



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

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FOR RELEASE \_\_\_\_\_ March 27, 2009

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

The County had local tax revenue of \$115,365,180 for the year ended June 30, 2008, which included \$2,231,763 in tax credits from the state. The County forwarded \$98,376,915 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$16,988,265 of the local tax revenue to finance County operations, a 16.4 percent increase over the prior year. Other revenues included charges for service of \$5,535,494, operating grants, contributions and restricted interest of \$6,246,397, capital grants, contributions and restricted interest of \$2,338,955, unrestricted investment earnings of \$912,940 and other general revenues of \$998,021.

Expenses for County operations totaled \$27,453,370, a 9 percent increase over the prior year. Expenses included \$6,823,917 for roads and transportation, \$6,459,594 for public safety and legal services and \$4,240,263 for mental health.

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

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**DALLAS COUNTY**

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

**JUNE 30, 2008**

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**Dallas County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Hanson	Board of Supervisors	Jan 2009
Brad Golightly	Board of Supervisors	Jan 2011
Bob Ockerman	Board of Supervisors	Jan 2011
Gene Krumm	County Auditor	Jan 2009
Darrell Bauman	County Treasurer	Jan 2011
Carol Hol	County Recorder	Jan 2011
Chad Leonard	County Sheriff	Jan 2009
Wayne M. Reisetter	County Attorney	Jan 2011
Steve Helm	County Assessor	Jan 2010

**Dallas County**



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

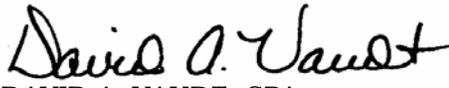
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

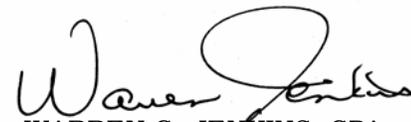
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2008, and the respective changes in financial 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 March 2, 2009 on our consideration of Dallas 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 13 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 Dallas 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 eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, 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

March 2, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 6.8%, or approximately \$2.1 million, from fiscal 2007 to fiscal 2008 as compared to a 14.3% increase from fiscal 2006 to fiscal 2007. Property and other county tax, including tax increment financing, increased approximately \$2.4 million and capital grants, contributions, and restricted interest decreased approximately \$1.1 million.
- Program expenses of the County's governmental activities were 9%, or approximately \$2.3 million, more in fiscal 2008 than in 2007. Public safety and legal services and roads and transportation had the most significant increases.
- The County's net assets increased 11.2%, or approximately \$5.6 million, from June 30, 2007 to June 30, 2008, as compared to 13% from June 30, 2006 to June 30, 2007.
- The governmental funds ending fund balances increased from \$17,392,211 at June 30, 2007 to \$19,357,503 at June 30, 2008.

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

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

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

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

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

## **REPORTING DALLAS COUNTY AS A WHOLE**

### *Government-wide Financial Statements*

One of the most important questions asked about Dallas County's finances is, "Is Dallas County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which 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 Dallas 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 and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for proprietary funds include a statement of net 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.

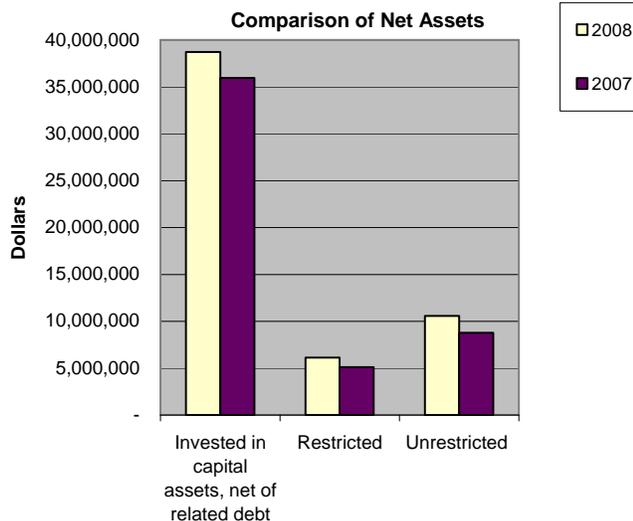
The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

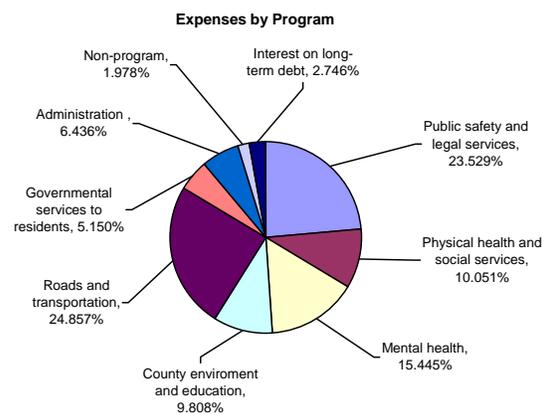
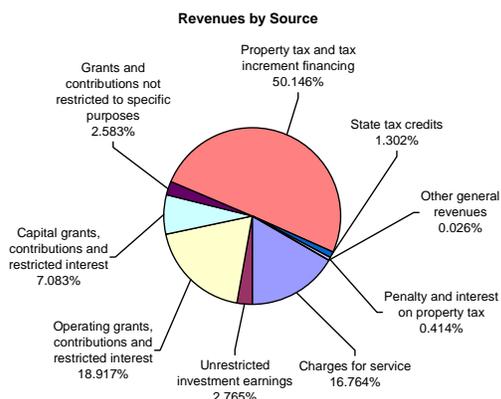
As noted earlier, net assets may serve over time as a useful indicator of financial position. Dallas County's combined net assets increased from a year ago, increasing from approximately \$49.8 million to approximately \$55.4 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2008	2007
Current and other assets	\$ 40,677,250	37,098,182
Capital assets	53,835,369	48,769,201
Total assets	94,512,619	85,867,383
Long-term liabilities	19,135,546	17,231,247
Other liabilities	19,959,750	18,785,515
Total liabilities	39,095,296	36,016,762
Net assets:		
Invested in capital assets, net of related debt	38,715,309	35,949,063
Restricted	6,132,592	5,129,587
Unrestricted	10,569,422	8,771,971
Total net assets	\$ 55,417,323	49,850,621



Dallas County's combined net assets (which is the County's bottom line) increased \$5,566,702 (an 11.2% increase), compared to \$5,724,466 in fiscal 2007. This increase was due primarily to road projects funded through the Iowa Department of Transportation and grants to acquire land to construct a bike trail. The largest portion of Dallas 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 may 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 – increased from \$8,771,971 at June 30, 2007 to \$10,569,422 at the end of this year, an increase of 20.5%, or approximately \$1.8 million over fiscal year 2007.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2008	2007
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 5,535,494	5,674,627
Operating grants, contributions and restricted interest	6,246,397	6,150,033
Capital grants, contributions and restricted interest	2,338,955	3,448,039
General revenues:		
Property tax and tax increment financing	16,558,471	14,173,050
Penalty and interest on property tax	136,587	128,027
State tax credits	429,794	422,260
Grants and contributions not restricted to specific purposes	852,825	1,139
Unrestricted investment earnings	912,940	910,664
Other general revenues	8,609	815
<b>Total revenues</b>	<b>33,020,072</b>	<b>30,908,654</b>
<b>Program expenses:</b>		
Public safety and legal services	6,459,594	5,594,080
Physical health and social services	2,759,340	2,780,205
Mental health	4,240,263	4,006,157
County environment and education	2,692,656	2,326,350
Roads and transportation	6,823,917	6,072,927
Governmental services to residents	1,413,918	1,239,112
Administration	1,766,936	2,197,692
Non-program	542,900	136,222
Interest on long-term debt	753,846	831,443
<b>Total expenses</b>	<b>27,453,370</b>	<b>25,184,188</b>
Increase in net assets	5,566,702	5,724,466
Net assets beginning of year	49,850,621	44,126,155
Net assets end of year	\$ 55,417,323	49,850,621



For the fiscal year ended June 30, 2008, governmental activities revenues totaled \$33,020,072, an increase of \$2,111,418 over fiscal 2007. Property and other county tax revenue, the County's largest revenue source, increased approximately \$2.4 million, while capital grants, contributions and restricted interest decreased approximately \$1.1 million. The expenses for governmental activities totaled \$27,453,370, an increase over fiscal year 2007 of \$2,269,182.

The cost of all governmental activities this year was about \$27.5 million compared to \$25.2 million last year. However, as shown in the Statement of Activities on page 17, the amounts taxpayers ultimately financed for these activities was only \$13.3 million because some of the cost was paid by those directly benefited from the programs (\$5.5 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.6 million).

Dallas County's county-wide property tax levy rates increased \$.81181 to \$.971287 per \$1,000 of taxable valuation for FY08. The rural tax levy rate for FY08 increased \$.74846 to \$3.95000 per \$1,000 of taxable valuation. The mental health levy decreased from the maximum allowable, from \$.70451 to \$.61967 per \$1,000 of taxable valuation. The debt service levy decreased from \$.46173 to \$.36405 per \$1,000 of taxable valuation and the general supplemental levy increased approximately \$.24 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$300 million over the prior year.

