



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 27, 2007

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Auditor of State David A. Vaudt today released an audit report on Dickinson County, Iowa.

The County had local tax revenue of \$35,711,803 for the year ended June 30, 2006, which included \$722,703 in tax credits from the state. The County forwarded \$29,383,942 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,327,861 of the local tax revenue to finance County operations, an 8 percent increase over the prior year. Other revenues included charges for service of \$1,143,190, operating grants, contributions and restricted interest of \$2,643,769, capital grants, contributions and restricted interest of \$1,228,286, local option sales tax of \$965,814, hotel/motel tax of \$55,188, tax increment financing of \$171,719, unrestricted investment earnings of \$657,253 and other general revenues of \$150,593.

Expenses for County operations totaled \$10,861,410, a 15 percent increase over the prior year. Expenses included \$2,570,133 for roads and transportation, \$1,697,713 for public safety and legal services and \$1,687,486 for county environment and education.

The significant increase in expenses is primarily due to expending urban revitalization bond proceeds, purchasing election equipment with Help America Vote Act (HAVA) grant funds, increased utilities costs for the new courthouse and jail facility and the purchase of new software.

A copy of the report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

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Dickinson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Northey	Board of Supervisors	Jan 2007
Mardi Allen	Board of Supervisors	Jan 2007
Paul Johnson	Board of Supervisors	Jan 2007
David Gottsche	Board of Supervisors	Jan 2009
Pam Jordan	Board of Supervisors	Jan 2009
Nancy Reiman	County Auditor	Jan 2009
Linda Voss	County Treasurer	Jan 2007
Janice Bortscheller	County Recorder	Jan 2007
Gregory Baloun	County Sheriff	Jan 2009
Rosalise Olson	County Attorney	Jan 2007
Patricia Dodds	County Assessor	Jan 2010

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Independent Auditor's Report

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dickinson County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2006 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 15 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of the supplies inventory, pertaining primarily to the Secondary Roads Fund. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 28, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities increased 13%, or approximately \$1,504,000, from fiscal 2005 to fiscal 2006. Property tax and other county taxes increased approximately \$491,000, operating grants and contributions increased approximately \$123,000 and capital grants and contributions increased approximately \$726,000.
- ◆ Program expenses of the County's governmental activities increased 15%, or approximately \$1,408,000, from fiscal 2005 to fiscal 2006. County environment and education expenses increased approximately \$675,000 and administration expenses increased approximately \$179,000.
- ◆ The County's net assets increased 16%, or approximately \$2,482,000, from June 30, 2005 to June 30, 2006.

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 Assets and a Statement of Activities. These provide information about the activities of Dickinson County as a whole and present an overall view of the County's finances.

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities 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 Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods.

The County's governmental activities are presented in the Statement of Net Assets 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, 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 is 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, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets 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 fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 16%, from approximately \$15.26 million to \$17.74 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

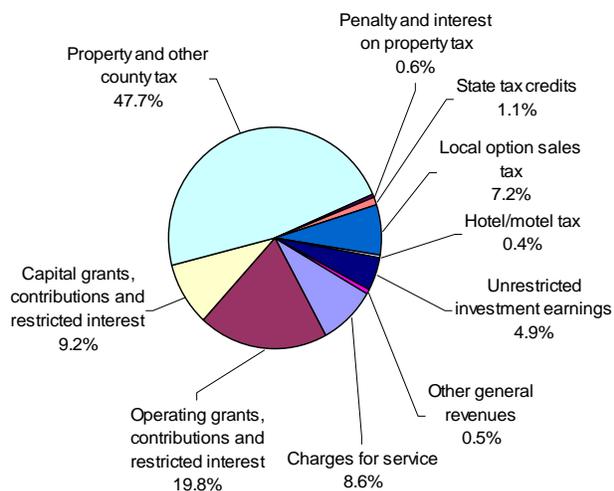
Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2006	2005
Current and other assets	\$ 21,893	26,609
Capital assets	18,698	11,548
Total assets	40,591	38,157
Long-term liabilities	14,999	14,857
Other liabilities	7,852	8,042
Total liabilities	22,851	22,899
Net assets:		
Invested in capital assets, net of related debt	8,973	6,120
Restricted	4,626	5,029
Unrestricted	4,141	4,109
Total net assets	\$ 17,740	15,258

Net assets of Dickinson County's governmental activities increased approximately \$2.5 million (\$17.74 million compared to \$15.26 million). A large portion of the County's net assets 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 assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at approximately \$4.14 million at June 30, 2006.

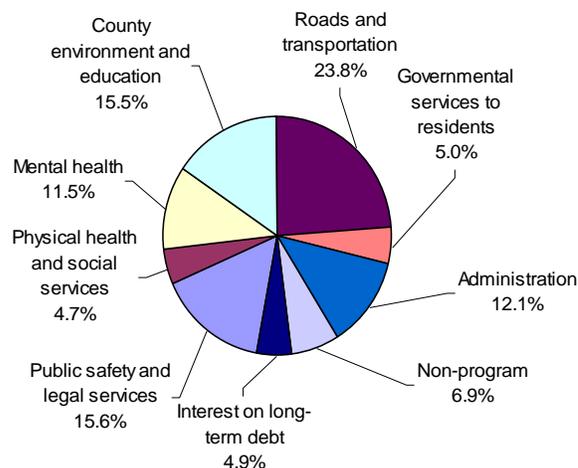
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2006	2005
Revenues:		
Program revenues:		
Charges for service	\$ 1,143	1,129
Operating grants, contributions and restricted interest	2,644	2,521
Capital grants, contributions and restricted interest	1,228	502
General revenues:		
Property and other county tax	6,350	5,859
Penalty and interest on property tax	84	63
State tax credits	149	156
Local option sales tax	966	1,058
Hotel/motel tax	55	63
Unrestricted investment earnings	657	445
Other general revenues	67	43
Total revenues	13,343	11,839
Program expenses:		
Public safety and legal services	1,698	1,624
Physical health and social services	509	395
Mental health	1,249	1,222
County environment and education	1,687	1,012
Roads and transportation	2,570	2,517
Governmental services to residents	547	419
Administration	1,316	1,137
Non-program	752	552
Interest on long-term debt	533	575
Total expenses	10,861	9,453
Increase in net assets	2,482	2,386
Net assets beginning of year	15,258	12,872
Net assets end of year	\$ 17,740	15,258

Revenues by Source



Expenses by Function



The County increased property tax rates for 2006 by an average of 5.2%. The taxable valuation increased, resulting in an increase in the County's property tax revenue of approximately \$491,000 in 2006. Based on increases in the taxable valuation and increases in levy rates in 2007, property tax, other than the \$5,550 for debt service, is budgeted to increase approximately \$137,400.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$13.59 million, a decrease of approximately \$4.16 million from last year's total of approximately \$17.74 million. The decrease in fund balance is primarily attributable to capital expenditures for the courthouse and jail project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased approximately \$673,000 and \$671,000, respectively. The ending fund balance increased approximately \$511,000 over the prior year to approximately \$3.99 million. The County transferred approximately \$1,450 more from the General Fund to other budgetary funds during the current fiscal year compared to the prior fiscal year. The revenues increased due to increased levy rates, HAVA funding received and increased fees collected by the county offices. The expenditures increased due to HAVA required voting equipment purchases, 3 to 5% salary increases for county employees, drainage assessments and a major upgrade to the County's management software system.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.24 million, an increase of approximately 2% from the prior year. The Mental Health Fund balance at year end decreased approximately \$87,000 from the prior year. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent taxes are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look to eliminating programs and services currently fully funded.
- The Rural Services Fund revenues decreased approximately \$4,000. This was primarily due to a decrease in local option sales tax revenue of approximately \$69,000 and an increase of property tax revenues of approximately \$67,000. Expenditures decreased approximately \$20,000. The County increased the amount of transfers from the Rural Services Fund to the Secondary Roads Fund approximately \$28,000. The Rural Services Fund balance increased approximately \$165,000 at June 30, 2006.
- Secondary Roads Fund expenditures decreased approximately \$1.22 million from the prior year, due principally to decreased secondary road maintenance and decreased road construction projects. Secondary Roads Fund revenues increased approximately \$370,000, which was primarily the result of deferred revenues last year on a federal bridge replacement project of approximately \$414,000 that were received during the current year. Transfers from the Rural Services Fund and General Fund increased approximately \$28,000 and \$1,000, respectively. The decrease in expenditures, along with the increase in revenues and transfers, resulted in an increase in the Secondary Roads Fund ending balance of approximately \$600,000, or 29%.
- Revenues and expenditures of the Debt Service Fund increased approximately \$62,000 and \$95,000, respectively, due to the increase in property tax revenue and expenditures to pay for the \$1,139,030 of principal and interest on the courthouse and jail facility general obligation bonds. The ending balance in the Debt Service Fund increased approximately \$7,000.

