $54,704,554.		95,892,603
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.		594,291
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.		3,952,517
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	3,457,070	
Deferred inflows of resources	(1,191,871)	2,265,199
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.		(39,684,215)
Net position of governmental activities (page 18)		$ 99,177,532

See notes to financial statements.

Dallas County

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

Year ended June 30, 2019

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 18,624,666	2,119,128	4,484,114
Interest and penalty on property tax	165,469	-	-
Intergovernmental	2,635,789	1,318,858	111,009
Licenses and permits	284,991	-	-
Charges for service	3,201,866	-	-
Use of money and property	1,101,893	-	-
Miscellaneous	402,235	-	-
Total revenues	26,416,909	3,437,986	4,595,123
Expenditures:			
Operating:			
Public safety and legal services	12,604,417	-	-
Physical health and social services	2,110,989	-	-
Mental health	76,046	4,125,583	-
County environment and education	4,438,494	-	273,772
Roads and transportation	-	-	53,389
Governmental services to residents	2,125,105	-	-
Administration	1,979,347	-	-
Non-program	45,866	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	23,380,264	4,125,583	327,161
Excess (deficiency) of revenues over (under) expenditures	3,036,645	(687,597)	4,267,962
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(949,089)	-	(4,026,381)
Sale of capital assets	-	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(949,089)	-	(4,026,381)
Change in fund balances	2,087,556	(687,597)	241,581
Fund balances beginning of year	11,749,709	1,135,568	695,599
Fund balances end of year	$ 13,837,265	447,971	937,180

See notes to financial statements.

Revenue				
Secondary Roads	Debt Service	Capital Projects	Nonmajor	Total
-	3,919,779	-	-	29,147,687
-	-	-	-	165,469
4,572,803	222,260	432,682	193,452	9,486,853
220	-	-	-	285,211
-	-	33,485	19,417	3,254,768
-	20,805	240,763	47,816	1,411,277
105,346	-	175,550	241,310	924,441
4,678,369	4,162,844	882,480	501,995	44,675,706
-	-	-	22,021	12,626,438
-	-	-	-	2,110,989
-	-	-	-	4,201,629
-	-	-	45,639	4,757,905
9,638,633	-	-	-	9,692,022
-	-	-	379	2,125,484
-	-	-	-	1,979,347
-	-	-	-	45,866
-	4,117,249	-	40,072	4,157,321
801,347	-	12,957,005	-	13,758,352
10,439,980	4,117,249	12,957,005	108,111	55,455,353
(5,761,611)	45,595	(12,074,525)	393,884	(10,779,647)
4,968,830	-	6,640	-	4,975,470
-	-	-	-	(4,975,470)
41,850	-	-	-	41,850
-	-	-	3,824	3,824
5,010,680	-	6,640	3,824	45,674
(750,931)	45,595	(12,067,885)	397,708	(10,733,973)
5,887,091	278,796	23,800,300	3,344,047	46,891,110
5,136,160	324,391	11,732,415	3,741,755	36,157,137

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, 2019

Change in fund balances - Total governmental funds (page 27)		$ (10,733,973)
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	$ 14,576,392	
Capital assets contributed by the Iowa Department of Transportation	7,188,336	
Depreciation/amortization expense	(4,759,582)	17,005,146
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.		36,467
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.		(171,200)
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	10,012	
Repaid	3,154,083	3,164,095
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.		1,282,211
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	(52,012)	
Interest on long-term debt	95,940	
Pension expense	(1,328,060)	
OPEB expense	(108,429)	(1,392,561)
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.		677,822
Change in net position of governmental activities (page 19)		$ 9,868,007

See notes to financial statements.

Dallas County

Statement of Net Position
Proprietary Funds

June 30, 2019

		Internal Service
Assets		
Cash and pooled investments	$	4,561,509
Accounts receivable		10,128
Accrued interest receivable		3,018
Prepaid expenditures		206,688
Due from other governments		92,295
Capital assets, net of accumulated depreciation		476,217
Total assets		5,349,855
Deferred Outflows of Resources		
OPEB related deferred outflows		23,597
Pension related deferred outflows		197,065
Total deferred outflows		220,662
Liabilities		
Accounts payable		733,062
Salaries and benefits payable		64,046
Due to other governments		5,234
Long-term liabilities:		
Portion due or payable within one year:		
Compensated absences		43,694
Portion due or payable after one year:		
Compensated absences		94,816
Net pension liability		496,890
Total OPEB liability		104,182
Total liabilities		1,541,924
Deferred Inflows of Resources		
Unavailable revenues:		
OPEB related deferred inflows		6,446
Pension related deferred inflows		69,629
Total deferred outflows		76,075
Net Position		
Net investment in capital assets		476,217
Unrestricted		3,476,301
Total net position	$	3,952,518

See notes to financial statements.

Dallas County

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

Year ended June 30, 2019

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		$ 6,540,164
Reimbursements from employees and others		564,366
Miscellaneous		5,369
Total operating revenues		7,109,899
Operating expenses:		
Medical claims	$ 2,892,644	
Administrative and other fees	487,376	
Central services	675,797	
Information technology	1,435,513	
Operations administration	370,194	
Human resources	475,243	
Depreciation	140,764	6,477,531
Operating income		632,368
Non-operating revenues (expenses):		
Interest income		47,990
Loss on disposal of capital assets		(2,535)
Net non-operating revenues (expenses):		45,455
Net income		677,823
Net position beginning of year		3,274,695
Net position end of year		$ 3,952,518

See notes to financial statements.