## **MAJOR FUND ANALYSIS AND HIGHLIGHTS**

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$19,357,503, which is higher than the fiscal year 2007 combined fund balance of \$17,392,211.

The General Fund's ending fund balance of \$11,330,923 increased approximately \$2.2 million. Of that ending fund balance, \$1,438,903 is reserved, \$5,068,944 is unreserved/designated for special projects and the remainder is unreserved/undesignated. The increase in fund balance was primarily due to an increase in revenue over expenditures. The general basic levy remained unchanged for fiscal year 2008, while the general supplemental levy increased \$.24 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$300 million over the prior year.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$4.2 million. The Mental Health Fund's ending balance of \$424,859 compares to a beginning fund balance of \$509,811 on July 1, 2007.

The Rural Services Fund ended fiscal year 2008 with a \$123,517 balance, a decrease of \$56,138 from the prior year ending balance. The rural services tax levy increased \$.74878 per \$1,000 of taxable valuation. However, the majority of the tax increase is transferred to the Secondary Roads Fund. The balance used for rural contributions for libraries and sanitary disposal projects also increased in fiscal year 2008.

The Secondary Roads Fund ended fiscal year 2008 with a balance of \$1,878,722, a 7% increase compared to a fiscal year 2007 balance of \$1,751,077. Expenditures for fiscal 2008 were \$5,426,827, or \$385,507 more than fiscal 2007. The fund balance increase was due to a bridge and engineering project not quite complete by fiscal year 2008 end and expenditures increased due to a harsh winter and spring flooding.

The Capital Projects Fund ended the 2008 year with a fund balance of \$3,112,892 compared to the 2007 balance of \$3,588,328. During fiscal year 2008, \$2.5 million in general obligation bonds were issued to help finance completion of the courthouse renovation, jail and 902 Court remodel projects. Work continued on the courthouse renovation and the jail/902 Court remodel projects started in fiscal 2008. All three projects are expected to be completed during fiscal 2009.

## BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2008, Dallas County amended the operating budget two times. The first amendment was made in November 2007 to increase budgeted disbursements approximately \$5.6 million, including for completion of the Courthouse project, Board of Supervisor's special projects and outside counsel carry over dollars, as well as DHS Administration rent, and Conservation for a grant funded capital project. The second amendment in May 2008 increased budgeted disbursements by \$2.2 million. The disbursements were for remodeling of the geothermal system and plumbing for the jail and 902 Court St., Sheriff's Forfeiture disbursements, and secondary roads for snow and ice control, maintenance, materials, equipment and fuels.

Actual net disbursements for the year totaled \$30,699,169, which was \$10,728,705 under budgeted disbursements. The major reason was administration disbursements were \$4.7 million under budget due to Board of Supervisors special projects that did not occur and capital projects expenditures were \$3.8 million under budget because cash flow requirements for capital projects were less than anticipated due to delays. Actual net receipts for fiscal year 2008 were \$29,980,158, which was approximately \$561,000 less than budgeted because intergovernmental receipts for highway planning and construction funds from the Iowa Department of Transportation expected to be received in fiscal 2008 were not received until fiscal 2009. Various conservation grants for the Dawson Depot and Bike Trail projects were also budgeted but not received in fiscal 2008. Actual use of money and property receipts were approximately \$262,000 more than budgeted, caused by delays in the Courthouse Renovation project as well as a larger General Fund balance, resulting in more funds invested than originally planned.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, Dallas County had \$53,835,369, net of accumulated depreciation of \$24,917,991, invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compared to \$48,769,201 at the end of fiscal year 2007 and \$42,646,901 at the end of fiscal 2006. The County's net capital assets increased \$5,066,168, or about 10.4%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2008	2007
Land	\$ 5,608,984	4,711,839
Construction in progress	12,269,008	6,838,211
Buildings and improvements	9,430,615	9,559,464
Equipment and vehicles	4,819,214	4,832,753
Infrastructure	21,707,548	22,826,934
Total	\$ 53,835,369	48,769,201
This year's major additions included:		
Various capital road projects		\$ 2,114,592
Motorgrader for Secondary Roads Department		225,600
Motorgrader for Secondary Roads Department		202,000
Bike trail right of way		1,108,372
Dawson Depot restoration project		209,411
Jail project		131,758
902 Court Street remodel		108,727
Courthouse renovation		2,848,702
Total		\$ 6,949,162

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

## Long-Term Debt

At June 30, 2008, Dallas County had \$18,385,194 in outstanding debt versus \$16,537,434 last year, a net change of \$1,810,778.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2008	2007
General obligation bonds	\$ 11,497,598	9,027,751
General obligation capital loan notes	6,585,000	7,190,000
Installment purchase agreements	257,298	271,054
Drainage district warrants	45,298	48,629
Total	\$ 18,385,194	16,537,434

The net change is a result of the retirement of \$65,000 of bonds, the retirement of \$605,000 of notes, an increase of \$2,500,000 of bonds, and a slight increase in drainage warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits ( $\$4,713,981,086 \times .05 = \$235,699,054$ ). Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit. Additional information about the County's long term debt is presented in Note 8 to the financial statements.

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

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2009 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors are committed to limiting expenditure increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa, and ranks 31 out of the top 100 in the nation for growth. Its population in 2000 was 40,750 compared to 47,846 in 2004, to a present day total of over 57,288 (U.S. Census). The unemployment rate in Dallas County stands at 3.7% as of December 2008 compared to last year's rate of 3.4%. Dallas County's Moody's rating was upgraded from A1 to Aa3 during fiscal year 2008. Budgeted disbursements for the fiscal year 2009 operating budget are approximately \$47.3 million, as amended November of 2008, an increase of about \$4.9 million in spending from the prior year appropriations. This is mainly due to the renovation of the County Courthouse and other capital projects. The adopted 2009 budget (as amended) shows a deficiency of receipts and other sources under disbursements and other uses of (\$9,550,364). The budget estimates a total ending fund balance of approximately \$9.8 million at the close of fiscal year 2009.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dallas County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Connie Kinnard at the Operations Administration Office, 801 Court Street, Adel, Iowa 50003.

**Dallas County**

## **Basic Financial Statements**

**Exhibit A**

Dallas County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 20,905,622
Receivables:	
Property tax:	
Delinquent	20,149
Succeeding year	17,566,000
Interest and penalty on property tax	28,297
Succeeding year tax increment financing	92,000
Accounts	102,252
Accrued interest	122,760
Drainage assessments:	
Delinquent	5,191
Succeeding year	18,380
Economic development loan	1,250
Due from other governments (net)	1,181,586
Inventories	417,400
Prepaid insurance	142,204
Capital assets (net of accumulated depreciation)	53,835,369
Deferred charges - unamortized bond issue costs	74,159
	<u>94,512,619</u>
<b>Total assets</b>	
<b>Liabilities</b>	
Accounts payable	1,187,058
Accrued interest payable	96,152
Salaries and benefits payable	599,357
Due to other governments	419,183
Deferred revenue:	
Succeeding year property tax	17,566,000
Succeeding year tax increment financing	92,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	115,000
General obligation capital loan notes	630,000
Drainage district warrants payable	45,298
Compensated absences	430,430
Portion due or payable after one year:	
General obligation bonds	11,382,598
General obligation capital loan notes	5,955,000
Installment purchase agreements	257,298
Compensated absences	319,922
	<u>39,095,296</u>
<b>Total liabilities</b>	
<b>Net Assets</b>	
Invested in capital assets, net of related debt	38,715,309
Restricted for:	
Supplemental levy purposes	1,271,948
Pioneer cemetery	9,970
Secondary roads purposes	1,885,211
Economic development loans	379,367
Debt service	474,028
Other purposes	2,112,068
Unrestricted	10,569,422
	<u>55,417,323</u>
<b>Total net assets</b>	
	<u>\$ 55,417,323</u>

See notes to financial statements.

Dallas County  
Statement of Activities  
Year ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 6,459,594	1,513,483	47,952	-	(4,898,159)
Physical health and social services	2,759,340	1,109,036	336,724	-	(1,313,580)
Mental health	4,240,263	471,198	2,138,078	-	(1,630,987)
County environment and education	2,692,656	192,967	293,193	-	(2,206,496)
Roads and transportation	6,823,917	72,806	3,290,176	2,338,869	(1,122,066)
Governmental services to residents	1,413,918	1,417,823	6,524	-	10,429
Administration	1,766,936	94,673	129,970	-	(1,542,293)
Non-program	542,900	663,508	3,780	86	124,474
Interest on long-term debt	753,846	-	-	-	(753,846)
<b>Total</b>	<b>\$ 27,453,370</b>	<b>5,535,494</b>	<b>6,246,397</b>	<b>2,338,955</b>	<b>(13,332,524)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					15,426,272
Debt service					1,013,531
Tax increment financing					118,668
Penalty and interest on property tax					136,587
State tax credits					429,794
Grants and contributions not restricted to specific purpose					852,825
Unrestricted investment earnings					912,940
Miscellaneous					8,609
<b>Total general revenues</b>					<b>18,899,226</b>
Change in net assets					5,566,702
Net assets beginning of year					49,850,621
Net assets end of year					<b>\$ 55,417,323</b>

See notes to financial statements.