- During the year ended June 30, 2005, the County issued \$14.9 million of general obligation bonds to finance construction and equipping the courthouse and jail facility on the present courthouse site. The proceeds from the bond issue were placed in a Capital Projects Fund set up to account for this major project. During the year ended June 30, 2006, the County earned approximately \$223,000 in interest and received \$120,000 from the State of Iowa for payment of costs for furnishings in the court system in the Capital Projects Fund. The County expended approximately \$5.85 million on the courthouse and jail facility and approximately \$706,000 out of the proceeds of the sale of urban revitalization bonds, of which \$700,000 was disbursed to BV Buildings for an urban revitalization project and approximately \$6,000 was disbursed for costs and attorney fees associated with the sale of the bonds.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget once. The amendment was made on May 2, 2006 and resulted in an increase in budgeted disbursements for capital projects for re-estimated disbursements associated with the new courthouse and jail project of \$1,979,034. The County received more intergovernmental revenues than originally budgeted and earned considerably more interest on investments than originally projected.

The County's receipts were \$1,110,951 more than budgeted, a variance of 10%. The most significant variance resulted from the County receiving more interest on investments than anticipated.

Total disbursements were \$2,830,713 less than the amended budget. Actual disbursements for the capital projects, roads and transportation, county environment and education and administration functions were \$1,384,094, \$484,386, \$342,786 and \$220,623 respectively, less than budgeted. The actual disbursements for the capital projects function were less than the budgeted amount by \$1,384,094 because the new recreational trails construction was budgeted but not started until the next fiscal year and Phase Two of the construction project was behind the timetable given at budget preparation time. The actual disbursements for the roads and transportation function were less than the budgeted amount by \$484,386 because survey, GPS equipment and new radios were budgeted to be purchased but the purchases were delayed until after the move into the new courthouse, pavement markings were budgeted in one fiscal year but not completely finished until the next fiscal year when they were paid but not budgeted and new shop buildings were budgeted to be constructed, but the project was delayed due to negotiations on the real estate.

The actual disbursements for the county environment and education function was \$342,786 less than the budgeted amount because trails maintenance was continued into the next fiscal year, the fair board received some State funding so the county contribution was lowered and some of the improvements for the new nature center were not completed in the fiscal year as had been budgeted. The actual disbursements for the administration function was \$220,623 less than the budgeted amount because disbursements for items anticipated to increase with the occupancy of the new courthouse, including utility costs, insurance premiums and upgrading of computer servers, were budgeted but, due to the delay in construction, were not incurred.

Even with the amendment, the County exceeded the budgeted amount in the non-program function for the year ended June 30, 2006.

Three departments' disbursements exceeded the appropriations before amendments were made to the appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, Dickinson County had approximately \$18.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$6.9 million, or approximately 60%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2006	2005
Land	\$ 1,164	814
Buildings and improvements	780	811
Equipment and vehicles	1,883	1,940
Construction in progress	13,410	6,467
Infrastructure	1,461	1,516
Total	\$ 18,698	11,548

This year's major additions included (in thousands):

Construction in progress - courthouse and jail facility	\$ 5,443
Construction in progress - road network	1,499
Court sound system	87
Phone system	84
Communication center radio	18
Two copy machines - for engineer and treasurer's office	16
Fergusson land	350
Automobile for sheriff's department	23
Pickup for secondary road department	17
Truck for conservation department	20
4 wheeler for secondary road department	7
Equipment for secondary road department	8
Total	\$ 7,572

The County had depreciation expense of approximately \$399,000 in FY06 and total accumulated depreciation of approximately \$4,284,000 at June 30, 2006.

The County's fiscal year 2006 Capital Projects Fund budget included approximately \$6,614,000 for capital projects, principally for the construction of the courthouse and jail facility of approximately \$6,264,000 and \$350,000 for the purchase of the Fergusson property. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$14.8 million in outstanding debt at June 30, 2006, which included \$13.9 million in general obligation bonds, compared to total outstanding debt of approximately \$14.7 million at June 30, 2005.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2006	2005
Deferred payment contract	\$ 15	30
General obligation bonds	13,932	14,517
Urban revitalization bonds	790	-
Drainage warrants	59	109
Total	\$ 14,796	14,656

Total debt increased approximately \$140,000, primarily as a result of issuing \$790,000 of urban revitalization bonds and paying down \$590,000 in general obligation bonds for the Courthouse and jail facility, reducing drainage district warrants payable by approximately \$50,000 and making a payment on a deferred payment contract of \$15,000.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$111,939,847. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth has mirrored its population growth during 2000-2006, averaging per year gains of 1.6%. Unemployment in the County now stands at 4.5% versus 5.2% a year ago. This compares with the State's unemployment rate of 3.9% and the national rate of 4.6%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 5.9% for 2006 compared with the national rate of 4%. Inflation has been modest here due in part to the residential housing market and modest increases in energy prices in 2005-2006.

The County's budgetary fund balance is expected to decrease by the close of 2007 from the FY06 actual balance of \$13.5 million to approximately \$5.12 million. The 2007 budget reflects the need for prudent protection of County services, a re-evaluation of the current health plan to employees, a fair but frugal increase in employee salaries, the need for foresight in future planning of technology, land uses, roads and the unprecedented planning with the new Dickinson County Courthouse and jail facility. These goals were defined with a desire to keep the tax levy from increasing substantially for the General Fund and the Rural Services Fund, especially in light of the new debt service levy to pay interest and principal on the bonds for the Courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months, requiring additional county services such as law enforcement, planning and zoning and county attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion. These factors were considerations for the FY07 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2007	2006	
	Dollars Certified	Dollars Certified	Percentage Change
General basic levy	\$ 3,882,868	3,793,208	3.2%
Mental health levy	412,509	412,509	0
Rural services levy	1,002,889	955	5.0
Debt service levy	1,145,080	1,139,530	.5
Total	<u>\$ 6,443,346</u>	<u>5,346,202</u>	<u>2.29%</u>

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY07 and FY06 are as follows:

	2007	2006	Percentage Change
General basic levy	\$ 2.73511	3.23000	-15.3%
Mental health levy	.29057	.35126	-17.3
Rural services levy	1.67776	1.86301	-9.9
Debt service levy	.71772	.85056	-15.6
Total	<u>\$ 5.42116</u>	<u>6.29483</u>	<u>-13.9%</u>

Budgeted disbursements in the FY 2007 operating budget are approximately \$18.64 million, which is a 4.61% increase over the FY 2006 final disbursements. Total taxable valuations were raised approximately \$245.3 million. Dickinson County has not added any major programs to the FY 2007 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dickinson County

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 14,028,496
Receivables:	
Property tax:	
Delinquent	6,075
Succeeding year	6,611,000
Interest and penalty on property tax	3,949
Accounts	59,040
Accrued interest	71,341
Drainage assessments	76,417
Economic development loan	3,180
Due from other funds	5,496
Due from other governments	529,539
Inventories	497,981
Capital assets (net of accumulated depreciation)	18,698,360
Total assets	<u>40,590,874</u>
Liabilities	
Accounts payable	930,627
Accrued interest payable	136,945
Salaries and benefits payable	65,866
Due to other funds	5,496
Due to other governments	102,447
Deferred revenue:	
Succeeding year property tax	6,611,000
Long-term liabilities:	
Portion due or payable within one year:	
Deferred payment contract	15,000
General obligation bonds	610,000
Drainage warrants	58,529
Compensated absences	203,637
Portion due or payable after one year:	
General obligation bonds	13,321,528
Urban revitalization bonds	790,000
Total liabilities	<u>22,851,075</u>
Net Assets	
Invested in capital assets, net of related debt	8,972,787
Restricted for:	
Mental health purposes	378,901
Secondary roads purposes	2,616,922
Capital projects	682,016
Drainage warrants	25,823
Other purposes	922,547
Unrestricted	4,140,803
Total net assets	<u>\$ 17,739,799</u>

See notes to financial statements.