Dallas County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2019

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	$ 7,145,394
Cash paid for personal services	(3,111,675)
Cash paid to suppliers for services	(3,285,771)
Net cash provided by operating activities	747,948
Cash flows from non-capital financing activities:	
Deficit cash elimination from the General Fund	(124,286)
Cash flows from capital and related financing activities:	
Purchase of equipment	(40,860)
Cash flows from investing activities:	
Interest on investments	44,972
Net increase in cash and cash equivalents	627,774
Cash and cash equivalents beginning of year	3,933,735
Cash and cash equivalents end of year	$ 4,561,509
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 632,368
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation/amortization	140,764
Changes in assets and liabilities:	
Accounts receivable and due from other governments	(92,208)
Due from other funds	127,703
Prepaid insurance	10,012
Deferred inflows of resources	5,151
Accounts payable and due to other governments	(115,714)
Salaries and benefits payable	3,899
Compensated absences	31,276
Net pension liability	(74,453)
Deferred inflows of resources	56,292
Total OPEB liability	22,858
Net cash provided by operating activities	$ 747,948

See notes to financial statements.

Dallas County

Dallas County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets		
Cash, cash equivalents and pooled investments:		
County Treasurer	$	6,579,594
Other County officials		231,796
Receivables:		
Property tax:		
Delinquent		288,042
Succeeding year		192,138,000
Accounts		28,041
Special assessments		458,077
Due from other governments		144,948
Prepaid insurance		1,197
Total assets		199,869,695
Liabilities		
Accounts payable		464,971
Salaries and benefits payable		47,383
Due to other governments		198,689,181
Trusts payable		594,842
Compensated absences		73,318
Total liabilities		199,869,695
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.

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, 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 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.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund 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 represent 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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 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, 2019. 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.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2019 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, 2019, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Banks (FFCB)	$ 373,071	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 $850,108. 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, 2019, the County had investments in drainage warrants of $113,385.

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, 2019 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 27.9% of the County's total investments.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 942,449
	Special Revenue:	
	Rural Services	4,026,381
		4,968,830
Capital Projects	General	6,640
Total		$ 4,975,470

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 6,148,661	48,859	-	6,197,520
Intangibles, road network	1,008,506	-	(55,126)	953,380
Construction in progress	5,741,579	20,261,143	(8,100,846)	17,901,876
Total capital assets not being depreciated/amortized	12,898,746	20,310,002	(8,155,972)	25,052,776
Capital assets being depreciated/amortized:				
Buildings	34,879,372	98,030	-	34,977,402
Improvements other than buildings	1,008,554	-	-	1,008,554
Equipment and vehicles	16,146,574	1,466,533	(623,533)	16,989,574
Equipment and vehicles - internal service	1,390,705	40,860	(38,037)	1,393,528
Intangibles	1,013,088	-	-	1,013,088
Infrastructure, road network and other	63,454,917	8,100,846	-	71,555,763
Total capital assets being depreciated/amortized	117,893,210	9,706,269	(661,570)	126,937,909
Less accumulated depreciation/amortization for:				
Buildings	11,602,063	645,186	-	12,247,249
Improvements other than buildings	360,673	50,369	-	411,042
Equipment and vehicles	8,999,354	1,530,849	(569,784)	9,960,419
Equipment and vehicles - internal service	812,049	140,764	(35,502)	917,311
Intangibles	387,199	101,532	-	488,731
Infrastructure, road network and other	29,200,970	2,396,143	-	31,597,113
Total accumulated depreciation/amortization	51,362,308	4,864,843	(605,286)	55,621,865
Total capital assets being depreciated/amortized, net	66,530,902	4,841,426	(56,284)	71,316,044
Governmental activities capital assets, net	$ 79,429,648	25,151,428	(8,212,256)	96,368,820

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 1,104,943
Physical health and social services	19,598
Mental health	74,615
County environment and education	605,876
Roads and transportation	2,684,326
Governmental services to residents	50,556
Administration	324,929
Total depreciation/amortization expense - governmental activities	$ 4,864,843

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description		Amount
General	Services	$	140,020
Special Revenue:			
Mental Health	Services		2,252
Secondary Roads	Services		23,289
Total for governmental funds		$	165,561
Agency:			
Heart of Iowa Mental Health Region	Collections	$	176,893
County Assessor			2,291,093
Schools			109,507,573
Community Colleges			3,887,782
Corporations			72,028,003
City Special Assessments			578,242
Auto License and Use Tax			2,982,031
All other			7,237,564
Total for agency funds		$	198,689,181

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

		General Obligation Capital Loan Notes	Drainage District Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	$	31,910,000	147,480	1,380,178	9,522,382	1,355,406	44,315,446
Increases		-	3,824	793,867	-	380,970	1,178,661
Decreases		3,130,000	37,919	710,579	1,240,889	-	5,119,387
Balance end of year	$	28,780,000	113,385	1,463,466	8,281,493	1,736,376	40,374,720
Due within one year	$	3,325,000	113,385	530,962	-	-	3,969,347