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 11,438,908	988,834	129,066	1,321,318
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	15,684	1,397	2,153	-
Succeeding year	12,435,000	1,476,000	2,566,000	-
Interest and penalty on property tax	28,297	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	75,416	17,979	-	1,843
Accrued interest	114,503	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Economic development loan	-	-	-	-
Due from other funds	1,722	-	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$215,417)	453,226	80,183	156	615,126
Inventories	-	-	-	417,400
Prepaid insurance	105,644	869	-	30,744
<b>Total assets</b>	<b>\$ 24,668,400</b>	<b>2,565,262</b>	<b>2,697,375</b>	<b>2,386,431</b>

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Capital Projects	Nonmajor	Total
3,366,371	2,404,375	19,648,872
-	102,132	102,132
-	915	20,149
-	1,089,000	17,566,000
-	-	28,297
-	92,000	92,000
6,020	608	101,866
817	3,289	118,609
-	5,191	5,191
-	18,380	18,380
-	1,250	1,250
-	-	1,722
32,785	-	1,181,476
-	-	417,400
-	4,947	142,204
<u>3,405,993</u>	<u>3,722,087</u>	<u>39,445,548</u>

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 188,303	221,550	711	147,111
Salaries and benefits payable	396,427	29,814	2,339	129,642
Due to other funds	-	1,722	-	-
Due to other governments	47,253	360,773	2,762	6,679
Deferred revenue:				
Succeeding year property tax	12,435,000	1,476,000	2,566,000	-
Succeeding year tax increment financing	-	-	-	-
Other	270,494	50,544	2,046	224,277
<b>Total liabilities</b>	<b>13,337,477</b>	<b>2,140,403</b>	<b>2,573,858</b>	<b>507,709</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,330,557	-	-	-
Pioneer cemetery	9,970	-	-	-
Room and board fees	98,376	-	-	-
Drainage projects	-	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for special projects	5,068,944	-	30,000	333,400
Undesignated, reported in:				
General fund	4,823,076	-	-	-
Special revenue funds	-	424,859	93,517	1,545,322
Capital projects fund	-	-	-	-
<b>Total fund balances</b>	<b>11,330,923</b>	<b>424,859</b>	<b>123,517</b>	<b>1,878,722</b>
<b>Total liabilities and fund balances</b>	<b>\$ 24,668,400</b>	<b>2,565,262</b>	<b>2,697,375</b>	<b>2,386,431</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
260,316	28,190	846,181
-	-	558,222
-	-	1,722
-	-	417,467
-	1,089,000	17,566,000
-	92,000	92,000
32,785	26,307	606,453
293,101	1,235,497	20,088,045
-	-	1,330,557
-	-	9,970
-	-	98,376
-	43,412	43,412
-	543,826	543,826
2,497,496	54,416	7,984,256
-	-	4,823,076
-	1,844,936	3,908,634
615,396	-	615,396
3,112,892	2,486,590	19,357,503
3,405,993	3,722,087	39,445,548

**Dallas County**

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

June 30, 2008

**Total governmental fund balances (page 21)** \$ 19,357,503

***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 governmental funds. The cost of assets, excluding Internal Service Funds, is \$78,381,670 and the accumulated depreciation is \$24,621,056. 53,760,614

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 606,453

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets, as follows:

Capital assets of \$371,690 less accumulated depreciation of \$296,935	\$ 74,755	
Compensated absences	(57,682)	
Other net assets	775,537	792,610

Bond issue costs are reported as current expenditures in the governmental funds. However, bond issue costs are amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets. 74,159

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, installment purchase agreements payable, drainage district warrants payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (19,174,016)

**Net assets of governmental activities (page 16)** \$ 55,417,323

See notes to financial statements.

Dallas County

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

Year ended June 30, 2008

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 11,440,673	1,483,377	2,473,960	-
Interest and penalty on property tax	200,150	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,412,769	2,552,186	91,641	3,295,904
Licenses and permits	149,697	-	-	15,513
Charges for service	2,132,947	-	-	100
Use of money and property	826,028	-	-	359
Miscellaneous	140,363	44,789	341	46,231
Total revenues	17,302,627	4,080,352	2,565,942	3,358,107
Expenditures:				
Operating:				
Public safety and legal services	6,171,705	-	-	-
Physical health and social services	2,725,631	-	-	-
Mental health	-	4,165,304	-	-
County environment and education	2,475,285	-	234,801	-
Roads and transportation	-	-	432,552	5,249,288
Governmental services to residents	1,339,704	-	-	-
Administration	1,452,571	-	-	-
Non-program	14,250	-	-	-
Debt service	172,740	-	-	-
Capital projects	21,392	-	-	177,539
Total expenditures	14,373,278	4,165,304	667,353	5,426,827
Excess (deficiency) of revenues over (under) expenditures	2,929,349	(84,952)	1,898,589	(2,068,720)
Other financing sources (uses):				
Operating transfers in	-	-	-	2,196,365
Operating transfers out	(679,388)	-	(1,954,727)	-
General obligation bonds issued	-	-	-	-
Premium on general obligation bonds	-	-	-	-
Drainage district warrants issued	-	-	-	-
Total other financing sources (uses)	(679,388)	-	(1,954,727)	2,196,365
Net change in fund balances	2,249,961	(84,952)	(56,138)	127,645
Fund balances beginning of year	9,080,962	509,811	179,655	1,751,077
Fund balances end of year	\$ 11,330,923	424,859	123,517	1,878,722

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	1,037,180	16,435,190
-	-	200,150
-	118,668	118,668
851,700	63,618	9,267,818
-	-	165,210
29,599	57,459	2,220,105
78,757	309,667	1,214,811
7,740	232,149	471,613
<u>967,796</u>	<u>1,818,741</u>	<u>30,093,565</u>
-	222,991	6,394,696
-	100	2,725,731
-	-	4,165,304
2,294	84,970	2,797,350
-	-	5,681,840
-	10,783	1,350,487
-	52,072	1,504,643
-	68,114	82,364
35,461	1,166,798	1,374,999
4,350,831	49,667	4,599,429
<u>4,388,586</u>	<u>1,655,495</u>	<u>30,676,843</u>
<u>(3,420,790)</u>	<u>163,246</u>	<u>(583,278)</u>
437,750	90,432	2,724,547
-	(90,432)	(2,724,547)
2,500,000	-	2,500,000
7,604	29,378	36,982
-	11,588	11,588
<u>2,945,354</u>	<u>40,966</u>	<u>2,548,570</u>
(475,436)	204,212	1,965,292
<u>3,588,328</u>	<u>2,282,378</u>	<u>17,392,211</u>
<u>3,112,892</u>	<u>2,486,590</u>	<u>19,357,503</u>

## Dallas County

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

Year ended June 30, 2008

**Net change in fund balances - Total governmental funds (page 25)** \$ 1,965,292**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 and contributed assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 5,330,822	
Capital assets contributed by the Iowa Department of Transportation	2,114,592	
Depreciation expense	<u>(2,277,351)</u>	5,168,063

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the proceeds from the disposition increase financial resources in the governmental funds. (82,673)

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	(58,980)	
Other	<u>360,266</u>	301,286

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt issues exceeded debt repayments, as follows:

Issued	(2,548,570)	
Repaid	<u>698,675</u>	(1,849,895)

Dallas County

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

Year ended June 30, 2008

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	(55,909)	
Interest on long-term debt	(11,865)	
Amortization of bond issuance premium	2,135	
Amortization of bond issue costs	<u>(6,180)</u>	(71,819)

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The increase in net assets of the Internal Service Funds is included in governmental activities in the Statement of Net Assets.

136,448

**Change in net assets of governmental activities (page 17)**

\$ 5,566,702

See notes to financial statements

Dallas County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2008

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,154,618
Receivables:	
Accounts	386
Accrued interest	4,151
Due from other governments	110
Capital assets, net of accumulated depreciation	74,755
<b>Total assets</b>	<u>1,234,020</u>
<b>Liabilities</b>	
Accounts payable	340,877
Salaries and benefits payable	41,135
Due to other governments	1,716
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	42,638
Portion due or payable after one year:	
Compensated absences	15,044
<b>Total liabilities</b>	<u>441,410</u>
<b>Net Assets</b>	
Invested in capital assets	74,755
Unrestricted	717,855
<b>Total net assets</b>	<u>\$ 792,610</u>

See notes to financial statements.