Dickinson County

Statement of Activities

Year ended June 30, 2006

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,697,713	132,978	55,225	-	(1,509,510)
Physical health and social services	509,319	30,067	143,898	-	(335,354)
Mental health	1,248,827	94,397	653,669	-	(500,761)
County environment and education	1,687,486	126,245	185,249	119,855	(1,256,137)
Roads and transportation	2,570,133	106,210	1,482,387	1,007,325	25,789
Governmental services to residents	546,553	460,653	-	-	(85,900)
Administration	1,315,987	39,639	3,341	-	(1,273,007)
Non-program	752,545	153,001	120,000	101,106	(378,438)
Interest on long-term debt	532,847	-	-	-	(532,847)
Total	\$ 10,861,410	1,143,190	2,643,769	1,228,286	(5,846,165)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,059,846
Debt service					1,118,837
Tax increment financing					171,729
Penalty and interest on property tax					83,773
State tax credits					149,178
Local option sales tax					965,814
Unrestricted investment earnings					657,253
Hotel/motel tax					55,188
Gain on disposition of capital assets					16,873
Miscellaneous					49,947
Total general revenues					8,328,438
Change in net assets					2,482,273
Net assets beginning of year					15,257,526
Net assets end of year					\$ 17,739,799

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2006

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 3,968,363	512,516	489,758	2,170,900
Conservation Foundation	-	-	-	-
Bequest held by bank	-	-	-	-
Receivables:				
Property tax:				
Delinquent	3,348	364	1,473	-
Succeeding year	3,806,000	404,000	983,000	-
Interest and penalty on property tax	3,949	-	-	-
Accounts	1,399	-	-	57,641
Accrued interest	36,022	-	-	-
Drainage assessments	-	-	-	-
Economic development loan	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	94,549	843	136,883	168,006
Inventories	-	-	-	497,981
Total assets	\$ 7,913,630	917,723	1,611,114	2,894,528
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 44,820	86,550	4,008	175,480
Salaries and benefits payable	42,749	851	344	21,922
Due to other funds	-	-	-	-
Due to other governments	6,027	43,110	-	5,007
Deferred revenue:				
Succeeding year property tax	3,806,000	404,000	983,000	-
Other	21,408	1,208	1,473	51,379
Total liabilities	3,921,004	535,719	988,825	253,788
Fund balances:				
Reserved for:				
Drainage warrants	-	-	-	-
County care facility	-	-	-	-
Conservation Foundation	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund:				
Undesignated	3,550,103	-	-	-
Designated for buildings and grounds	442,523	-	-	-
Special revenue funds	-	382,004	622,289	2,640,740
Capital projects fund:				
Designated for:				
New courthouse and jail facility	-	-	-	-
New courthouse	-	-	-	-
BV Buildings Project	-	-	-	-
County care facility	-	-	-	-
Total fund balances	3,992,626	382,004	622,289	2,640,740
Total liabilities and fund balances	\$ 7,913,630	917,723	1,611,114	2,894,528

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
68,076	5,424,447	840,003	13,474,063
-	-	55,152	55,152
-	-	74,998	74,998
890	-	-	6,075
1,126,000	-	292,000	6,611,000
-	-	-	3,949
-	-	-	59,040
-	18,368	3,549	57,939
-	-	76,417	76,417
-	-	3,180	3,180
5,496	-	-	5,496
-	120,000	9,258	529,539
-	-	-	497,981
<u>1,200,462</u>	<u>5,562,815</u>	<u>1,354,557</u>	<u>21,454,829</u>
11,689	575,936	25,755	924,238
-	-	-	65,866
-	2,302	3,194	5,496
48,303	-	-	102,447
1,126,000	-	292,000	6,611,000
891	-	83,139	159,498
<u>1,186,883</u>	<u>578,238</u>	<u>404,088</u>	<u>7,868,545</u>
-	-	4,115	4,115
-	-	74,998	74,998
-	-	55,152	55,152
13,579	-	-	13,579
-	-	-	3,550,103
-	-	-	442,523
-	-	816,204	4,461,237
-	3,995,220	-	3,995,220
-	815,147	-	815,147
-	86,133	-	86,133
-	88,077	-	88,077
<u>13,579</u>	<u>4,984,577</u>	<u>950,469</u>	<u>13,586,284</u>
<u>1,200,462</u>	<u>5,562,815</u>	<u>1,354,557</u>	<u>21,454,829</u>

Dickinson County

Dickinson County

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

June 30, 2006

Total governmental fund balances (page 21) \$ 13,586,284

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$22,982,146 and the accumulated depreciation is \$4,283,786. 18,698,360

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 159,498

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 431,296

Long-term liabilities, including the deferred payment contract, general obligation bonds, urban revitalization bonds, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (15,135,639)

Net assets of governmental activities (page 18) \$ 17,739,799

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2006

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 4,010,349	403,907	1,655,495	-
Interest and penalty on property tax	81,543	-	-	-
Intergovernmental	494,650	751,824	28,213	1,936,135
Licenses and permits	61,171	-	-	20,673
Charges for service	558,136	5,646	-	1,054
Use of money and property	398,625	-	-	11,456
Miscellaneous	65,179	-	-	66,813
Total revenues	5,669,653	1,161,377	1,683,708	2,036,131
Expenditures:				
Operating:				
Public safety and legal services	1,711,037	-	3,494	-
Physical health and social services	514,913	-	-	-
Mental health	-	1,248,013	-	-
County environment and education	581,456	-	174,476	-
Roads and transportation	-	-	-	2,313,687
Governmental services to residents	533,722	-	-	-
Administration	1,295,254	-	-	-
Non-program	71,551	-	-	-
Debt service	-	-	-	-
Capital projects	372,127	-	-	553,010
Total expenditures	5,080,060	1,248,013	177,970	2,866,697
Excess (deficiency) of revenues over (under) expenditures	589,593	(86,636)	1,505,738	(830,566)
Other financing sources (uses):				
Sale of capital assets	-	-	-	30,601
Operating transfers in	-	-	-	1,399,513
Operating transfers out	(78,718)	-	(1,340,795)	-
Urban revitalization bonds issued	-	-	-	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(78,718)	-	(1,340,795)	1,430,114
Net change in fund balances	510,875	(86,636)	164,943	599,548
Fund balances beginning of year	3,481,751	468,640	457,346	2,041,192
Fund balances end of year	\$ 3,992,626	382,004	622,289	2,640,740

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
1,117,184	-	171,729	7,358,664
-	-	-	81,543
26,406	120,000	128,422	3,485,650
-	-	-	81,844
-	-	49,831	614,667
-	224,053	19,600	653,734
-	-	233,892	365,884
<u>1,143,590</u>	<u>344,053</u>	<u>603,474</u>	<u>12,641,986</u>
-	-	-	1,714,531
-	-	-	514,913
-	-	-	1,248,013
-	-	143,895	899,827
-	-	-	2,313,687
-	-	-	533,722
-	-	17,415	1,312,669
-	-	107,310	178,861
1,308,365	-	78,717	1,387,082
-	6,554,846	55,882	7,535,865
<u>1,308,365</u>	<u>6,554,846</u>	<u>403,219</u>	<u>17,639,170</u>
(164,775)	(6,210,793)	200,255	(4,997,184)
-	-	-	30,601
171,729	-	20,000	1,591,242
-	-	(171,729)	(1,591,242)
-	790,000	-	790,000
-	-	19,601	19,601
<u>171,729</u>	<u>790,000</u>	<u>(132,128)</u>	<u>840,202</u>
6,954	(5,420,793)	68,127	(4,156,982)
6,625	10,405,370	882,342	17,743,266
<u>13,579</u>	<u>4,984,577</u>	<u>950,469</u>	<u>13,586,284</u>

Dickinson County

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

Year ended June 30, 2006

Net change in fund balances - Total governmental funds (page 25) \$ (4,156,982)

**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 expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 7,531,907	
Depreciation expense	(398,748)	7,133,159

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 16,873

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	2,424	
Other	(434,843)	(432,419)

resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds. Current year issuances and the bond issue cost amortization exceeded repayments, as follows:

Issued	(809,601)	
Bond issue cost amortization	(4,527)	
Repaid	674,573	(139,555)

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	(2,214)	
Interest on long-term debt	30,654	28,440

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 32,757

Change in net assets of governmental activities (page 19) \$ 2,482,273

See notes to financial statements.

Dickinson County
 Statement of Net Assets
 Proprietary Fund
 June 30, 2006

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	\$ 424,283
Accrued interest receivable	13,402
Total assets	<u>437,685</u>
Liabilities	
Accounts payable	<u>6,389</u>
Net Assets	
Unrestricted	<u><u>\$ 431,296</u></u>

See notes to financial statements.

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

Year ended June 30, 2006

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 85,938
Operating expenses:	
Medical claims	71,428
Operating income	<u>14,510</u>
Non-operating revenues:	
Interest income	18,247
Net income	<u>32,757</u>
Net assets beginning of year	<u>398,539</u>
Net assets end of year	<u><u>\$ 431,296</u></u>

See notes to financial statements.