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, 2019 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
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	2.00	525,000	32,100	2.60-3.05	-	234,072
2025-2029	2.00	1,080,000	32,500	2.60-3.05	-	1,170,362
2030-2034		-	-	2.60-2.80	3,710,000	1,085,013
2035-2037		-	-	2.90-3.05	4,470,000	271,758
Total		$ 3,960,000	300,600		$ 8,180,000	3,697,495

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
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	1.75	155,000	16,228		-	-
2025-2029	1.90-2.30	635,000	35,195		-	-
2030-2034		-	-		-	-
2035-2037		-	-		-	-
Total		$ 1,330,000	158,033		$ 1,400,000	42,000

Year Ending June 30,	Law Enforcement Center Capital Loan Notes, Series 2018A Issued June 21, 2018 Interest Rates	Principal	Interest	Total Principal	Interest	Total
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	3.00	1,070,000	300,215	1,750,000	582,615	2,332,615
2025-2029	3.00	5,850,000	1,000,075	7,565,000	2,238,132	9,803,132
2030-2034	3.00-3.20	3,015,000	160,580	6,725,000	1,245,593	7,970,593
2035-2037		-	-	4,470,000	271,758	4,741,758
Total		$ 13,910,000	2,964,280	$ 28,780,000	7,162,408	35,942,408

During the year ended June 30, 2019, the County retired $3,130,000 of general obligation capital loan notes.

(7) Pension Plan

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 totaled $1,364,054.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of $8,281,493 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the County's proportion was 0.130866%, which was decrease of 0.012086% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $1,412,830. At June 30, 2019, 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	$ 84,171	271,594
Changes of assumptions	1,649,752	376,918
Net difference between projected and actual earnings on IPERS' investments	-	354,426
Changes in proportion and differences between County contributions and its proportionate share of contributions	186,462	157,573
County contributions subsequent to the measurement date	1,364,054	-
Total	$ 3,284,439	1,160,511

$1,364,054 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, 2020. 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
2020	$ 746,797
2021	359,395
2022	(190,383)
2023	(115,533)
2024	(40,402)
Total	$ 759,874

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 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, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
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	$ 16,636,188	8,281,493	1,275,530

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, 2019.

(8) 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Active employees	338
Total	351

Total OPEB Liability – The County's total OPEB liability of $1,736,376 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 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, 2019)	3.25% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.51% 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-2018 total dataset mortality table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 1,355,406
Changes for the year:	
Service cost	94,371
Interest	54,182
Differences between expected and actual experiences	312,808
Changes in assumptions	20,065
Benefit payments	(100,456)
Net changes	380,970
Total OPEB liability end of year	$ 1,736,376

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

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 (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	$ 1,865,632	1,736,376	1,615,427

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 (7.00%, decreasing to an ultimate rate of 3.50%) or 1% higher (9.00%, decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	$ 1,553,470	1,736,376	1,953,635

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of $215,806. At June 30, 2019, 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	$ 372,946	(87,342)
Changes in assumptions	20,347	(20,093)
Total	$ 393,293	(107,435)

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

Year ending June 30,	Amount
2020	$ 67,253
2021	67,253
2022	67,253
2023	28,621
2024	55,478
	$ 285,858

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2019 were $359,323

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, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(10) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2019 was $2,705,542.

Amounts payable from the Employee Group Health Fund at June 30, 2019 total $641,993, 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 $3,333,182 at June 30, 2019 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	$ 547,544
Incurred claims (including claims incurred but not reported at June 30, 2019)	2,892,744
Payments on claims during the fiscal year	(2,798,395)
Unpaid claims end of year	$ 641,893

(11) 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 $1,590,234 were made from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2019. The cumulative amount paid to the City at June 30, 2019 was $7,860,679.

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 2019, 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, 2019 was $4,267,875.

(12) 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, 2019 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dallas Center	Urban renewal and economic development projects	$ 1,781
	Other tax abatement projects	7,762
City of De Soto	Urban renewal and economic development projects	8,074
City of Perry	Urban renewal and economic development projects	10,879
	Other tax abatement projects	212
City of Van Meter	Urban renewal and economic development projects	18,024
	Other tax abatement projects	24,278
City of Waukee	Urban renewal and economic development projects	28,802
City of West Des Moines	Urban renewal and economic development projects	192,394

(13) Pending Litigation

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

(14) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 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.

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

Heart of Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Audubon County, Dallas County, Greene County and Guthrie County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Mental Health Region for the year ended June 30, 2019, as follows:

Revenues:		
Property and other county tax		$ 2,119,128
Intergovernmental revenues:		
State tax credits	$ 126,849	
Payments from regional fiscal agent	1,191,940	
Other	69	1,318,858
Total revenues		3,437,986
Expenditures:		
Services to persons with:		
Mental illness		461,455
General administration:		
Direct administration	427,687	
Distribution to regional fiscal agent	3,236,441	3,664,128
Total expenditures		4,125,583
Excess of expenditures over revenues		(687,597)
Fund balance beginning of the year		1,135,568
Fund balance end of the year		$ 447,971

(16) Construction Commitments

The County entered into a contract for $21,066,791 for construction of a law enforcement center. As of June 30, 2019, costs of $13,734,996 have been incurred on the contract. The $7,331,795 balance on the contract will be paid as work on the project progresses.