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

Year ended June 30, 2008

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 3,662,409
Reimbursements from employees and others		306,256
Insurance reimbursements		476
Miscellaneous		6,130
Total operating revenues		3,975,271
Operating expenses:		
Medical claims	\$ 1,584,355	
Administrative and other fees	351,944	
Central services	322,188	
Information technology	1,065,767	
Operations administration	253,047	
Human resources	288,117	3,865,418
Operating income		109,853
Non-operating revenues (expenses):		
Interest income	31,950	
Loss on sale of asset	(5,355)	26,595
Net income		136,448
Net assets beginning of year		656,162
Net assets end of year		\$ 792,610

See notes to financial statements.

**Exhibit I**

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Dallas County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2008

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 3,986,618
Cash received from insurance reimbursements	28,335
Cash paid to suppliers for services	<u>(3,807,691)</u>
Net cash provided by operating activities	207,262
Cash flows from investing activities:	
Interest on investments	<u>31,770</u>
Net increase in cash and cash equivalents	239,032
Cash and cash equivalents beginning of year	<u>915,586</u>
Cash and cash equivalents end of year	<u><u>\$ 1,154,618</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 109,853
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,867
Changes in assets and liabilities:	
Decrease in accounts receivable	39,682
Increase in accounts payable and due to other governments	38,091
Increase in salaries and benefits payable	5,139
Increase in compensated absences	<u>630</u>
Net cash provided by operating activities	<u><u>\$ 207,262</u></u>

See notes to financial statements.

Dallas County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 4,362,916
Other County officials	141,131
Receivables:	
Property tax:	
Delinquent	83,971
Succeeding year	97,089,000
Accounts	124,345
Accrued interest	1,481
Special assessments	1,322,000
Due from other funds	29,517
Due from other governments	1,608
Prepaid insurance	3,367
<b>Total assets</b>	<b>103,159,336</b>

**Liabilities**

Accounts payable	57,183
Salaries and benefits payable	37,925
Due to other funds	1,608
Due to other governments	102,633,387
Trusts payable	358,197
Compensated absences	71,036
<b>Total liabilities</b>	<b>103,159,336</b>

<b>Net assets</b>	<b>\$ -</b>
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See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2008

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

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

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

A. Reporting Entity

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

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

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

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and the Dallas 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 North Dallas Regional Solid Waste Planning Commission and the Dallas County Housing Trust, jointly governed organizations established pursuant to Chapters 28E and 504A, respectively, of the Code of Iowa.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net 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 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 Funds – Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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

#### C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 funds of the County apply 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 Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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 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, 2008, 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, 1980 (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	\$ 50,000
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	10 - 50
Other improvements	10 - 35
Infrastructure	20 - 65
Equipment	2 - 50
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 and succeeding year tax increment financing 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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary 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, 2008. 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 issue 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. Issue 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.

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the debt service function and disbursements in one department exceeded the amount appropriated.

**(2) Cash and Pooled Investments**

The County’s deposits in banks at June 30, 2008 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 \$4,957,683 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.

**(3) Economic Development Loan**

During prior years, the County loaned \$48,656 to a local business. The loan balance due at June 30, 2008 totaled \$1,250.

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

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	<u>\$ 1,722</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.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 241,638
	Special Revenue: Rural Services	1,954,727
Capital Projects: Bike Trial	General	437,750
Debt Service	Special Revenue: Tax Increment Financing	<u>90,432</u>
Total		<u>\$ 2,724,547</u>

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

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,711,839	966,543	(69,398)	5,608,984
Construction in progress	6,838,211	5,595,651	(164,854)	12,269,008
Total capital assets not being depreciated	<u>11,550,050</u>	<u>6,562,194</u>	<u>(234,252)</u>	<u>17,877,992</u>
Capital assets being depreciated:				
Buildings	15,176,216	154,694	-	15,330,910
Improvements other than buildings	161,488	-	-	161,488
Equipment and vehicles	9,391,084	1,149,547	(880,632)	9,659,999
Infrastructure, road network and other	35,722,971	-	-	35,722,971
Total capital assets being depreciated	<u>60,451,759</u>	<u>1,304,241</u>	<u>(880,632)</u>	<u>60,875,368</u>
Less accumulated depreciation for:				
Buildings	5,759,210	278,929	-	6,038,139
Improvements other than buildings	19,030	4,614	-	23,644
Equipment and vehicles	4,558,331	888,289	(605,835)	4,840,785
Infrastructure, road network and other	12,896,037	1,119,386	-	14,015,423
Total accumulated depreciation	<u>23,232,608</u>	<u>2,291,218</u>	<u>(605,835)</u>	<u>24,917,991</u>
Total capital assets being depreciated, net	<u>37,219,151</u>	<u>(986,977)</u>	<u>(274,797)</u>	<u>35,957,377</u>
Governmental activities capital assets, net	<u>\$ 48,769,201</u>	<u>5,575,217</u>	<u>(509,049)</u>	<u>53,835,369</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 384,537
Physical health and social services	17,019
Mental health	88,601
County environment and education	186,669
Roads and transportation	1,451,636
Governmental services to residents	57,460
Administration	105,296
Total depreciation expense - governmental activities	<u>\$ 2,291,218</u>

**(7) Due to Other Governments**

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 47,253</u>
Special Revenue:		
Mental Health	Services	360,773
Rural Services		2,762
Secondary Roads		<u>6,679</u>
		<u>370,214</u>
Total for governmental funds		<u>\$ 417,467</u>
Agency:		
County Assessor	Collections	\$ 1,388,053
Schools		52,932,779
Community Colleges		1,598,352
Corporations		40,024,639
City Special Assessments		1,355,934
Auto License and Use Tax		1,243,714
All other		<u>4,089,916</u>
Total for agency funds		<u>\$ 102,633,387</u>

**(8) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	<u>General Obligation</u>					
	<u>General Obligation Bonds (1)</u>	<u>Capital Loan Notes</u>	<u>Installment Purchase Agreements</u>	<u>Drainage District Warrants</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 9,027,751	7,190,000	271,054	48,629	693,813	17,231,247
Increases	2,536,982	-	-	11,588	606,543	3,155,113
Decreases	67,135	605,000	13,756	14,919	550,004	1,250,814
Balance end of year	<u>\$ 11,497,598</u>	<u>6,585,000</u>	<u>257,298</u>	<u>45,298</u>	<u>750,352</u>	<u>19,135,546</u>
Due within one year	<u>\$ 115,000</u>	<u>630,000</u>	<u>-</u>	<u>45,298</u>	<u>430,430</u>	<u>1,220,728</u>

(1) The unamortized premium on the bonds was \$62,598 at June 30, 2008.

General Obligation Bonds

A summary of the County's June 30, 2008 general obligation bonds is as follows:

Year Ending June 30,	Series 2005B			
	Issued December 28, 2005			
	Interest Rates	Principal	Interest	Total
2009	3.75%	\$ 115,000	339,230	454,230
2010	3.75	175,000	334,917	509,917
2011	3.75	230,000	328,355	558,355
2012	3.75	300,000	319,730	619,730
2013	3.75	410,000	308,480	718,480
2014-2018	3.75-3.80	4,885,000	1,140,746	6,025,746
2019-2024	3.85-3.90	2,820,000	167,030	2,987,030
2025-2028		-	-	-
2029		-	-	-
Total		8,935,000	2,938,488	11,873,488
Unamortized premium		25,616		
Bonds payable		<u>\$ 8,960,616</u>		

Year Ending June 30,	Series 2008A				Total		
	Issued June 1, 2008				Principal	Interest	Total
	Interest Rates	Principal	Interest	Total			
2009	4.00%	\$ -	100,725	100,725	115,000	439,955	554,955
2010	4.00	85,000	100,725	185,725	260,000	435,642	695,642
2011	4.00	85,000	97,325	182,325	315,000	425,680	740,680
2012	4.00	95,000	93,925	188,925	395,000	413,655	808,655
2013	4.00	100,000	90,125	190,125	510,000	398,605	908,605
2014-2018	4.00	530,000	390,025	920,025	5,415,000	1,530,771	6,945,771
2019-2024	4.00	635,000	276,025	911,025	3,455,000	443,055	3,898,055
2025-2028	4.00-4.125	790,000	136,305	926,305	790,000	136,305	926,305
2029	4.15	180,000	7,470	187,470	180,000	7,470	187,470
Total		2,500,000	1,292,650	3,792,650	11,435,000	4,231,138	15,666,138
Unamortized premium		36,982			62,598		
Bonds payable		<u>\$ 2,536,982</u>			<u>\$ 11,497,598</u>		

During the year ended June 30, 2008, the County issued \$2,500,000 of general obligation bonds and retired \$65,000 of bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2008 general obligation capital loan notes is as follows:

Year Ending June 30,	Series 2000A			Series 2002A		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	5.00%	45,000	98,808	4.25%	\$ 200,000	96,062
2010	5.00	65,000	96,557	4.25	195,000	87,563
2011	5.00	80,000	93,307	4.25	190,000	79,275
2012	5.00	115,000	89,307	4.50	170,000	71,200
2013	5.00	145,000	83,557	4.75	155,000	63,550
2014-2018	5.10-5.35	955,000	288,980	4.75-5.00	800,000	208,025
2019-2020	5.40	485,000	39,690	5.00	355,000	26,750
Total		\$ 1,890,000	790,206		\$ 2,065,000	632,425