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2006

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 85,938
Cash paid to suppliers for services	(76,379)
Net cash provided by operating activities	9,559
Cash flows from investing activities:	
Interest on investments	8,642
Net increase in cash and cash equivalents	18,201
Cash and cash equivalents beginning of year	406,082
Cash and cash equivalents end of year	\$ 424,283
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 14,510
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(4,951)
Net cash provided by operating activities	\$ 9,559

See notes to financial statements.

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,110,357
Other County officials	55,632
Receivables:	
Property tax:	
Delinquent	17,234
Succeeding year	28,763,000
Accounts receivable	35,639
Accrued interest	371
Special assessments	262,643
Succeeding year drainage assessments	925,873
Due from other governments	4,971
Total assets	<u>31,175,720</u>

Liabilities

Accounts payable	1,218
Salaries and benefits payable	4,653
Due to other governments	31,110,305
Trusts payable	59,544
Total liabilities	<u>31,175,720</u>

Net assets \$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2006

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Financial information of the individual drainage districts can be obtained from the Dickinson County Auditor's Office.

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets 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 Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

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

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have 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 designated to be used to fund mental health, mental retardation 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 secondary road construction and maintenance.

The Debt Service Fund is utilized to account 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.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 assets 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.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – 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 cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

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

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

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Equipment and vehicles	3 - 20

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.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in 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, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Fund are designated for future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the non-program function. Also, although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements exceeded the appropriations in three departments prior to amendment.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2006 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 insure 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.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$4,457,511 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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 receipts) 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.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	Special Revenue:	
	East Okoboji Beach	
	Sewer TIF	\$ 3,194
	Capital Projects	2,302
Total		<u>\$ 5,496</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 58,718
	Special Revenue:	
	Rural Services	1,340,795
Revolving Economic Development	General	20,000
Debt Service	Special Revenue:	
	East Okoboji Beach	
	Sewer TIF	129,561
	Silver Shore Urban	
	Renewal	42,168
Total		<u>\$ 1,591,242</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 813,806	350,000	-	1,163,806
Construction in progress, road network	658,545	1,499,010	-	2,157,555
Construction in progress	5,809,752	5,443,162	-	11,252,914
Total capital assets not being depreciated	<u>7,282,103</u>	<u>7,292,172</u>	-	<u>14,574,275</u>
Capital assets being depreciated:				
Buildings	1,524,842	-	-	1,524,842
Equipment and vehicles	5,161,997	279,336	(111,591)	5,329,742
Infrastructure, road network	1,553,287	-	-	1,553,287
Total capital assets being depreciated	<u>8,240,126</u>	<u>279,336</u>	<u>(111,591)</u>	<u>8,407,871</u>
Less accumulated depreciation for:				
Buildings	713,978	30,497	-	744,475
Equipment and vehicles	3,222,452	313,518	(88,863)	3,447,107
Infrastructure, road network	37,471	54,733	-	92,204
Total accumulated depreciation	<u>3,973,901</u>	<u>398,748</u>	<u>(88,863)</u>	<u>4,283,786</u>
Total capital assets being depreciated, net	<u>4,266,225</u>	<u>(119,412)</u>	<u>(22,728)</u>	<u>4,124,085</u>
Governmental activities capital assets, net	<u>\$ 11,548,328</u>	<u>7,172,760</u>	<u>(22,728)</u>	<u>18,698,360</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 40,312
Physical health and social services		907
County environment and education		10,886
Roads and transportation		294,876
Governmental services to residents		1,847
Administration		49,920
		<hr/>
Total depreciation expense - governmental activities		\$ 398,748
		<hr/> <hr/>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 6,027
Special Revenue:		
Mental Health	Services	43,110
Secondary Roads	Services	5,007
Debt Service	Collections	48,303
		<hr/>
Total for governmental funds		\$ 102,447
		<hr/> <hr/>
Agency:		
Agricultural Extension Education	Collections	\$ 169,800
County Assessor		369,229
Schools		14,860,983
Community Colleges		1,167,957
Corporations		8,642,483
Townships		285,964
City Special Assessments		274,709
Auto License, Use Tax and Drivers' License		381,663
All other		4,957,517
		<hr/>
Total for agency funds		\$ 31,110,305
		<hr/> <hr/>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	Deferred Payment Contract	General Obligation Bonds	Urban Revitalization Bonds	Drainage Warrants	Compen- sated Absences	Total
Balance beginning	\$ 30,000	14,517,001	-	108,501	201,423	14,856,925
Increases	-	4,527	790,000	19,601	177,744	991,872
Decreases	15,000	590,000	-	69,573	175,530	850,103
Balance end of year	\$ 15,000	13,931,528	790,000	58,529	203,637	14,998,694
Due within one year	\$ 15,000	610,000	-	58,529	203,637	887,166

Deferred Payment Contract

The County entered into a deferred payment contract to purchase real estate to provide storage and parking for the County. Details of the deferred payment contract and annual payments to maturity at June 30, 2006 are as follows:

Year ending June 30,	Interest Rate	Principal	Interest	Total
2007	6.00%	\$ 15,000	900	15,900

During the year ended June 30, 2006, principal of \$15,000 was paid on this deferred payment contract.

General Obligation Bonds Payable

A summary of the County's June 30, 2006 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2007	2.650%	\$ 610,000	534,280	1,144,280
2008	2.650	635,000	518,116	1,153,116
2009	2.650	655,000	501,288	1,156,288
2010	2.900	680,000	483,930	1,163,930
2011	3.100	705,000	464,210	1,169,210
2012-2016	3.300 to 4.000	3,850,000	1,934,276	5,784,276
2017-2021	4.000 to 4.375	4,685,000	1,100,219	5,785,219
2022-2023	4.400 to 4.500	2,190,000	147,880	2,337,880
Total		14,010,000	5,684,199	19,694,199
Less unamortized bond issuance costs		(78,472)		
Net bonds payable		\$ 13,931,528		

Urban Revitalization Bonds

During the year ended June 30, 2006, the County issued \$790,000 of urban revitalization bonded indebtedness as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2007	3.80%	\$ -	58,770	58,770
2008	3.80	30,000	39,180	69,180
2009	4.00	30,000	38,040	68,040
2010	4.15	30,000	36,840	66,840
2011	4.30	35,000	35,595	70,595
2012-2016	4.40 to 4.80	190,000	154,005	344,005
2017-2021	4.90 to 5.30	235,000	103,915	338,915
2022-2025	5.40 to 5.70	240,000	34,470	274,470
Total		\$790,000	500,815	1,290,815

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 Fund solely from drainage assessments against benefited properties.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$193,393, \$179,525 and \$173,403, respectively, equal to the required contributions for each year.

(9) Revolving Loan Fund

The Special Revenue, Revolving Economic Development Fund was established to promote economic development in Dickinson County through grants and loans. Upon receipt of loan payments from the business, the funds remain in the Revolving Economic Development Fund for subsequent loans to other businesses.

Details of the outstanding loan at June 30, 2006 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2006
Farmers Coop Elevator	July 24, 2001	\$ 15,000	3.0%	5 Years	\$ 3,180

(10) Risk Management

Dickinson County is a member in 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 with over 531 members from 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 and inland marine. 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 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 due and payable in the current 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 to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current 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 risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2006 were \$191,220.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. 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, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Public Health

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

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Dickinson County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, the County and the Board of Health agree to reimburse the Hospital up to \$70,000 per year for public health services, including reimbursement for indigent fees.

(12) Employee Group Health Fund

The Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with TPA, Ltd. The agreement with TPA, Ltd. is renewable on an annual basis. After an eligible employee with single coverage has paid \$100 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$200 of the applicable deductible amount under the contract during a calendar year, the employer will pay directly or reimburse any eligible employee for 70% (90% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any one calendar year for deductibles and co-insurance shall be \$750 with respect to single coverage and \$1,500 with respect to family coverage. After an employee has made the maximum prescribed payments, the employer will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, but subject to deductible or co-insurance provisions of the contract.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund were recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2006 was \$85,938.

The amounts payable from the Employee Health Fund at June 30, 2006 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(13) Contractual Commitments

On August 4, 2004, the County entered into a contract for construction of a Courthouse and Jail Facility on the present Courthouse site for \$11,546,000. As of June 30, 2006, thirty-seven change orders totaling \$507,834 had been added to the original contract. The balance remaining on the contract at June 30, 2006 was \$3,140,349, including retainage of \$469,131.

On October 22, 2003, the County entered into a contract for architectural fees for \$2,300,000 for the Courthouse and Jail Facility. The balance remaining on the contract at June 30, 2006 was \$1,090,174.