(17) Subsequent Event

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of Dallas County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

Dallas County

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, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 28,476,475	-	28,476,475
Interest and penalty on property tax	170,178	-	170,178
Intergovernmental	9,096,838	-	9,096,838
Licenses and permits	284,222	-	284,222
Charges for service	3,237,587	-	3,237,587
Use of money and property	1,412,625	9,892	1,402,733
Miscellaneous	1,223,916	239,849	984,067
Total receipts	43,901,841	249,741	43,652,100
Disbursements:			
Public safety and legal services	12,290,427	-	12,290,427
Physical health and social services	2,107,380	-	2,107,380
Mental health	4,196,878	-	4,196,878
County environment and education	4,698,703	43,471	4,655,232
Roads and transportation	9,592,184	-	9,592,184
Governmental services to residents	2,147,301	-	2,147,301
Administration	1,973,252	-	1,973,252
Non-program	73,114	-	73,114
Debt service	4,157,320	40,072	4,117,248
Capital projects	13,232,345	-	13,232,345
Total disbursements	54,468,904	83,543	54,385,361
Excess (deficiency) of receipts over (under) disbursements	(10,567,063)	166,198	(10,733,261)
Other financing sources, net	219,974	3,824	216,150
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(10,347,089)	170,022	(10,517,111)
Balance beginning of year	47,964,868	834,792	47,130,076
Balance end of year	$ 37,617,779	1,004,814	36,612,965

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
29,091,048	29,793,737	(1,317,262)
143,250	147,639	22,539
7,123,891	7,341,243	1,755,595
210,250	245,250	38,972
2,748,325	2,971,325	266,262
486,884	811,884	590,849
2,166,735	2,334,430	(1,350,363)
41,970,383	43,645,508	6,592
12,361,712	13,887,497	1,597,070
2,380,747	2,256,118	148,738
3,031,986	4,221,472	24,594
4,826,758	5,153,586	498,354
9,296,681	10,303,781	711,597
2,153,733	2,579,316	432,015
1,986,519	2,083,809	110,557
51,850	132,350	59,236
4,040,282	4,117,449	201
21,167,427	24,928,711	11,696,366
61,297,695	69,664,089	15,278,728
(19,327,312)	(26,018,581)	15,285,320
150,000	191,850	24,300
(19,177,312)	(25,826,731)	15,309,620
40,862,846	46,876,199	253,877
21,685,534	21,049,468	15,563,497

Dallas County

Dallas County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 43,901,841	773,865	44,675,706
Expenditures	54,468,904	986,449	55,455,353
Net	(10,567,063)	(212,584)	(10,779,647)
Other financing sources, net	219,974	(174,300)	45,674
Beginning fund balances	47,964,868	(1,073,758)	46,891,110
Ending fund balances	$ 37,617,779	(1,460,642)	36,157,137

See accompanying independent auditor's report.

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $8,366,394. 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, 2019, disbursements did not exceed the amount budgeted.

Dallas County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.130866%	0.142952%	0.141174%	0.128206%	0.119569%
County's proportionate share of the net pension liability	$ 8,281	9,522	8,885	6,334	4,742
County's covered payroll	$ 13,607	13,369	12,784	11,788	11,318
County's proportionate share of the net pension liability as a percentage of its covered payroll	60.86%	71.22%	69.50%	53.73%	41.90%
IPERS' net position as a percentage of the total pension liability	83.62%	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

		2019	2018	2017	2016
Statutorily required contribution	$	1,364	1,236	1,216	1,152
Contributions in relation to the statutorily required contribution		(1,364)	(1,236)	(1,216)	(1,152)
Contribution deficiency (excess)	$	-	-	-	-
County's covered payroll	$	14,219	13,607	13,369	12,784
Contributions as a percentage of covered payroll		9.59%	9.08%	9.10%	9.01%

See accompanying independent auditor's report.

	2015	2014	2013	2012	2011	2010
	1,081	1,041	973	933	802	731
	(1,081)	(1,041)	(973)	(933)	(802)	(731)
	-	-	-	-	-	-
	11,788	11,318	10,776	10,951	10,630	10,376
	9.17%	9.20%	9.03%	8.52%	7.54%	7.05%

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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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 Three Years
Required Supplementary Information

	2019	2018	2017
Service cost	$ 94,371	102,364	42,557
Interest cost	54,182	54,099	34,944
Difference between expected and actual experiences	312,808	(131,012)	224,545
Changes in assumptions	20,065	(30,141)	7,253
Benefit payments	(100,456)	(113,339)	(64,633)
Net change in total OPEB liability	380,970	(118,029)	244,666
Total OPEB liability beginning of year	1,355,406	1,473,435	1,228,769
Total OPEB liability end of year	$ 1,736,376	1,355,406	1,473,435
Covered-employee payroll	$ 14,469,527	14,052,888	13,512,392
Total OPEB liability as a percentage of covered-employee payroll	12.00%	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, 2019: 3.51%
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, 2019