Year Ending June 30,	Series 2002B			Series 2002C		
	Issued April 1, 2002			Issued December 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.15%	\$ 115,000	58,040	3.30%	\$ 270,000	50,942
2010	4.30	120,000	53,268	3.50	275,000	42,033
2011	4.45	125,000	48,107	3.70	290,000	32,407
2012	4.60	130,000	42,545	3.80	295,000	21,678
2013	4.70	135,000	36,565	3.95	265,000	10,467
2014-2018	4.80-5.00	610,000	77,970		-	-
2019-2020		-	-		-	-
Total		\$ 1,235,000	316,495		\$ 1,395,000	157,527

Year Ending June 30,	Total		
	Principal	Interest	Total
2009	\$ 630,000	303,852	933,852
2010	655,000	279,421	934,421
2011	685,000	253,096	938,096
2012	710,000	224,730	934,730
2013	700,000	194,139	894,139
2014-2018	2,365,000	574,975	2,939,975
2019-2020	840,000	66,440	906,440
Total	\$ 6,585,000	1,896,653	8,481,653

During the year ended June 30, 2008, the County retired \$605,000 of general obligation capital loan notes.

### Installment Purchase Agreements

During the year ended June 30, 2007, the County entered into an installment purchase agreement with the Iowa Natural Heritage Foundation to purchase 48 acres of timber at a price of \$244,258. The agreement calls for principal and interest to be paid each year. However, the Foundation will accept one balloon payment for principal and interest at the end of the agreement, October 1, 2011. The interest rate as of June 30, 2008 is 7.5% per annum and is recalculated annually. A down payment of \$30,000 was made during the year ended June 30, 2007. No payments of principal or interest were paid during the year ended June 30, 2008.

During the year ended June 30, 2007, the County entered into an installment purchase agreement with the Iowa Natural Heritage Foundation to purchase 77.5 acres of timber at a price of \$94,796. The agreement calls for principal and interest to be paid each year. However, the Foundation will accept one balloon payment for principal and interest at the end of the agreement, July 1, 2010. The interest rate as of June 30, 2008 is 7.5% per annum and is recalculated annually. A down payment of \$38,000 was made during the year ended June 30, 2007. During the year ended June 30, 2008, \$13,756 was paid toward principal of the installment purchase agreement with Iowa Natural Heritage Foundation.

### Drainage District Warrants

Drainage district 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.

## **(9) 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 3.90% of their annual covered salary and the County is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$588,829, \$514,584 and \$499,549, respectively, equal to the required contributions for each year.

## **(10) Risk Management**

Dallas 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 whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The

Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 200 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, 2008 were \$289,390.

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 \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty 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 \$1,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrator. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrator from the Employee Group Health Fund. The County’s contribution for the year ended June 30, 2008 was \$1,818,622.

Amounts payable from the Employee Group Health Fund at June 30, 2008 total \$238,734, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$730,062 at June 30, 2008 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 268,964
Incurred claims (including claims incurred but not reported at June 30, 2008)	1,584,355
Payment on claims during the fiscal year	<u>(1,614,585)</u>
Unpaid claims end of year	<u><u>\$ 238,734</u></u>

**(12) Hospital Revenue Bonds**

The County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc. The proceeds will be used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County.

**(13) Industrial Development Revenue Bonds**

The County has issued a total of \$13,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenues derived and the bond principal and interest do not constitute liabilities of the County.

**(14) Economic Development Agreements**

In November 2003, Dallas County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement specifies a maximum aggregate amount of \$5,000,000 and begins in fiscal 2005 and continues through fiscal 2009. Payments totaling \$670,142 were made to the City of West Des Moines under the terms of this 28E agreement during the year ended June 30, 2008. The cumulative amount paid to the City of West Des Moines at June 30, 2008 was \$2,027,704.

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000. No payments were made to the developer under the terms of this agreement during the year ended June 30, 2008.

**(15) Pending Litigation**

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

**(16) Operating Leases**

The County is the lessee in six operating leases. The County is leasing four John Deere mowers for use by the Conservation Department. The County leases land used for Dallas County offices requiring public access. The County also leases two buildings used for Dallas County offices. The future minimum rental payments required in the year ending June 30, 2009 is \$3,676.

Rental expense for the year ended June 30, 2008 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$165,580.

**(17) County Farm Lease**

The County owns the Dallas County Farm (Farm). Effective March 1, 2008 the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive \$41,536 in land and building rent annually.

**(18) Designated Fund Equity**

The County has designated amounts from the General, Rural Services, Secondary Roads, County Attorney Forfeiture and Capital Project Funds for special projects. At June 30, 2008, the amounts designated are as follows:

Description	Amount
General:	
Outside counsel	\$ 45,000
Construction projects	264,338
Board of Supervisors special projects	4,500,000
Miscellaneous	259,606
	<u>5,068,944</u>
Special Revenue:	
Secondary Roads:	
Construction	333,400
County Attorney Forfeiture:	
Miscellaneous	54,416
Rural Services:	
Miscellaneous	30,000
	<u>417,816</u>
Capital Projects:	
Construction	<u>2,497,496</u>
Total	<u>\$ 7,984,256</u>

**(19) Trusts Payable – Sheriff Forfeiture Pending Account**

At June 30, 2008, \$627,020 of cash seized during interdiction activities by the County Sheriff's Office was still pending resolution through the formal forfeiture process. The cash and trust payable are reported in the Agency Funds - County Offices.

**(20) Subsequent Events**

On November 12, 2008, the Dallas County Board of Supervisors approved the issuance of revenue bonds in an amount not to exceed \$7,000,000 for the purpose of constructing, improving and equipping a new facility for the Young Men's Christian Association of Greater Des Moines, Iowa in the City of Waukee. The bonds are payable solely from Association revenues and do not constitute a liability of the County.

**Required Supplementary Information**

Dallas County

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

Required Supplementary Information

Year ended June 30, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 16,754,336	-	16,754,336
Interest and penalty on property tax	28,297	-	28,297
Intergovernmental	9,225,764	-	9,225,764
Licenses and permits	165,299	-	165,299
Charges for service	2,207,658	-	2,207,658
Use of money and property	1,196,442	50,471	1,145,971
Miscellaneous	491,314	38,481	452,833
Total receipts	<u>30,069,110</u>	<u>88,952</u>	<u>29,980,158</u>
<b>Disbursements:</b>			
Public safety and legal services	6,345,379	-	6,345,379
Physical health and social services	2,767,727	-	2,767,727
Mental health	4,230,792	-	4,230,792
County environment and education	2,795,342	54,305	2,741,037
Roads and transportation	5,730,083	-	5,730,083
Governmental services to residents	1,340,586	-	1,340,586
Administration	1,495,927	-	1,495,927
Non-program	78,279	41,626	36,653
Debt service	1,339,438	-	1,339,438
Capital projects	4,671,547	-	4,671,547
Total disbursements	<u>30,795,100</u>	<u>95,931</u>	<u>30,699,169</u>
(Deficiency) of receipts (under) disbursements	(725,990)	(6,979)	(719,011)
Other financing sources, net	<u>2,513,109</u>	<u>11,588</u>	<u>2,501,521</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,787,119	4,609	1,782,510
Balance beginning of year	<u>17,963,885</u>	<u>210,966</u>	<u>17,752,919</u>
Balance end of year	<u>\$ 19,751,004</u>	<u>215,575</u>	<u>19,535,429</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
16,594,090	16,629,726	124,610
69,000	69,000	(40,703)
10,758,428	10,340,406	(1,114,642)
196,170	196,170	(30,871)
2,016,796	2,089,796	117,862
701,956	884,156	261,815
187,210	331,758	121,075
<u>30,523,650</u>	<u>30,541,012</u>	<u>(560,854)</u>
6,560,601	6,961,629	616,250
3,078,057	3,170,837	403,110
4,784,613	4,692,262	461,470
2,953,971	3,219,015	477,978
5,556,514	5,778,746	48,663
1,532,542	1,560,351	219,765
3,711,305	6,167,649	4,671,722
32,050	42,050	5,397
1,335,874	1,335,874	(3,564)
4,076,194	8,499,461	3,827,914
<u>33,621,721</u>	<u>41,427,874</u>	<u>10,728,705</u>
(3,098,071)	(10,886,862)	10,167,851
-	1,500,000	1,001,521
(3,098,071)	(9,386,862)	11,169,372
<u>11,242,535</u>	<u>17,589,647</u>	<u>163,272</u>
<u>8,144,464</u>	<u>8,202,785</u>	<u>11,332,644</u>

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Dallas County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 30,069,110	24,455	30,093,565
Expenditures	30,795,100	(118,257)	30,676,843
Net	(725,990)	142,712	(583,278)
Other financing sources, net	2,513,109	35,461	2,548,570
Beginning fund balances	17,963,885	(571,674)	17,392,211
Ending fund balances	<u>\$ 19,751,004</u>	<u>(393,501)</u>	<u>19,357,503</u>

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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

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

Formal and legal budgetary control is based upon 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, two budget amendments increased budgeted disbursements by \$7,806,153. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the 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, 2008, disbursements exceeded the amount budgeted in the debt service function and disbursements in one department exceeded the amount appropriated.