(14) Jointly Governed Organization

Dickinson County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2006:

Additions:

Contributions from governmental units:

Dickinson County	\$ 59,220	
City of Spirit Lake	19,600	
City of Okoboji	16,100	
City of Arnolds Park	11,200	
City of Milford	10,360	
City of West Okoboji	9,100	
City of Wahpeton	5,320	
City of Orleans	4,409	
City of Lake Park	2,940	
City of Superior	935	
City of Terril	668	\$ 139,852
Interest on investments		5,489
Total additions		<u>145,341</u>

Deductions:

Land purchases	102,000	
HAPI	45,000	
Iowa Department of Natural Resources	38,000	
Dickinson County Soil & Water Conservation District	30,696	
Friends of Lakeside Lab	15,334	
Department of Interior - US Geological Survey	8,600	
Dickinson County Conservation Board	7,325	
Water monitoring	1,854	
Silver Lake Park Improvement Association	1,249	
Iowa Municipalities Workers' Compensation Association	588	250,646
Net		<u>(105,305)</u>
Balance beginning of year		186,646
Balance end of year		<u><u>\$ 81,341</u></u>

(15) Development Agreements and Establishment of Urban Renewal Areas

The County entered into development agreements to assist in urban renewal projects and established urban renewal areas as follows:

East Okoboji Beach Urban Renewal Area – In November 1997, the County determined construction of a sanitary sewer line was necessary to eliminate unsanitary and unsafe conditions which limit the use of land. The County designated the Plat of East Okoboji Beach as an urban renewal area, which permitted the County to reimburse the Iowa Great Lakes Sanitary District (IGLSD) for a portion of the costs associated with the construction of the line, thereby preserving and enhancing the continued development of the County. The County determined tax increment financing would be used to reimburse IGLSD for the costs associated with construction of the sanitary sewer line. The County agreed to rebate 100% of the incremental tax paid to IGLSD. The County began reimbursing the incremental tax received by the County under Chapter 403.19 of the Code to IGLSD during the year ended June 30, 1999. It was anticipated future County indebtedness for project-related activities within the area relating to reimbursement of costs to IGLSD in connection with the installation of sanitary sewer lines would not exceed \$994,050. During the year ended June 30, 2006, \$129,561 was reimbursed to IGLSD. The cumulative amount reimbursed to IGLSD at June 30, 2006 was \$626,560. The original East Okoboji Beach Urban Renewal Plan was amended on February 10, 2004 to extend the time frame of the plan for 18 years to December 31, 2022.

Silver Shores Urban Renewal Area – In January 2002, the County entered into a private development agreement with the City of Lake Park and Silver Lake Development, LLC. The County agreed to rebate 66.4% of the incremental tax paid by the developer in exchange for the development of a new 157-acre development abutting Silver Lake in the City of Lake Park. The project includes single-family residential lots, multi-family housing which will be available for low-and-moderate-income (LMI) families, commercial development on lots abutting roadways and parks and green space areas. The County started rebating the incremental tax to be received under Chapter 403.19 of the Code of Iowa from the developer during the year ended June 30, 2005. The total to be paid by the County under this agreement is not to exceed \$400,000. In accordance with the agreement, 33.6% of the incremental tax paid by the developer is required to provide assistance for LMI housing either by ensuring at least 33.6% of the units constructed in the area are occupied by families whose income are at or below 80% of the median County income or by setting aside 33.6% of the project costs for LMI housing activities elsewhere in the County. During the last two fiscal years, the County has disbursed 100% of the funds to the developer and has not retained the 33.6% in a Special Revenue Fund. The County has made provisions to recoup and retain during the next fiscal year the 33.6% of the funds collected and deposit them in a Special Revenue Fund. During the year ended June 2006, \$42,168 was rebated to the developer and the cumulative amount rebated at June 30, 2006 was \$59,199.

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The proposed project involves two primary components, which are the extension of the City's sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. The developer's project involves the establishment of a 33-acre lakeshore residential

subdivision. Under the proposal, the first \$650,000 generated through tax increment financing would be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district would be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental tax shall be limited to twenty (20) years.

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

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford for the purpose of establishing an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County's primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000.

Shore Acres Urban Renewal District– In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and the service road within the subdivision. The County is going to use tax increment financing to support this development, which has an estimated cost of \$150,000. Under this plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families.

(16) Deficit Fund Balance

The Special Revenue, Trails Maintenance Fund had a deficit balance of \$13,237 at June 30, 2006. The deficit was eliminated by a transfer from the Special Revenue, Dickinson County Trails Fund on July 1, 2006.

Required Supplementary Information

Dickinson County

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

Required Supplementary Information

Year ended June 30, 2006

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,356,108	-	7,356,108
Interest and penalty on property tax	81,987	-	81,987
Intergovernmental	3,294,484	-	3,294,484
Licenses and permits	81,910	-	81,910
Charges for service	614,674	-	614,674
Use of money and property	641,462	-	641,462
Miscellaneous	339,683	204,988	134,695
Total receipts	<u>12,410,308</u>	<u>204,988</u>	<u>12,205,320</u>
Disbursements:			
Public safety and legal services	1,708,601	-	1,708,601
Physical health and social services	448,540	-	448,540
Mental health	1,257,907	-	1,257,907
County environment and education	919,871	23,538	896,333
Roads and transportation	2,144,714	-	2,144,714
Governmental services to residents	540,719	-	540,719
Administration	1,299,190	-	1,299,190
Non-program	156,171	85,246	70,925
Debt service	1,329,412	78,716	1,250,696
Capital projects	8,202,128	-	8,202,128
Total disbursements	<u>18,007,253</u>	<u>187,500</u>	<u>17,819,753</u>
Excess (deficiency) of receipts over (under) disbursements	(5,596,945)	17,488	(5,614,433)
Other financing sources, net	824,102	19,601	804,501
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(4,772,843)	37,089	(4,809,932)
Balance beginning of year	<u>18,377,056</u>	<u>53,119</u>	<u>18,323,937</u>
Balance end of year	<u>\$ 13,604,213</u>	<u>90,208</u>	<u>13,514,005</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
7,272,269	7,272,269	83,839
42,500	42,500	39,487
2,956,134	2,956,134	338,350
55,400	55,400	26,510
504,554	504,554	110,120
118,675	118,675	522,787
144,837	144,837	(10,142)
<u>11,094,369</u>	<u>11,094,369</u>	<u>1,110,951</u>
1,798,865	1,798,865	90,264
520,052	520,052	71,512
1,386,160	1,386,160	128,253
1,239,119	1,239,119	342,786
2,629,100	2,629,100	484,386
612,735	612,735	72,016
1,519,813	1,519,813	220,623
52,700	52,700	(18,225)
1,305,700	1,305,700	55,004
7,607,188	9,586,222	1,384,094
<u>18,671,432</u>	<u>20,650,466</u>	<u>2,830,713</u>
(7,577,063)	(9,556,097)	3,941,664
-	790,000	14,501
(7,577,063)	(8,766,097)	3,956,165
<u>14,754,738</u>	<u>32,934,589</u>	<u>(14,610,652)</u>
<u>7,177,675</u>	<u>24,168,492</u>	<u>(10,654,487)</u>

Dickinson County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 12,410,308	231,678	12,641,986
Expenditures	18,007,253	(368,083)	17,639,170
Net	(5,596,945)	599,761	(4,997,184)
Other financing sources, net	824,102	16,100	840,202
Beginning fund balances	18,377,056	(633,790)	17,743,266
Ending fund balances	\$ 13,604,213	(17,929)	13,586,284

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2006

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, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 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, one budget amendment increased budgeted disbursements by \$1,979,034. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2006, disbursements exceeded the amount budgeted in the non-program function. Also, although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements exceeded the appropriations in three departments prior to amendment.

Dickinson County

Other Supplementary Information

Dickinson County
Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2006

	County Recorder's Records Management	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Confiscated Property Fees	Waste Manage- ment Reduction	Moore Lake Fire Low & Moderate Watershed Study	East Okoboji Beach Sewer TIF	Silver Shore Urban Renewal	Supplemental Environ- mental Project	
Assets										
Cash and pooled investments:										
County Treasurer	\$ 78,837	97,875	6,125	7,500	31,243	5,000	37,998	3,194	-	884
Conservation Foundation	-	-	-	-	-	-	-	-	-	-
Bequest held by bank	-	-	-	-	-	-	-	-	-	-
Receivables:										
Succeeding year property tax	-	-	-	-	-	-	-	141,000	54,000	-
Accrued interest	145	-	5	-	-	-	-	-	-	-
Drainage assessments	-	-	-	-	-	-	-	-	-	-
Economic development loan	-	3,180	-	-	-	-	-	-	-	-
Due from other governments	-	-	5,716	-	-	-	-	-	-	-
Total assets	\$ 78,982	101,055	11,846	7,500	31,243	5,000	37,998	144,194	54,000	884
Liabilities and Fund Equity										
Liabilities:										
Accounts payable	\$ -	-	-	-	6,357	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	3,194	-	-
Deferred revenue:										
Succeeding year property tax	-	-	-	-	-	-	-	141,000	54,000	-
Other	-	3,180	-	-	-	-	-	-	-	-
Total liabilities	-	3,180	-	-	6,357	-	-	144,194	54,000	-
Fund equity:										
Fund balances:										
Reserved for:										
Drainage warrants	-	-	-	-	-	-	-	-	-	-
County care facility	-	-	-	-	-	-	-	-	-	-
Conservation Foundation	-	-	-	-	-	-	-	-	-	-
Unreserved	78,982	97,875	11,846	7,500	24,886	5,000	37,998	-	-	884
Total fund equity	78,982	97,875	11,846	7,500	24,886	5,000	37,998	-	-	884
Total liabilities and fund equity	\$ 78,982	101,055	11,846	7,500	31,243	5,000	37,998	144,194	54,000	884

See accompanying independent auditor's report.