	Special				
	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ 1,328,180	114,886	24,397	24,162	3,379
Conservation Foundation	-	-	-	-	-
Receivables:					
Accrued interest	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	424	568	205	-
Prepaid items	-	-	-	-	-
Total assets	$ 1,328,180	115,310	24,965	24,367	3,379
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ -	1,814	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Other	-	-	-	53	-
Fund balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted for:					
Drainage district purposes	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Forfeitures	-	113,496	24,965	24,314	-
Wetland bank maintenance	1,328,180	-	-	-	-
Other purposes	-	-	-	-	3,379
Total fund balances	1,328,180	113,496	24,965	24,314	3,379
Total liabilities, deferred inflows of resources and fund balances	$ 1,328,180	115,310	24,965	24,367	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
19,484	137	139,931	1,079,059	81,551	-	2,815,166
-	-	-	-	-	923,263	923,263
-	-	-	2,719	-	-	2,719
-	-	-	-	140,776	-	140,776
-	-	-	-	-	-	1,197
1,277	-	-	-	-	-	1,277
20,761	137	139,931	1,081,778	222,327	923,263	3,884,398
-	-	-	-	-	-	1,814
-	-	-	-	140,776	-	140,829
1,277	-	-	-	-	-	1,277
-	-	-	-	81,551	-	81,551
-	-	-	1,081,778	-	-	1,081,778
-	-	-	-	-	-	162,775
-	-	-	-	-	-	1,328,180
19,484	137	139,931	-	-	923,263	1,086,194
20,761	137	139,931	1,081,778	81,551	923,263	3,741,755
20,761	137	139,931	1,081,778	222,327	923,263	3,884,398

Dallas County

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

Year ended June 30, 2019

	Special				
	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Revenues:					
Intergovernmental	$ 174,300	-	-	-	-
Charges for service	-	-	-	-	-
Use of money and property	8,114	-	-	-	-
Miscellaneous	-	654	568	239	-
Total revenues	182,414	654	568	239	-
Expenditures:					
Operating:					
Public safety and legal services	-	22,021	-	-	-
County environment and education	2,168	-	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	2,168	22,021	-	-	-
Excess (deficiency) of revenues over (under) expenditures	180,246	(21,367)	568	239	-
Other financing sources:					
Drainage warrants issued	-	-	-	-	-
Change in fund balances	180,246	(21,367)	568	239	-
Fund balances beginning of year	1,147,934	134,863	24,397	24,075	3,379
Fund balances end of year	$ 1,328,180	113,496	24,965	24,314	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
-	-	19,152	-	-	-	193,452
19,417	-	-	-	-	-	19,417
1	-	1,069	28,740	-	9,892	47,816
-	-	-	-	45,329	194,520	241,310
19,418	-	20,221	28,740	45,329	204,412	501,995
-	-	-	-	-	-	22,021
-	-	-	-	2,346	41,125	45,639
379	-	-	-	-	-	379
-	-	-	-	40,072	-	40,072
379	-	-	-	42,418	41,125	108,111
19,039	-	20,221	28,740	2,911	163,287	393,884
-	-	-	-	3,824	-	3,824
19,039	-	20,221	28,740	6,735	163,287	397,708
1,722	137	119,710	1,053,038	74,816	759,976	3,344,047
20,761	137	139,931	1,081,778	81,551	923,263	3,741,755

Dallas County

Dallas County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2019

	Professional Services	Employee Group Health	Total
Assets			
Cash and pooled investments	$ 599,005	3,962,504	4,561,509
Accounts receivable	575	9,553	10,128
Accrued interest receivable	-	3,018	3,018
Prepaid expenditures	206,688	-	206,688
Due from other governments	92,295	-	92,295
Capital assets, net of accumulated depreciation	476,217	-	476,217
Total assets	1,374,780	3,975,075	5,349,855
Deferred Outflows of Resources			
OPEB related deferred outflows	23,597	-	23,597
Pension related deferred outflows	197,065	-	197,065
Total deferred outflows of resources	220,662	-	220,662
Liabilities			
Accounts payable	91,169	641,893	733,062
Salaries and benefits payable	64,046	-	64,046
Due to other governments	5,234	-	5,234
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	43,694	-	43,694
Portion due or payable after one year:			
Compensated absences	94,816	-	94,816
Net pension liability	496,890	-	496,890
Total OPEB liability	104,182	-	104,182
Total liabilities	900,031	641,893	1,541,924
Deferred Inflows of Resources			
Unavailable revenues:			
OPEB related deferred inflows	6,446	-	6,446
Pension related deferred inflows	69,629	-	69,629
Total deferred outflows of resources	76,075	-	76,075
Net Position			
Net investment in capital assets	476,217	-	476,217
Unrestricted	143,119	3,333,182	3,476,301
Total net position	$ 619,336	3,333,182	3,952,518

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, 2019

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	$ 3,834,622	2,705,542	6,540,164
Reimbursements from employees and others	-	564,366	564,366
Miscellaneous	5,369	-	5,369
Total operating revenues	3,839,991	3,269,908	7,109,899
Operating expenses:			
Medical claims	-	2,892,644	2,892,644
Administrative and other fees	-	487,376	487,376
Central services	675,797	-	675,797
Information technology	1,435,513	-	1,435,513
Operations administration	370,194	-	370,194
Human resources	475,243	-	475,243
Depreciation	140,764	-	140,764
Total operating expenses	3,097,511	3,380,020	6,477,531
Operating income (loss)	742,480	(110,112)	632,368
Non-operating revenues (expenses):			
Interest income	-	47,990	47,990
Loss on disposal of capital assets	(2,535)	-	(2,535)
Net non-operating revenues (expenses):	(2,535)	47,990	45,455
Net income	739,945	(62,122)	677,823
Net position beginning of year	(120,609)	3,395,304	3,274,695
Net position end of year	$ 619,336	3,333,182	3,952,518

See accompanying independent auditor's report.