**Dallas County**

**Other Supplementary Information**

Dallas County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
<b>Assets</b>										
Cash and pooled investments:										
County Treasurer	\$ 1	1,000	166,087	3,815	845	214,618	7,447	113,541	53,317	194,425
Conservation Foundation	-	-	-	-	-	-	-	-	-	-
Receivables:										
Property tax:										
Delinquent	-	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	92,000	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	155	-	-
Drainage assessments:										
Delinquent	-	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-	-
Economic development loan	-	-	-	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-	-	4,765	182
<b>Total assets</b>	<b>\$ 92,001</b>	<b>1,000</b>	<b>166,087</b>	<b>3,815</b>	<b>845</b>	<b>214,618</b>	<b>7,447</b>	<b>113,696</b>	<b>58,082</b>	<b>194,607</b>
<b>Liabilities and Fund Equity</b>										
Liabilities:										
Accounts payable	\$ -	-	383	-	-	-	-	2,725	19,890	4,085
Deferred revenue:										
Succeeding year property tax	-	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	92,000	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total liabilities	92,000	-	383	-	-	-	-	2,725	19,890	4,085
Fund equity:										
Fund balances:										
Reserved for:										
Drainage projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for special projects	-	-	-	-	-	54,416	-	-	-	-
Undesignated	1	1,000	165,704	3,815	845	160,202	7,447	110,971	38,192	190,522
Total fund equity	1	1,000	165,704	3,815	845	214,618	7,447	110,971	38,192	190,522
<b>Total liabilities and fund equity</b>	<b>\$ 92,001</b>	<b>1,000</b>	<b>166,087</b>	<b>3,815</b>	<b>845</b>	<b>214,618</b>	<b>7,447</b>	<b>113,696</b>	<b>58,082</b>	<b>194,607</b>

See accompanying independent auditor's report.

Special Revenue													
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total	
377,205	16	46,734	30,470	451,134	113,443	58,863	10,615	14,094	4,905	-	541,800	2,404,375	
-	-	-	-	-	-	-	-	-	-	102,132	-	102,132	
-	-	-	-	-	-	-	-	-	-	-	915	915	
-	-	-	-	-	-	-	-	-	-	-	1,089,000	1,089,000	
-	-	-	-	-	-	-	-	-	-	-	-	92,000	
-	-	-	-	-	-	-	-	-	608	-	-	608	
912	-	124	-	9	-	-	-	-	-	-	2,089	3,289	
-	-	-	-	-	5,191	-	-	-	-	-	-	5,191	
-	-	-	-	-	18,380	-	-	-	-	-	-	18,380	
1,250	-	-	-	-	-	-	-	-	-	-	-	1,250	
-	-	-	-	-	-	-	-	-	-	-	-	4,947	
<b>379,367</b>	<b>16</b>	<b>46,858</b>	<b>30,470</b>	<b>451,143</b>	<b>137,014</b>	<b>58,863</b>	<b>10,615</b>	<b>14,094</b>	<b>5,513</b>	<b>102,132</b>	<b>1,633,804</b>	<b>3,722,087</b>	
-	-	-	564	-	-	-	393	-	50	-	100	28,190	
-	-	-	-	-	-	-	-	-	-	-	1,089,000	1,089,000	
-	-	-	-	-	-	-	-	-	-	-	-	92,000	
1,250	-	-	-	-	23,571	-	-	-	608	-	878	26,307	
<b>1,250</b>	<b>-</b>	<b>-</b>	<b>564</b>	<b>-</b>	<b>23,571</b>	<b>-</b>	<b>393</b>	<b>-</b>	<b>658</b>	<b>-</b>	<b>1,089,978</b>	<b>1,235,497</b>	
-	-	-	-	-	43,412	-	-	-	-	-	-	43,412	
-	-	-	-	-	-	-	-	-	-	-	543,826	543,826	
-	-	-	-	-	-	-	-	-	-	-	-	54,416	
378,117	16	46,858	29,906	451,143	70,031	58,863	10,222	14,094	4,855	102,132	-	1,844,936	
378,117	16	46,858	29,906	451,143	113,443	58,863	10,222	14,094	4,855	102,132	543,826	2,486,590	
<b>379,367</b>	<b>16</b>	<b>46,858</b>	<b>30,470</b>	<b>451,143</b>	<b>137,014</b>	<b>58,863</b>	<b>10,615</b>	<b>14,094</b>	<b>5,513</b>	<b>102,132</b>	<b>1,633,804</b>	<b>3,722,087</b>	

Dallas County

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

Year ended June 30, 2008

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
<b>Revenues:</b>										
Property and other county tax	\$ -	-	-	-	-	-	-	-	-	-
Tax increment financing	118,668	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-	18,996	-	-
Use of money and property	-	-	-	-	-	-	3	4,175	25,687	40,537
Miscellaneous	-	-	38,628	3,815	845	145,003	107	-	500	-
Total revenues	118,668	-	38,628	3,815	845	145,003	110	23,171	26,187	40,537
<b>Expenditures:</b>										
Operating:										
Public safety and legal services	-	-	196,356	-	-	2,000	-	-	-	-
Physical health and social services	-	-	-	-	-	-	-	-	-	-
County environment and education	28,236	-	-	-	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-	-	10,783	-	-
Administration	-	-	-	-	-	-	-	-	51,713	359
Non-program	-	-	-	-	-	-	-	-	-	26,488
Debt service	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Total expenditures	28,236	-	196,356	-	-	2,000	-	10,783	51,713	26,847
Excess (deficiency) of revenues over (under) expenditures	90,432	-	(157,728)	3,815	845	143,003	110	12,388	(25,526)	13,690
<b>Other financing sources (uses):</b>										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Operating transfers out	(90,432)	-	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	-	-	-	-	-
Drainage district warrants issued	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(90,432)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	(157,728)	3,815	845	143,003	110	12,388	(25,526)	13,690
Fund balances beginning of year	1	1,000	323,432	-	-	71,615	7,337	98,583	63,718	176,832
Fund balances end of year	\$ 1	1,000	165,704	3,815	845	214,618	7,447	110,971	38,192	190,522

See accompanying independent auditor's report.

Special Revenue													
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total	
-	-	-	-	-	-	-	-	-	-	-	1,037,180	1,037,180	
-	-	-	-	-	-	-	-	-	-	-	-	118,668	
-	-	27,799	-	-	-	13,000	-	-	-	-	22,819	63,618	
-	-	-	38,463	-	-	-	-	-	-	-	-	57,459	
16,761	-	1,003	-	103,475	50,471	21,293	-	-	-	4,517	41,745	309,667	
4,906	-	-	-	-	-	1,100	803	410	2,068	33,964	-	232,149	
21,667	-	28,802	38,463	103,475	50,471	35,393	803	410	2,068	38,481	1,101,744	1,818,741	
-	-	-	20,611	-	-	-	4,024	-	-	-	-	222,991	
-	-	-	-	-	-	-	-	100	-	-	-	100	
-	-	-	-	-	-	-	-	-	2,429	54,305	-	84,970	
-	-	-	-	-	-	-	-	-	-	-	-	10,783	
-	-	-	-	-	41,626	-	-	-	-	-	-	52,072	
-	-	-	-	-	-	-	-	-	-	-	-	68,114	
-	-	-	-	-	-	-	-	-	-	-	1,166,798	1,166,798	
-	-	2,086	-	-	-	47,581	-	-	-	-	-	49,667	
-	-	2,086	20,611	-	41,626	47,581	4,024	100	2,429	54,305	1,166,798	1,655,495	
21,667	-	26,716	17,852	103,475	8,845	(12,188)	(3,221)	310	(361)	(15,824)	(65,054)	163,246	
-	-	-	-	-	-	-	-	-	-	-	90,432	90,432	
-	-	-	-	-	-	-	-	-	-	-	-	(90,432)	
-	-	-	-	-	-	-	-	-	-	-	29,378	29,378	
-	-	-	-	-	11,588	-	-	-	-	-	-	11,588	
-	-	-	-	-	11,588	-	-	-	-	-	119,810	40,966	
21,667	-	26,716	17,852	103,475	20,433	(12,188)	(3,221)	310	(361)	(15,824)	54,756	204,212	
356,450	16	20,142	12,054	347,668	93,010	71,051	13,443	13,784	5,216	117,956	489,070	2,282,378	
378,117	16	46,858	29,906	451,143	113,443	58,863	10,222	14,094	4,855	102,132	543,826	2,486,590	

**Dallas County**

Dallas County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2008

	Professional Services	Employee Group Health	Total
<b>Assets</b>			
Cash and pooled investments	\$ 189,973	964,645	1,154,618
Accounts receivable	386	-	386
Accrued interest receivable	-	4,151	4,151
Due from other funds	110	-	110
Capital assets, net of accumulated depreciation	74,755	-	74,755
<b>Total assets</b>	<b>265,224</b>	<b>968,796</b>	<b>1,234,020</b>
<b>Liabilities</b>			
Accounts payable	102,143	238,734	340,877
Salaries and benefits payable	41,135	-	41,135
Due to other governments	1,716	-	1,716
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	42,638	-	42,638
Portion due or payable after one year:			
Compensated absences	15,044	-	15,044
<b>Total liabilities</b>	<b>202,676</b>	<b>238,734</b>	<b>441,410</b>
<b>Net Assets</b>			
Invested in capital assets	74,755	-	74,755
Unrestricted	(12,207)	730,062	717,855
<b>Total net assets</b>	<b>\$ 62,548</b>	<b>730,062</b>	<b>792,610</b>

See accompanying independent auditor's report.