Schedule 1

Conservation Foundation	Conservation Land Acquisition	Recorder's Electronic Transfer Fees	Ray D. Smith Trust	Courthouse Memorial	Drainage Districts	KUOO Telethon Trust	Dickinson County Trails	Trails Maintenance	Dickinson County/ Spirit Lake Urban Renewal	Shore Acres Urban Renewal	West Sioux Estates Urban Renewal	West Bay Estates Urban Renewal	Total
-	31,579	1,496	-	553	35,056	7,412	495,251	-	-	-	-	-	840,003
55,152	-	-	-	-	-	-	-	-	-	-	-	-	55,152
-	-	-	74,998	-	-	-	-	-	-	-	-	-	74,998
-	-	-	-	-	-	-	-	-	1,000	64,000	17,000	15,000	292,000
-	171	-	-	-	-	2	3,226	-	-	-	-	-	3,549
-	-	-	-	-	76,417	-	-	-	-	-	-	-	76,417
-	-	-	-	-	-	-	-	-	-	-	-	-	3,180
-	-	-	-	-	-	-	3,542	-	-	-	-	-	9,258
55,152	31,750	1,496	74,998	553	111,473	7,414	502,019	-	1,000	64,000	17,000	15,000	1,354,557
-	-	-	-	-	413	-	5,748	13,237	-	-	-	-	25,755
-	-	-	-	-	-	-	-	-	-	-	-	-	3,194
-	-	-	-	-	-	-	-	-	1,000	64,000	17,000	15,000	292,000
-	-	-	-	-	76,417	-	3,542	-	-	-	-	-	83,139
-	-	-	-	-	76,830	-	9,290	13,237	1,000	64,000	17,000	15,000	404,088
-	-	-	-	-	4,115	-	-	-	-	-	-	-	4,115
-	-	-	74,998	-	-	-	-	-	-	-	-	-	74,998
55,152	-	-	-	-	-	-	-	-	-	-	-	-	55,152
-	31,750	1,496	-	553	30,528	7,414	492,729	(13,237)	-	-	-	-	816,204
55,152	31,750	1,496	74,998	553	34,643	7,414	492,729	(13,237)	-	-	-	-	950,469
55,152	31,750	1,496	74,998	553	111,473	7,414	502,019	-	1,000	64,000	17,000	15,000	1,354,557

Dickinson County

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

Year ended June 30, 2006

	County Recorder's Records Management	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Confiscated Property Fees	Waste Manage- ment Reduction	Watershed Study	Moore Lake Fire Low & Moderate Income	East Okoboji Beach Sewer TIF
Revenues:								
Tax increment financing	\$ -	-	-	-	-	-	-	129,561
Intergovernmental	-	-	10,984	-	-	-	-	-
Charges for service	9,071	-	-	-	40,760	-	-	-
Use of money and property	854	3,275	203	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	9,925	3,275	11,187	-	40,760	-	-	129,561
Expenditures:								
Operating:								
County environment and education	-	20,500	10,771	-	42,255	-	-	-
Administration	-	-	-	-	6,356	-	-	-
Non-program	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	-	20,500	10,771	-	48,611	-	-	-
Excess (deficiency) of revenues over (under) expenditures	9,925	(17,225)	416	-	(7,851)	-	-	129,561
Other financing sources (uses):								
Operating transfers in	-	20,000	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(129,561)
Drainage warrants issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	20,000	-	-	-	-	-	(129,561)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	9,925	2,775	416	-	(7,851)	-	-	-
Fund balances beginning of year	69,057	95,100	11,430	7,500	32,737	5,000	37,998	-
Fund balances end of year	\$ 78,982	97,875	11,846	7,500	24,886	5,000	37,998	-

See accompanying independent auditor's report.

Schedule 2

Silver Shore Urban Renewal	Supplemental Environmental Project	Conservation Foundation	Conservation Land Acquisition	Recorder's Electronic Transfer Fees	Ray D. Smith Trust	Courthouse Memorial	Drainage Districts	KUOO Telethon Trust	Dickinson County Trails	Trails Maintenance	Total
42,168	-	-	-	-	-	-	-	-	-	-	171,729
-	-	-	4,000	-	-	-	-	-	113,438	-	128,422
-	-	-	-	-	-	-	-	-	-	-	49,831
-	5	-	2,295	14	1,015	1	-	19	11,919	-	19,600
-	-	42,227	-	-	-	-	162,762	-	28,903	-	233,892
42,168	5	42,227	6,295	14	1,015	1	162,762	19	154,260	-	603,474
-	1,122	-	-	-	-	-	-	-	56,010	13,237	143,895
-	-	-	-	11,059	-	-	-	-	-	-	17,415
-	-	23,538	-	-	-	-	83,772	-	-	-	107,310
-	-	-	-	-	-	-	78,717	-	-	-	78,717
-	-	-	55,882	-	-	-	-	-	-	-	55,882
-	1,122	23,538	55,882	11,059	-	-	162,489	-	56,010	13,237	403,219
42,168	(1,117)	18,689	(49,587)	(11,045)	1,015	1	273	19	98,250	(13,237)	200,255
-	-	-	-	-	-	-	-	-	-	-	20,000
(42,168)	-	-	-	-	-	-	-	-	-	-	(171,729)
-	-	-	-	-	-	-	19,601	-	-	-	19,601
(42,168)	-	-	-	-	-	-	19,601	-	-	-	(132,128)
-	(1,117)	18,689	(49,587)	(11,045)	1,015	1	19,874	19	98,250	(13,237)	68,127
-	2,001	36,463	81,337	12,541	73,983	552	14,769	7,395	394,479	-	882,342
-	884	55,152	31,750	1,496	74,998	553	34,643	7,414	492,729	(13,237)	950,469

Dickinson County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2006

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,654	55,693	137,612	9,149
Other County officials	55,632	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	146	274	12,371	808
Succeeding year	-	168,000	317,000	14,711,000	1,158,000
Accounts	12,141	-	20	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 67,773	169,800	372,987	14,860,983	1,167,957
Liabilities					
Accounts payable	\$ -	-	21	-	-
Salaries and benefits payable	-	-	3,737	-	-
Due to other governments	49,184	169,800	369,229	14,860,983	1,167,957
Trusts payable	18,589	-	-	-	-
Total liabilities	\$ 67,773	169,800	372,987	14,860,983	1,167,957

See accompanying independent auditor's report.

Corpor- ations	Townships	City Special Assessments	Auto License, Use Tax and Drivers' License	Other	Total
79,203	3,552	12,066	381,663	429,765	1,110,357
-	-	-	-	-	55,632
2,280	412	-	-	943	17,234
8,561,000	282,000	-	-	3,566,000	28,763,000
-	-	-	-	23,478	35,639
-	-	-	-	371	371
-	-	262,643	-	-	262,643
-	-	-	-	925,873	925,873
-	-	-	-	4,971	4,971
8,642,483	285,964	274,709	381,663	4,951,401	31,175,720
-	-	-	-	1,197	1,218
-	-	-	-	916	4,653
8,642,483	285,964	274,709	381,663	4,908,333	31,110,305
-	-	-	-	40,955	59,544
8,642,483	285,964	274,709	381,663	4,951,401	31,175,720

Dickinson County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2006

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Balances beginning of year	\$ 85,090	162,853	362,478	13,155,244	902,572
Additions:					
Property and other county tax	-	169,103	317,900	14,757,378	1,161,811
E911 surcharges	-	-	-	-	-
State tax credits	-	3,889	7,293	321,407	21,515
Office fees and collections	850,291	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	151,114	-	-	-	-
Miscellaneous	-	222	7,637	19,354	1,229
Total additions	1,001,405	173,214	332,830	15,098,139	1,184,555
Deductions:					
Agency remittances:					
To other funds	399,727	-	-	-	-
To other governments	473,333	166,267	322,321	13,392,400	919,170
Trusts paid out	145,662	-	-	-	-
Total deductions	1,018,722	166,267	322,321	13,392,400	919,170
Balances end of year	\$ 67,773	169,800	372,987	14,860,983	1,167,957