Dallas County

Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2019

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	$ 3,875,826	3,269,568	7,145,394
Cash paid for personal services	(3,111,675)	-	(3,111,675)
Cash paid to suppliers for services	-	(3,285,771)	(3,285,771)
Net cash provided (used) by operating activities	764,151	(16,203)	747,948
Cash flows from non-capital financing activities:			
Deficit cash elimination from the General Fund	(124,286)	-	(124,286)
Cash flows from capital and related financing activities:			
Purchase of equipment	(40,860)	-	(40,860)
Cash flows from investing activities:			
Interest on investments	-	44,972	44,972
Increase in cash and cash equivalents	599,005	28,769	627,774
Cash and cash equivalents beginning of year	-	3,933,735	3,933,735
Cash and cash equivalents end of year	$ 599,005	3,962,504	4,561,509
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 742,480	(110,112)	632,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	140,764	-	140,764
Changes in assets and liabilities:			
Accounts receivable and due from other governments	(91,868)	(340)	(92,208)
Due from other funds	127,703	-	127,703
Prepaid insurance	10,012	-	10,012
Deferred outflows of resources	5,151	-	5,151
Accounts payable and due to other governments	(209,963)	94,249	(115,714)
Salaries and benefits payable	3,899	-	3,899
Compensated absences	31,276	-	31,276
Net pension liability	(74,453)	-	(74,453)
Deferred inflows of resources	56,292		56,292
Total OPEB liability	22,858	-	22,858
Net cash provided (used) by operating activities	$ 764,151	(16,203)	747,948

See accompanying independent auditor's report.

Dallas County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	504,648	1,382	763,684	379,953
Other County officials	231,796	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	362	1,597	107,620
Succeeding year	-	-	374,000	1,651,000	109,020,000
Accounts	9,227	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	866	-
Total assets	$ 241,023	504,648	375,744	2,417,147	109,507,573
Liabilities					
Accounts payable	$ -	327,755	-	12,195	-
Salaries and benefits payable	-	-	-	42,969	-
Due to other governments	185,313	176,893	375,744	2,291,093	109,507,573
Trusts payable	55,710	-	-	-	-
Compensated absences				70,890	
Total liabilities	$ 241,023	504,648	375,744	2,417,147	109,507,573

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
14,040	206,307	2,822	38,265	2,982,031	1,686,462	6,579,594
-	-	-	-	-	-	231,796
3,742	88,696	26	81,900	-	4,099	288,042
3,870,000	71,733,000	568,000	-	-	4,922,000	192,138,000
-	-	-	-	-	18,814	28,041
-	-	-	458,077	-	-	458,077
-	-	-	-	-	144,948	144,948
-	-	-	-	-	331	1,197
3,887,782	72,028,003	570,848	578,242	2,982,031	6,776,654	199,869,695
-	-	-	-	-	125,021	464,971
-	-	-	-	-	4,414	47,383
3,887,782	72,028,003	570,848	578,242	2,982,031	6,105,659	198,689,181
-	-	-	-	-	539,132	594,842
					2,428	73,318
3,887,782	72,028,003	570,848	578,242	2,982,031	6,776,654	199,869,695

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	$ 236,241	1,161,537	366,125	2,160,619	99,693,257
Additions:					
Property and other county tax		-	375,232	1,654,866	109,214,327
911 surcharge	-	-	-	-	-
State tax credits	-	-	21,897	80,157	5,917,913
Drivers license fees	-	-	-	-	-
Office fees and collections	3,091,772	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	3,209,521	-	-	-	-
Miscellaneous	1	3,235,521	-	25	3,495
Total additions	6,301,294	3,235,521	397,129	1,735,048	115,135,735
Deductions:					
Agency remittances:					
To other funds	1,241,391	-	-	-	-
To other governments	1,838,142	3,892,410	387,510	1,478,520	105,321,419
Trusts paid out	3,216,979	-	-	-	-
Total deductions	6,296,512	3,892,410	387,510	1,478,520	105,321,419
Balances end of year	$ 241,023	504,648	375,744	2,417,147	109,507,573

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
3,687,816	70,809,253	533,979	913,846	3,002,708	7,285,873	189,851,254
3,881,425	71,310,306	582,636	-	-	4,979,431	191,998,223
-	-	-	-	-	410,624	410,624
220,520	4,053,993	21,220	-	-	306,997	10,622,697
-	-	-	-	443,795	-	443,795
-	-	-	-	-	-	3,091,772
-	-	-	-	35,763,708	-	35,763,708
-	-	-	95,452	-	-	95,452
-	-	-	-	-	1,414,029	4,623,550
119	2,979	-	-	-	294,184	3,536,324
4,102,064	75,367,278	603,856	95,452	36,207,503	7,405,265	250,586,145
-	-	-	-	1,261,367	-	2,502,758
3,902,098	74,148,528	566,987	431,056	34,966,813	5,817,982	232,751,465
-	-	-	-	-	2,096,502	5,313,481
3,902,098	74,148,528	566,987	431,056	36,228,180	7,914,484	240,567,704
3,887,782	72,028,003	570,848	578,242	2,982,031	6,776,654	199,869,695