**Schedule 4**

## Dallas County

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

Year ended June 30, 2008

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 1,843,787	1,818,622	3,662,409
Reimbursements from employees and others	-	306,256	306,256
Insurance reimbursements	-	476	476
Miscellaneous	6,130	-	6,130
Total operating revenues	1,849,917	2,125,354	3,975,271
Operating expenses:			
Medical claims	-	1,584,355	1,584,355
Administrative and other fees	-	351,944	351,944
Central services	322,188	-	322,188
Information technology	1,065,767	-	1,065,767
Operations administration	253,047	-	253,047
Human resources	288,117	-	288,117
Total operating expenses	1,929,119	1,936,299	3,865,418
Operating income (loss)	(79,202)	189,055	109,853
Non-operating revenues (expenses):			
Interest income	-	31,950	31,950
Loss on sale of capital assets	(5,355)	-	(5,355)
Total non-operating revenues (expenses)	(5,355)	31,950	26,595
Net income (loss)	(84,557)	221,005	136,448
Net assets beginning of year	147,105	509,057	656,162
Net assets end of year	\$ 62,548	730,062	792,610

See accompanying independent auditor's report.

Dallas County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2008

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 1,861,740	2,124,878	3,986,618
Cash received from insurance reimbursements	-	28,335	28,335
Cash paid to suppliers for services	(1,841,162)	(1,966,529)	(3,807,691)
Net cash provided by operating activities	20,578	186,684	207,262
Cash flows from investing activities:			
Interest on investments	-	31,770	31,770
Net increase in cash and cash equivalents	20,578	218,454	239,032
Cash and cash equivalents beginning of year	169,395	746,191	915,586
Cash and cash equivalents end of year	\$ 189,973	964,645	1,154,618
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (79,202)	189,055	109,853
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	13,867	-	13,867
Changes in assets and liabilities:			
Decrease in accounts and other receivables	11,823	27,859	39,682
Increase (decrease) in accounts payable and due to other governments	68,321	(30,230)	38,091
Increase in salaries and benefits payable	5,139	-	5,139
Increase in compensated absences	630	-	630
Net cash provided by operating activities	\$ 20,578	186,684	207,262

See accompanying independent auditor's report.

Dallas County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	2,272	449,870	522,068
Other County officials	141,131	-	-	-
Receivables:				
Property tax:				
Delinquent	-	186	961	49,711
Succeeding year	-	205,000	1,015,000	52,361,000
Accounts	10,783	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	349	-
<b>Total assets</b>	<b>\$ 151,914</b>	<b>207,458</b>	<b>1,466,180</b>	<b>52,932,779</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	1,579	-
Salaries and benefits payable	-	-	29,565	-
Due to other funds	1,608	-	-	-
Due to other governments	88,607	207,458	1,388,053	52,932,779
Trusts payable	61,699	-	-	-
Compensated absences	-	-	46,983	-
<b>Total liabilities</b>	<b>\$ 151,914</b>	<b>207,458</b>	<b>1,466,180</b>	<b>52,932,779</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
16,857	469,971	3,967	33,934	1,243,714	1,620,263	4,362,916
-	-	-	-	-	-	141,131
1,495	29,668	315	-	-	1,635	83,971
1,580,000	39,525,000	353,000	-	-	2,050,000	97,089,000
-	-	-	-	-	113,562	124,345
-	-	-	-	-	1,481	1,481
-	-	-	1,322,000	-	-	1,322,000
-	-	-	-	-	29,517	29,517
-	-	-	-	-	1,608	1,608
-	-	-	-	-	3,018	3,367
<b>1,598,352</b>	<b>40,024,639</b>	<b>357,282</b>	<b>1,355,934</b>	<b>1,243,714</b>	<b>3,821,084</b>	<b>103,159,336</b>
-	-	-	-	-	55,604	57,183
-	-	-	-	-	8,360	37,925
-	-	-	-	-	-	1,608
1,598,352	40,024,639	357,282	1,355,934	1,243,714	3,436,569	102,633,387
-	-	-	-	-	296,498	358,197
-	-	-	-	-	24,053	71,036
<b>1,598,352</b>	<b>40,024,639</b>	<b>357,282</b>	<b>1,355,934</b>	<b>1,243,714</b>	<b>3,821,084</b>	<b>103,159,336</b>

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 1,000,421	195,993	1,317,612	44,749,670
Additions:				
Property and other county tax	-	205,507	1,015,700	52,339,480
E911 surcharge	-	-	-	-
State tax credits	-	4,842	23,983	1,079,536
Drivers license fees	-	-	-	-
Office fees and collections	2,003,240	-	121	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	810,560	-	-	-
Miscellaneous	-	9	59,481	-
Total additions	2,813,800	210,358	1,099,285	53,419,016
Deductions:				
Agency remittances:				
To other funds	1,825,642	-	-	-
To other governments	1,003,830	198,893	950,717	45,235,907
Trusts paid out	832,835	-	-	-
Total deductions	3,662,307	198,893	950,717	45,235,907
Balances end of year	\$ 151,914	207,458	1,466,180	52,932,779

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,457,126	37,781,074	362,459	1,582,960	1,163,672	2,952,549	92,563,536
1,581,070	39,020,235	366,398	-	-	2,046,556	96,574,946
-	-	-	-	-	333,964	333,964
35,979	600,872	12,442	-	-	44,315	1,801,969
-	-	-	-	266,141	-	266,141
-	-	-	-	-	-	2,003,361
-	-	-	-	-	18,996	18,996
-	-	-	-	15,670,318	-	15,670,318
-	-	-	34,317	-	-	34,317
-	-	-	-	-	909,934	1,720,494
-	-	-	-	-	2,207,862	2,267,352
1,617,049	39,621,107	378,840	34,317	15,936,459	5,561,627	120,691,858
-	-	-	-	585,905	-	2,411,547
1,475,823	37,377,542	384,017	261,343	15,270,512	3,928,590	106,087,174
-	-	-	-	-	764,502	1,597,337
1,475,823	37,377,542	384,017	261,343	15,856,417	4,693,092	110,096,058
1,598,352	40,024,639	357,282	1,355,934	1,243,714	3,821,084	103,159,336

Dallas County

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

For the Last Nine Years

	Modified Accrual			
	2008	2007	2006	2005
Revenues:				
Property and other county tax	\$ 16,435,190	14,131,764	12,363,153	12,223,329
Interest and penalty on property tax	200,150	120,212	129,471	157,069
Tax increment financing	118,668	71,915	69,156	68,393
Intergovernmental	9,267,818	8,821,036	8,351,295	8,685,409
Licenses and permits	165,210	167,762	228,474	212,699
Charges for service	2,220,105	2,033,444	2,151,942	1,966,320
Use of money and property	1,214,811	1,352,680	938,619	376,332
Miscellaneous	471,613	582,977	1,156,236	640,509
<b>Total</b>	<b>\$ 30,093,565</b>	<b>27,281,790</b>	<b>25,388,346</b>	<b>24,330,060</b>
Expenditures:				
Operating:				
Public safety and legal services	\$ 6,394,696	5,557,939	5,662,792	4,235,897
Physical health and social services	2,725,731	2,793,823	2,446,243	2,283,649
Mental health	4,165,304	3,930,862	4,031,506	4,021,399
County environment and education	2,797,350	2,246,610	1,977,690	1,632,788
Roads and transportation	5,681,840	5,080,974	5,461,934	4,771,237
Governmental services to residents	1,350,487	1,201,824	1,405,061	863,783
Administration	1,504,643	1,652,347	1,487,404	2,582,284
Non-program	82,364	35,203	194,704	286,075
Debt service	1,374,999	1,429,872	2,168,603	1,086,288
Capital projects	4,599,429	4,809,405	2,580,017	2,170,970
<b>Total</b>	<b>\$ 30,676,843</b>	<b>28,738,859</b>	<b>27,415,954</b>	<b>23,934,370</b>

See accompanying independent auditor's report.