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License, Use Tax and Drivers' License	Other	Total
8,031,801	309,641	359,948	384,947	4,668,563	28,423,137
8,556,666	281,628	-	-	3,565,931	28,810,417
-	-	-	-	116,363	116,363
168,042	8,560	-	-	42,819	573,525
-	-	-	-	-	850,291
-	-	-	-	9,073	9,073
-	-	-	4,397,830	-	4,397,830
-	-	85,499	-	205,237	290,736
-	-	-	-	166,138	317,252
-	639	-	-	642,992	672,073
8,724,708	290,827	85,499	4,397,830	4,748,553	36,037,560
-	-	-	140,569	-	540,296
8,114,026	314,504	170,738	4,260,545	4,340,532	32,473,836
-	-	-	-	125,183	270,845
8,114,026	314,504	170,738	4,401,114	4,465,715	33,284,977
8,642,483	285,964	274,709	381,663	4,951,401	31,175,720

Schedule 5

Dickinson County
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds
For the Last Six Years

	Modified Accrual Basis					
	2006	2005	2004	2003	2002	2001
Revenues:						
Property and other county tax	\$ 6,311,306	5,909,072	4,724,648	4,596,022	4,222,369	3,555,862
Local option sales tax	1,047,358	1,058,442	916,299	941,677	834,927	807,633
Interest and penalty on property tax	81,543	62,408	58,733	60,667	63,304	63,467
Intergovernmental	3,485,650	2,845,820	3,259,793	2,744,395	2,778,515	3,079,100
Licenses and permits	81,844	62,898	38,780	78,449	38,799	34,767
Charges for service	614,667	588,365	593,054	518,611	489,628	431,068
Use of money and property	652,972	451,300	284,191	202,093	311,180	568,812
Miscellaneous	365,884	302,052	220,397	403,562	192,683	104,339
Total	\$ 12,641,224	11,280,357	10,095,895	9,545,476	8,931,405	8,645,048
ERROR						
Expenditures:						
Operating:						
Public safety and legal services	\$ 1,714,531	1,720,927	1,587,426	1,604,315	1,473,792	1,364,445
Physical health and social services	514,913	421,851	449,745	357,515	335,984	342,783
Mental health	1,248,013	1,223,340	1,278,802	1,308,190	1,223,252	1,304,546
County environment and education	899,827	984,730	846,446	726,174	671,285	1,010,073
Roads and transportation	2,313,687	2,312,848	1,489,590	2,116,774	2,064,231	2,117,979
Governmental services to residents	533,722	384,786	402,091	404,188	353,681	319,087
Administration	1,312,669	1,203,923	1,104,097	1,030,319	1,098,307	1,266,968
Non-program	178,861	149,786	158,392	210,738	145,815	210,555
Debt service	1,387,082	1,247,880	163,663	216,824	205,390	48,491
Capital projects	7,535,865	6,691,149	1,606,225	1,213,017	1,600,705	515,064
Total	\$ 17,639,170	16,341,220	9,086,477	9,188,054	9,172,442	8,499,991

See accompanying independent auditor's report.

Dickinson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ 11,464
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-06-71	18,500
Violence Against Women Formula Grants	16.588	VW-06-71	32,500
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS-C030(31)--8J-30	21,152
Recreational Trails Program	20.219	2005-NT-005	33,166
U.S. Election Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payment	90.401	06-HAVA-30-100	119,855
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		13,810
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,272
Foster Care-Title IV-E	93.658		7,156
Adoption Assistance	93.659		1,746
Medical Assistance Program	93.778		18,548
Social Services Block Grant	93.667		9,688
Social Services Block Grant	93.667		47,305
			<u>56,993</u>

Schedule 6

Dickinson County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042		14,187
Homeland Security Grant Program	97.067	ODP-2003-30	23,298
Homeland Security Grant Program	97.067	2004-GE-T4-0046	99,345
Homeland Security Grant Program	97.067		45,260
			<u>167,903</u>
Total			<u>\$ 520,252</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Dickinson County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated November 28, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickinson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dickinson County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses.

Compliance and Other Matters

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

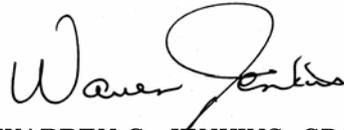
Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dickinson County and other parties to whom Dickinson County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 28, 2006



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Dickinson County:

Compliance

We have audited the compliance of Dickinson County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to its major federal programs for the year ended June 30, 2006. Dickinson County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Dickinson County's management. Our responsibility is to express an opinion on Dickinson County's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dickinson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dickinson County's compliance with those requirements.

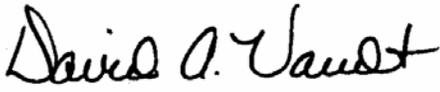
In our opinion, Dickinson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

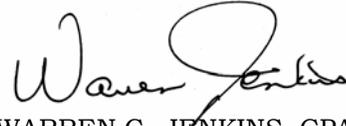
The management of Dickinson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dickinson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dickinson County and other parties to whom Dickinson County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 28, 2006

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which are considered to be material weaknesses.
- (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 unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 90.401 – Help America Vote Act Requirements Payment
 - CFDA Number 97.067 – Homeland Security Grant Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dickinson County did not qualify as a low-risk auditee.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part II: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

II-A-06 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer and Sheriff
(2) Investments are not periodically inspected and reconciled to investment records and the earnings are not verified by an independent employee.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Responses –

Treasurer – The office operating procedures have been reviewed and changes made to increase internal control procedures through review of financial transactions, reconciliations and reports. Incoming mail is assigned to employees whose job duties do not involve entries in the accounting records. When mail is opened, a random sample is cross-checked on a daily basis to insure transaction money reaches the appropriate fund. Investments and financial transactions are inspected on a monthly basis independently by two employees and the treasurer.

Sheriff – The Office Manager-Bookkeeper is responsible for opening mail that may include financial statements, documents, etc. The Sheriff and the Chief Deputy provide an oversight in safekeeping in the finances of the Sheriff's Office. From this point on, there are only three people with access to incoming financial statements and or currency. Cash and checks are balanced on a daily basis and entered into the cash receipts book. The Sheriff and or the Chief Deputy verify monies received versus deposits.

Conclusion – Responses accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

- II-B-06 County Sheriff – The County Sheriff received proceeds from forfeited and confiscated property. These collections were not reflected in the County’s accounting system and have not been included in the County’s annual budget or monthly financial reports.

Recommendation – The activity for forfeited and confiscated property collections should be included in the County’s annual budget and financial statements. Proceeds are accepted by the County with the understanding they are for additional law enforcement efforts. This means monies so designated are not to replace those already budgeted. The revenues and expenditures of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for Iowa County Governments.

Response – The forfeited and confiscated fund property is designed for law enforcement efforts. It is audited every year and provides the Sheriff’s Office with the funding to conduct investigations and covert operations. This fund is not a budget item as it is not used for daily operations. It is merely designed for special operations that may require money such as for drug buys. At this time there appears no better solution for the housing of this fund.

Conclusion – Response acknowledged. Other than an imprest special investigations fund, the funds must be deposited with the County Treasurer. If funds are needed for drug purchases or crime related purchases, they should be requested from the County Board of Supervisors and kept in the special investigations fund.

- II-C-06 County Treasurer – The County utilizes computer software to print prenumbered miscellaneous receipts. The computer software does not require an explanation for why a receipt was voided and does not prohibit receipts which have been issued from being changed prior to the daily update. In addition, voided receipts are not reviewed by an independent person.

Recommendation – The Treasurer should consult with the computer software vendor to add controls to require written explanations for why a receipt is voided and to prohibit receipts which have been issued from being changed prior to the daily update without a written explanation. In addition, voided receipts should be reviewed by an independent person for propriety and the review should be evidenced by the initials of the independent person and the date reviewed.

Response – The computer software vendor was contacted regarding the above issue. Until such time the software is changed, the staff will print all voided receipts, note the reason for the voided transaction on the receipt, initial it, review the receipt with a deputy or treasurer who will initial and date it also.

Conclusion – Response accepted.

- II-D-06 County Board of Supervisors – The County owns vehicles for use by various employees while on County business. The County has not established a formal policy to regulate the use of these vehicles.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Recommendation – The County should adopt a formal written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle users, reimbursement by employees for personal use and reporting additional compensation for employees.