Dallas County

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

For the Last Ten Years

	2019	2018	2017	2016
Revenues:				
Property and other county tax	$ 29,147,687	23,751,147	22,307,584	20,557,779
Interest and penalty on property tax	165,469	151,495	138,110	147,056
Tax increment financing	-	24,418	102,700	97,087
Intergovernmental	9,486,853	8,083,102	9,677,530	9,646,964
Licenses and permits	285,211	237,429	216,902	195,827
Charges for service	3,254,768	3,254,403	3,578,091	3,246,569
Use of money and property	1,411,277	803,919	386,429	301,534
Miscellaneous	924,441	1,486,038	855,121	836,507
Total	$ 44,675,706	37,791,951	37,262,467	35,029,323
Expenditures:				
Operating:				
Public safety and legal services	$ 12,626,438	11,984,812	10,369,948	9,801,775
Physical health and social services	2,110,989	2,662,329	3,332,045	3,183,651
Mental health	4,201,629	2,762,717	2,992,986	2,596,836
County environment and education	4,757,905	4,567,353	3,839,669	3,824,009
Roads and transportation	9,692,022	7,361,528	6,953,472	6,672,732
Governmental services to residents	2,125,484	2,245,448	2,143,512	1,984,473
Administration	1,979,347	1,792,648	1,596,818	1,670,842
Non-program	45,866	193,051	3,340	14,298
Debt service	4,157,321	2,999,604	2,571,032	2,110,476
Capital projects	13,758,352	7,266,688	2,942,981	9,371,884
Total	$ 55,455,353	43,836,178	36,745,803	41,230,976

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
19,297,992	18,774,955	19,141,260	18,439,134	19,118,842	19,030,273
146,484	152,944	152,413	201,385	199,956	239,000
100,956	98,441	109,529	128,211	115,087	113,173
10,884,066	9,555,277	8,483,422	10,356,247	8,966,703	11,527,229
177,553	171,694	142,434	124,719	108,069	111,223
2,894,320	2,688,187	2,895,612	2,537,582	2,414,405	2,341,986
315,240	318,975	299,663	625,957	521,825	516,572
652,133	691,317	647,448	679,094	513,084	1,389,911
34,468,744	32,451,790	31,871,781	33,092,329	31,957,971	35,269,367
9,420,387	8,362,939	7,635,590	7,535,107	7,642,460	6,992,046
3,014,152	2,889,683	2,872,561	2,791,212	2,879,816	2,803,326
3,294,070	2,373,144	2,490,442	4,803,000	4,535,343	4,182,996
3,514,414	3,038,226	2,837,183	3,179,353	3,079,502	3,126,025
6,490,035	7,738,509	7,615,842	6,867,019	6,381,300	6,030,594
2,298,557	1,842,953	1,749,461	1,748,738	1,614,275	1,516,940
1,863,375	1,551,918	1,512,103	1,671,751	1,582,888	1,531,994
11,249	17,363	111,511	45,728	92,612	149,498
1,887,573	1,815,875	1,748,125	1,701,369	1,659,657	1,624,943
3,076,076	396,233	2,402,316	1,880,891	1,424,486	1,942,638
34,869,888	30,026,843	30,975,134	32,224,168	30,892,339	29,901,000

Dallas County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY19	$ 2,184
Indirect:			
US Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY19	25,892
Iowa Department of Public Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5888NU51	1,494
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5889NU51	3,497
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5889NU14	12,267
			43,150
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Recreation Trail Program	20.219	NRT-C025(95)--9G-25	9,791
Recreation Trail Program	20.219	NRT-C025(103)--9G-25	3,640
Recreation Trail Program	20.219	NRT-C025(111)--9G-25	37,447
			50,878
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	18-405d-M60T, Task 11-00-00	11,097
State and Community Highway Safety	20.600	19-405d-M60T, Task 11-00-00	12,432
			23,529
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5888BT09	131,824
Immunization Cooperative Agreements	93.268	5889I423	10,690
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	5889SIM10	278,527
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	FY19	105
Foster Care Title IV-E	93.658	FY19	9,168
Adoption Assistance	93.659	FY19	3,107
Social Services Block Grant	93.667	FY19	7,678
Children's Health Insurance Program	93.767	FY19	180
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY19	6,556
Medicaid Cluster:			
Medical Assistance Program	93.778	FY19	41,838
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4386 DRIA	149,885
Emergency Management Performance Grants	97.042	EMPG-19-PT-25	34,437
Homeland Security Grant Program	97.067	HSGP17	348
Total Indirect:			791,900
Total			$ 794,084

See accompanying independent auditor's report.

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Dallas County under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dallas County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Dallas County.

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

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

See accompanying independent auditor's report.

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

To the Officials of Dallas County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 1, 2020.

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 Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-19 through II-E-19 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items II-F-19 through II-H-19 to be significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 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 and Questioned Costs. 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.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 1, 2020

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

To the Officials of Dallas County:

Report on Compliance for Each Major Federal Program

We have audited Dallas County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2019. Dallas County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Dallas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

June 1, 2020

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

<u>Part I: Summary of the Independent Auditor's Results</u>:

(a) Unmodified opinions were issued on the financial statements.

(b) Material weaknesses and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.

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

(d) No material weaknesses in internal control over the major programs were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.