Basis				
2004	2003	2002	2001	2000
12,607,687	12,032,172	11,039,642	9,881,176	8,941,962
121,381	115,161	124,755	95,133	84,910
41,064	31,994	24,008	41,069	32,546
8,156,106	7,904,433	8,281,991	8,926,732	7,593,168
187,435	179,451	149,465	144,663	173,026
1,797,483	1,730,355	1,480,991	1,388,435	1,181,885
243,537	321,119	327,598	473,574	329,929
1,068,399	1,090,338	535,315	836,748	742,445
24,223,092	23,405,023	21,963,765	21,787,530	19,079,871
4,141,707	4,348,165	3,782,743	3,667,036	3,595,982
2,347,396	2,260,699	2,427,581	3,142,956	3,058,837
3,892,605	3,541,726	3,541,905	3,286,486	2,956,813
1,460,257	1,370,639	1,387,881	1,666,743	1,278,909
4,856,470	4,692,586	4,405,522	4,242,934	4,382,680
740,936	944,689	692,597	616,099	579,149
2,744,922	2,715,171	2,630,155	2,159,302	2,057,475
287,288	367,328	369,459	815,834	346,023
1,084,659	1,103,312	730,587	706,938	478,968
2,200,176	3,732,903	2,896,180	2,582,424	759,486
23,756,416	25,077,218	22,864,610	22,886,752	19,494,322

**Schedule 9**

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 1,124
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		1,043
Total direct			<u>2,167</u>
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		<u>17,716</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Block Grants	16.523	CJJP-05-M2-001	<u>64,707</u>
Iowa Department of Justice - Crime Victim			
Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-08-02	<u>3,320</u>
Iowa Department of Human Services - Boone/ Dallas County Decategorization:			
Enforcing Underage Drinking Laws Program	16.727	07-JD04-F505	<u>8,737</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C025(66)-8T-25	94,649
Highway Planning and Construction	20.205	STP-ES-C025(67)-8I-25	157,500
Highway Planning and Construction	20.205	STP-ES-C025(602)-8I-25	714,836
Highway Planning and Construction	20.205	BROS-C025(58)-8J-25	131,756
			<u>1,098,741</u>
Iowa Department of Public Safety - Governor's			
Traffic Safety Bureau:			
Alcohol Traffic Safety & Drunk Driving			
Prevention Incentive Grants	20.601	PAP-08-410	<u>1,091</u>
National Endowment for the Humanities:			
Humanities Iowa:			
Promotion of the Humanities - Federal/State			
Partnership	45.129	29-2-001	<u>4,880</u>
U.S. Elections Assistance Commission:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	08-HAVA	<u>2,500</u>

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Community Opportunities, Inc:			
Immunization Grants	93.268	5887I438	10,482
Grinnell Regional Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance			
	93.283	5887BT01	32,724
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		19,004
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		4,636
Foster Care - Title IV-E	93.658		11,130
Adoption Assistance	93.659		2,664
State Children's Insurance Program	93.767		157
Medical Assistance Program	93.778		24,222
Social Services Block Grant	93.667		12,465
Social Services Block Grant	93.667		117,360
			129,825
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Homeland Security Grant Program	97.004		40,970
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		221,632
Emergency Management Performance Grants	97.042		28,824
Total indirect			1,727,962
Total			\$ 1,730,129

**Basis of Presentation** – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Dallas 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 the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**Dallas County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 2, 2009. 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 Dallas County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Dallas County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Dallas County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Dallas County's financial statements that is more than inconsequential will not be prevented or detected by Dallas County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Dallas County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 and II-F-08 are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dallas County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dallas County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas 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 Dallas County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 2, 2009

**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**

**Dallas County**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

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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 Dallas County:

Compliance

We have audited the compliance of Dallas County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2008. Dallas County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas 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 Dallas 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 Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

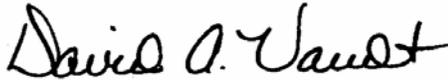
The management of Dallas County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dallas County's internal 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas 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

March 2, 2009

Dallas County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**SIGNIFICANT DEFICIENCIES:**

II-A-08 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:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer
(2) Disbursements – processing of claims, check writing, check signing, mailing checks and final approval.	Sheriff
(3) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash. Also, there is no evidence the reconciliation is reviewed.	Sheriff

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. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Responses –

County Treasurer – With a limited number of employees, we make an effort to rotate employees involved in various stages of processing and work assignments for collecting, depositing, posting and daily reconciling.

County Sheriff – Disbursements – processing of claims, check writing, check signing, mailing checks and final approval will all receive two sets of initials prior to being processed. Checks that are written and signed will be double checked by a designee of the sheriff prior to mailing. All bank reconciliations will be reviewed at the weekly Department Head meetings. They will be signed and dated by a designee of the Sheriff.

Conclusions – Responses accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

II-B-08 County Sheriff - The Sheriff's Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending book balances. A trusts on hand listing was not prepared as of June 30, 2008.

Recommendation - The Sheriff's Office should prepare a year-to-date spreadsheet of receipts and disbursements which should reconcile to the beginning and ending book balances. Additionally, a trust on hand listing should be prepared at month end and should reconcile to the bank and cashbook balances.

Response - The Sheriff's Office is in the process of testing different software that would provide the requested information. We are currently utilizing the spreadsheet provided by the Office of Auditor of State on a monthly basis.

Conclusion - Response accepted.

II-C-08 County Sheriff Forfeiture Pending Account - In 2006, \$781,724 was seized during a traffic stop and the funds were placed in the County Sheriff Forfeiture Pending Account. During fiscal year 2008, the Iowa Attorney General and the County Attorney were paid their share of these forfeited funds, but a balance of \$627,020 remains in the County Sheriff Forfeiture Pending Account.

Recommendation - In consultation with the Iowa Attorney General's Office, the remaining funds should be disbursed out of the County Sheriff Forfeiture Pending Account to the appropriate entities. Proceeds received by the County 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 receipt and disbursement of these proceeds 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 County Governments in Iowa.

Response - The Sheriff's Office is in the process of disseminating the funds to the appropriate entities. A plan is in place for money exceeding \$400,000, in accordance with Iowa law.

Conclusion - Response accepted.

II-D-08 Lack of Written Policies and Procedures - The County currently does not have written policies for certain areas of operation. These areas include:

- Annual job performance evaluations for County employees. Currently, certain departments do not perform periodic performance evaluations of their staff.
- The issuance and use of County provided credit cards.
- The use of handwritten warrants.

Recommendation - The County should develop written policies and procedures for the noted areas of operation.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Responses –

Board of Supervisors – We recognize the need to develop policies for areas of operations. We are currently addressing these issues.

Human Resources – This is the first year all departments will be reviewing employee performance using the same time of reference and similar review form. Prior to this, all departments periodically reviewed performance, but not on a regular basis.

Conclusions – Responses accepted.

II-E-08 Review and Approval of Timesheets – During review of timesheets for one pay period, we noted eighteen timesheets with the following exceptions:

- a) Five with no employee signature.
- b) Ten with no supervisor signature.
- c) Two with no employee or supervisor signature.
- d) One with the same individual signing as both employee and supervisor.

Recommendation – The County should develop policies and procedures to ensure all timesheets are signed by the employee and then reviewed/approved by the employee's supervisor prior to submission for payroll processing.

Response – Policies and procedures will be developed as the County implements an electronic timekeeping system later this fiscal year. Once the server systems have been updated, we will be able to support this new system and conduct training for all employees.

Conclusion – Response accepted.

II-F-08 Financial Reporting – During the audit, we identified material amounts of capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Response – We will monitor capital asset additions to ensure they are immediately included in our capital asset listings

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the debt service function. In addition, disbursements in one department exceeded the amount appropriated during the year ended June 30, 2008.

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

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

Response – We will more closely monitor the appropriations to make sure departments do not exceed their appropriations prior to an amendment. We will also pay close attention to the debt service function.

Conclusion – Response accepted.

IV-B-08 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-08 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-08 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Scott Gavin, Assistant Director of Emergency Medical Services	First Aid/CPR Training	\$500

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with the Assistant Director do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

IV-E-08 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Minutes of four Board proceedings were not published as required by Chapter 349.18 of the Code of Iowa

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Recommendation – The County should ensure the minutes are published as required.

Response – The County Auditor’s Office will comply with Chapter 349.18. The four meetings not published were meetings held on days outside the regularly scheduled board meetings.

Conclusion – Response accepted.

IV-G-08 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-08 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-08 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, 2008 for the County Extension Office did not exceed the amount budgeted.

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Dallas County

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
Brian R. Brustkern, CPA, Senior Auditor II  
Melissa J. Knoll-Speer, Senior Auditor  
Michael R. Field, Staff Auditor  
Dorothy O. Stover, Staff Auditor  
Joshua B. Ludwig, Staff Auditor  
Casey L. Johnson, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State