Response – Dickinson County is in the process of updating its personnel policies. It is expected to include a vehicle use policy.

Conclusion – Response accepted.

II-E-06 Accounting Procedures Manuals – We encourage the development of office procedures and standardized accounting manuals for all County offices. These manuals should provide the following benefits:

1. Aid in training additional or replacement personnel.
2. Help achieve uniformity in accounting and in the application of policies and procedures.
3. Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.

Response – The County will take this recommendation under advisement for future consideration. The County will review the new accounting software manuals and consider the contents as a possible beginning of procedures manuals. The County will also contact other counties and review their procedure manuals.

Conclusion – Response accepted.

II-F-06 County Board of Supervisors – Identifying tags are not placed on all capital assets.

Recommendation – Identification tags should be placed on all capital assets.

Response – An identification tags system has been purchased and tags are being applied.

Conclusion – Response accepted.

II-G-06 Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County’s personnel policy states, “Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act.” However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of an employee’s tenure with the County. In addition, not all balances of compensatory time have been shown on the County’s payroll records, nor have the hours earned or used been

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

recorded. Section 10.10 of the personnel policy states, "Department Heads shall report all leave time, accrued and/or taken for each employee with the first payroll each month."

Deputy Sheriff's are being credited with a year's total compensatory time for holiday pay at the start of each fiscal year. Compensatory time for holidays should only be added as compensatory time for holiday pay when it is earned by the Deputies.

Recommendation – The County should amend its personnel policy to address when compensatory time must be used, how many hours can be carried over from year to year and the disposition of compensatory time when an employee leaves County employment. All department heads should report all compensatory time accrued and/or taken for each employee with the first payroll each month as required by the personnel policy and the amounts accrued and/or taken for each employee should be shown on the payroll records of the County, in addition to the unused balance at the end of each month.

The County should only add Deputy Sheriffs' compensatory time for holiday pay when it is earned and not as a balance at the start of each year.

Response – Dickinson County's personnel policies are in the process of being updated. They will include clarification of the timing for use of compensatory time along with reporting requirements. It will also include a statement explaining when compensatory time is earned and reported.

Conclusion – Response accepted.

- II-H-06 Board of Health Grants – Certain grants from the State to the Dickinson County Board of Health have not been included in the County's financial statements. For audit purposes, the grant activity has been included in the General Fund.

Recommendation – Dickinson County Board of Health grants received from the State should be receipted by the County Treasurer and disbursed to the Dickinson County Hospital by County warrant.

Response – The County will implement the recommended procedure with state warrants payable to the Dickinson County Board of Health.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-06 Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amount budgeted in the non-program function. Also, although the Board of Supervisors acted to increase certain departmental appropriations by amendment, disbursements exceeded the appropriations in three departments prior to amendment.

Recommendation – The budget and departmental appropriations should be amended in accordance with Chapters 331.435 and 331.434(6) of the Code of Iowa before disbursements are allowed to exceed the budget or appropriation.

Response – The County will make every effort to comply with Chapters 331.435 and 331.434(6) of the Code of Iowa.

Conclusion – Response accepted.

IV-B-06 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-06 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-06 Business Transactions – The E911 Coordinator receives \$200 per month from the Sheriff's budget for assisting with software problems in the communications center. This additional amount was not approved by the Board of Supervisors. This compensation was not run through the County's regular payroll system. As such, federal and state income taxes, Social security and IPERS were not withheld and the compensation was not reported on either Internal Revenue Service form W-2 or form 1099.

Recommendation – The Board should consult legal counsel to determine how to proceed and to determine if a reimbursement is necessary. In addition, if necessary, the Board of Supervisors should consult the Internal Revenue Service, the Iowa Department of Revenue and IPERS regarding the disposition of this matter. Generally, the Internal Revenue Service requires all compensation paid to an employee be treated as wages. Generally, once an individual is an employee, all compensation is considered wages and not non-employee compensation.

Response –

County Sheriff – The fee is paid as a consultant. If we would out source this service, it would be more costly to the Sheriff's Office to fix/update and train our employees. His work as a consultant does not intertwine with his work as Emergency Management/911 Coordinator.

Board of Supervisors – The County will take this recommendation under advisement and will consult with the Assistant County Attorney as legal counsel to determine how to proceed.

Conclusion – Responses accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-E-06 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-06 Board Minutes – Except for the following, no transactions were found that we believe should have been approved in the Board minutes, but were not.

Although minutes of Board proceedings were published, there were a few instances where they were not published within the time period specified by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure all Board proceedings are published as required.

Response – The Board will make every effort to insure that the minutes are published within the time period specified by the Code of Iowa.

Conclusion – Response accepted.

IV-G-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-06 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-06 Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.

Response – The County will obtain an actuarial opinion.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

IV-J-06 County Sheriff – The Sheriff received telephone reimbursements from a vendor who maintained these funds in a trust fund held by the vendor. These credits were later used to purchase law enforcement items without the purchase going through the County budget, appropriations and disbursement process as required by Chapter 331.506 of the Code of Iowa. Claims for purchases were not filed and properly audited by the Board of Supervisors before payment as required by Chapter 331.504(7) of the Code of Iowa.

Recommendation – The proceeds from telephone reimbursements should be remitted to the County Treasurer for deposit and any expenditure for supplies or equipment should be charged to the appropriate expenditure account and run through the process for issuance of warrants as specified by the Code of Iowa and the Uniform Chart of Accounts for Iowa County Governments. Expenditures should be subject to budget and appropriation restraints as required by the Code of Iowa. The Sheriff should ensure any existing balance is paid by the vendor to the County Treasurer.

Response – The Sheriff’s Office has taken steps to rectify this issue. The vendor that provides the telephone service for the inmates (Securus-Evercom Systems) now submits a monthly commission check to the Sheriff’s Office. The money is deposited and then reimbursed at the end of the quarter to the Dickinson County Treasurer’s Office.

Conclusion – Response accepted.

IV-K-06 Inmate Room and Board Collections – Inmate room and board collections are credited to the General Fund. However, adequate records are not maintained of the use of the funds to document compliance with Chapter 356.7(5) of the Code of Iowa.

Recommendation – Unspent balances, if any, should be tracked by the County Sheriff and the Board of Supervisors since use of the collections is restricted.

Responses –

County Sheriff - All monies received and or collected are deposited and reimbursed quarterly to the Dickinson County Treasurer’s Office. Currently this fund has not been used, so there is no ledger of expenditures for this time.

County Board of Supervisors – A Special Revenue Fund will be established in order to track inmate room and board collections.

Conclusion – Responses accepted.

IV-L-06 Outstanding Warrants – The County Auditor did not cancel warrants outstanding more than one year as required by Chapter 331.554(7) of the Code of Iowa.

Recommendation – County warrants outstanding more than one year should be cancelled as required.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Response – The outstanding warrants more than one year old have been cancelled. Following consultation with the County Treasurer, it will be the procedure to cancel any outstanding warrants more than one year old, annually during the month of April.

Conclusion – Response accepted.

IV-M-06 Outstanding Checks – The County Treasurer did not cancel all checks outstanding for more than one year as required by Chapter 331.554(6)

Recommendation – Checks outstanding more than a year should be cancelled as required.

Response – Checks outstanding for more than one year will be cancelled as required by Chapter 331.554(6). Treasurer's office will cancel the backlog and then work with the Auditor's office to complete this task annually in the month of May.

Conclusion – Response accepted.

IV-N-06 Silver Shores Urban Renewal Area – The County forwarded \$59,199 to the developer, which is 100% of the revenues received. Under the agreement, 33.6% of the revenues should have been retained and used for low-and-moderate-income families and kept in a Special Revenue Fund for that purpose.

Recommendation – The County should take necessary action to make sure these funds are retained.

Response – We have taken action to recoup the overpayments and are now retaining 33.6% of the revenues in a Special Revenue Fund.

Conclusion – Response accepted.

IV-O-06 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, 2006 for the County Extension Office did not exceed the amount budgeted.

IV-P-06 Financial Condition – The Special Revenue, Trails Maintenance Fund had a deficit balance of \$13,237 at June 30, 2006.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – A transfer was made July 1, 2006 from the Dickinson County Trails Fund to the Trails Maintenance Fund to eliminate the deficit.

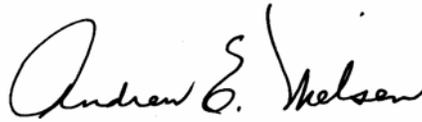
Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
James L. Blekfeld, CPA, Senior Auditor
Michael J. Hackett, Staff Auditor
Shawn R. Elsbury, Staff Auditor
Marta M. Sobieszkoda, Assistant Auditor
Shannan M. Hoffman, Assistant Auditor
Andrew N. Pulford, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State