(g) The major programs were as follows:

- CFDA Number 20.219 – Recreation Trail Program.
- CFDA Number 93.624 – ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

(i) Dallas County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-19 Segregation of Duties – County Recorder

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 County Recorder's office may have control over the following areas for which no compensating controls exist:

		Applicable Offices
(1)	All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.	Recorder
(2)	Generally, one individual may have control over collecting, depositing, posting, maintaining receivable records and daily reconciling of receipts for which no compensating controls exist.	Recorder
(3)	Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Recorder

Cause – The County Recorder 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 Recorder'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 Recorder should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances. The County Recorder should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and the reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – We will review procedures in order to segregate duties as much as possible with current staff.

Every member of our staff has access to make accounting entries and we cannot eliminate that. Not any one person does every step in collecting, depositing, posting, maintaining receivable records or reconciling. We have layers of checks & balances in recording, indexing, proofing and reconciling daily and monthly. The employee that prepares the reconciliation is not a check signer, but does, as all of our employees do, handles cash. We will seek a review of the monthly reconciliation by an independent third party associated with the county.

Conclusion – Response accepted.

II-B-19 Segregation of Duties – County Sheriff

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 County 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 account 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 – The County Sheriff's office has reviewed the current operating procedures and has formalized a separation of duties for the commissary account going forward.

Conclusion – Response accepted.

II-C-19 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 Foundation'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 – This was addressed and responded to last year. 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.

II-D-19 Financial Reporting

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

Condition – During the audit, we identified material amounts of receivables, deferred inflows of resources and retainage payable not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

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

Recommendation – The County should establish procedures to ensure all receivables, deferred inflows of resources and retainage payable are identified and properly reported in the County's financial statements.

Response – The Operations Department has a procedure in place to review all transactions during the accrual period to ensure they are recorded correctly. We will add another layer of review to ensure we catch any errors submitted to Operations by department heads.

Conclusion – Response accepted.

II-E-19 System Conversion

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

Condition – During the audit, we identified material amounts of revenues and expenditures not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – During fiscal year 2019, the County converted to a new accounting software. After the conversion was complete, County personnel did not review activity in the new system to ensure the information from the old accounting system was properly included.

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

Recommendation – The County should establish procedures to ensure all revenues and expenditures are identified and properly reported in the County's financial statements.

Response – The County engaged Tyler Technologies to convert our account data and fund balances from our previous system to their platform. Due to a lack of communication, understanding and a substandard work product on their part, certain balances were misclassified or completely missed. The timing of the account conversion, coupled with the proximity to our fiscal year end and their project delays, cause certain balances to be missed or misclassified. We vehemently disagree with the Auditor's assertion that we did not compare the activity in the new accounting system to those in our previous system. However, we did require Tyler to return to our offices and worked with the Auditor to ensure that all balances are reflected in the Tyler system.

Conclusion – Response accepted.

II-F-19 Transfers

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

Condition – During the audit, we identified material amounts of transfers in and out reported as revenue and expenditures in the County's financial statements. Adjustments were subsequently made by the County to properly report these amounts in the financial statements.

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

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

Recommendation – The County Should establish procedures to ensure all transfers are identified and properly reported in the County's financial statements.

Response – There are conflicting rules with how the State of Iowa treats transfers for County reports and for DOT reports. Prior to FY19, Dallas County contributed money to the Secondary Roads Department, New Equipment Fund as a claim which satisfied the County report rules but caused problem on the DOT report. In FY19, we switched the contribution from a claim to a transfer from the County to the New Equipment Fund which ultimately caused problems on the County report. We have eliminated the New Equipment Fund and are now allowing the engineer to purchase new equipment out of the Secondary Roads fund which should help both the County report as well as the DOT report. The Operations Department will monitor and review all transfers in and out more closely to ensure they are properly recorded.

Conclusion – Response accepted.

II-G-19 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 2019, 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 – This was addressed and responded to last year. 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 trip 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.

Conclusion – Response accepted.

II-H-19 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 – The State Auditor's office has provided the Sheriff's Office with procedures to align the bank to book reconciliation on the commissary account. The Sheriff's Office will begin using this procedure.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over the major federal programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 did not exceed the amount budgeted.

IV-B-19 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-19 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-19 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-19 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-19 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-19 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

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

IV-I-19 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, 2019 for the County Extension Office did not exceed the amount budgeted.

IV-J-19 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.

IV-K-19 Taxable Fringe Benefits – Certain County expenditures for clothing considered adaptable to general usage as ordinary clothing were not included in wages of employees in accordance with Internal Revenue Service (IRS) guidelines.

Recommendation – The County should properly include taxable fringe benefits in reported employee wages in accordance with IRS guidelines.

Response – The County will develop a policy to be in compliance with IRS guidelines relating to clothing purchases.

Conclusion – Response accepted.

IV-L-19 Taxable Meals – Reimbursement for meal expenses incurred on one-day travel is taxable income to the employee unless such reimbursements are deemed "occasional" per Internal Revenue Service (IRS) De Minimis Meals guidelines.

During fiscal year 2019, two transactions for meals, which required only one-day travel, were not included to the employee’s gross wages and payroll taxes were not withheld.

Recommendation – The County should develop policies for non-overnight travel and establish procedures for meal reimbursements determined to be taxable under IRS Guidelines. Meal reimbursements determined to be taxable, should be added to the employee's gross wages and payroll taxes should be withheld accordingly.

Response – The County will develop a policy which will cover fringe benefits, meals and any other expenses which are considered taxable.

Conclusion – Response accepted.

Dallas County

Staff

This audit was performed by:

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