



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

April 2, 2010

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$40,565,235 for the year ended June 30, 2009, which included \$650,632 in tax credits from the state. The County forwarded \$33,896,344 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,668,891 of the local tax revenue to finance County operations, a 10.7 percent increase over the prior year. Other revenues included charges for service of \$1,884,277, operating grants, contributions and restricted interest of \$3,503,538, capital grants, contributions and restricted interest of \$69,152, tax increment financing of \$256,522, local option sales tax of \$1,094,722, hotel/motel tax of \$55,058, unrestricted investment earnings of \$368,780 and other general revenues of \$148,300.

Expenses for County operations totaled \$13,048,313, a less than one percent decrease from the prior year. Expenses included \$3,448,407 for roads and transportation, \$2,135,911 for public safety and legal services and \$1,754,400 for county environment and education.

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/index.html>.

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**DICKINSON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2009**

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**Dickinson County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2009)</b>		
David Gottsche	Board of Supervisors	Jan 2009
Pam Jordan	Board of Supervisors	Jan 2009
Mardi Allen	Board of Supervisors	Jan 2011
Paul Johnson	Board of Supervisors	Jan 2011
Wayne Northey	Board of Supervisors	Jan 2011
Nancy Reiman	County Auditor	Jan 2009
Kris Rowley	County Treasurer	Jan 2011
Janice Bortscheller	County Recorder	Jan 2011
Gregory Baloun	County Sheriff	Jan 2009
Rosalise Olson	County Attorney	Jan 2011
Patricia Dodds	County Assessor	Jan 2010
<b>(After January 2009)</b>		
Mardi Allen	Board of Supervisors	Jan 2011
Paul Johnson	Board of Supervisors	Jan 2011
Wayne Northey	Board of Supervisors	Jan 2011
David Gottsche	Board of Supervisors	Jan 2013
Pam Jordan	Board of Supervisors	Jan 2013
Nancy Reiman	County Auditor	Jan 2013
Kris Rowley	County Treasurer	Jan 2011
Janice Bortscheller	County Recorder	Jan 2011
Gregory Baloun	County Sheriff	Jan 2013
Rosalise Olson	County Attorney	Jan 2011
Patricia Dodds	County Assessor	Jan 2010

**Dickinson County**



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Independent Auditor's Report

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dickinson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 2009, 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 10, 2010 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of the supplies inventory, pertaining primarily to the Secondary Roads Fund. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 5 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 10, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities increased 1.4%, or approximately \$198,000, from fiscal year 2008 to fiscal year 2009. Property tax and other county tax increased approximately \$514,000, charges for service increased approximately \$168,000, operating grants, contributions and restricted interest decreased approximately \$40,000, capital grants, contributions and restricted interest decreased approximately \$418,000, local option sales tax increased approximately \$64,000 and unrestricted investment earnings decreased approximately \$140,000.
- ◆ Program expenses of the County's governmental activities decreased .03%, or approximately \$4,000, from fiscal year 2008 to fiscal year 2009. Roads and transportation expenses increased \$204,000, county environment and education expenses decreased approximately \$167,000 and administration expenses decreased approximately \$216,000.
- ◆ The County's net assets increased 4.3%, or approximately \$1,001,000, from June 30, 2008 to June 30, 2009.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

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

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. The 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

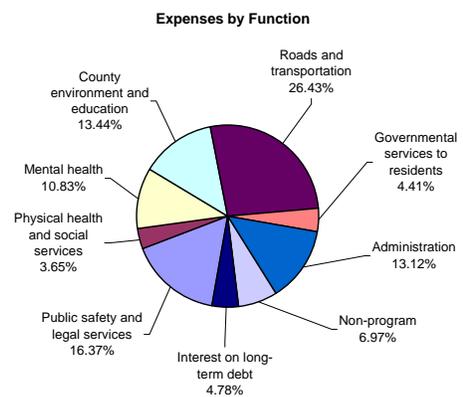
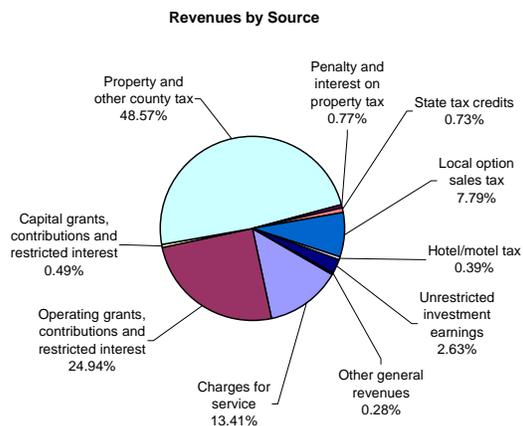
As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 4.3%, from approximately \$23.51 million to approximately \$24.51 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 22,464	20,162
Capital assets	28,494	26,095
Total assets	<u>50,958</u>	<u>46,257</u>
Long-term liabilities	18,037	14,798
Other liabilities	8,412	7,951
Total liabilities	<u>26,449</u>	<u>22,749</u>
Net assets:		
Invested in capital assets, net of related debt	15,313	14,703
Restricted	4,967	5,045
Unrestricted	4,229	3,760
Total net assets	<u>\$ 24,509</u>	<u>23,508</u>

Net assets of Dickinson County's governmental activities increased approximately \$1,001,000 (\$24.51 million compared to \$23.51 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at approximately \$4.23 million at June 30, 2009.

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

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
Program revenues:		
Charges for service	\$ 1,884	1,716
Operating grants, contributions and restricted interest	3,504	3,544
Capital grants, contributions and restricted interest	69	487
General revenues:		
Property and other county tax, including tax increment financing	6,822	6,308
Penalty and interest on property tax	108	99
State tax credits	103	117
Local option sales tax	1,095	1,031
Hotel/motel tax	55	39
Unrestricted investment earnings	369	509
Other general revenues	40	1
Total revenues	14,049	13,851
<b>Program expenses:</b>		
Public safety and legal services	2,136	2,067
Physical health and social services	476	521
Mental health	1,413	1,445
County environment and education	1,754	1,921
Roads and transportation	3,448	3,244
Governmental services to residents	575	513
Administration	1,712	1,928
Non-program	910	915
Interest on long-term debt	624	498
Total expenses	13,048	13,052
Increase in net assets	1,001	799
Net assets beginning of year	23,508	22,709
Net assets end of year	\$ 24,509	23,508



The County decreased property tax rates for fiscal year 2009 an average of 11.6%, which was more than offset by a taxable valuation increase, resulting in an increase in the County's property tax revenue of approximately \$514,000 for fiscal year 2009. Based on increases in the taxable valuation and increases in levy rates for fiscal year 2010, property tax is expected to increase approximately \$534,000.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$13.28 million, an increase of approximately \$1,795,000 over last year's total of approximately \$11.48 million. The increase in fund balance is primarily attributable to completion of the courthouse and jail project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$20,000 and expenditures increased approximately \$961,000. The ending fund balance decreased approximately \$183,000 from the prior year to approximately \$4.26 million, due primarily to an offset to expenditures of net transfers in of approximately \$763,000 of unspent capital projects funds.

Expenditures increased due to increased salaries, FICA, IPERS and health insurance benefits and new boilers at the Oak Haven Care Facility.

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.41 million, a decrease of approximately 2.18% from the prior year. The Mental Health Fund balance at year end increased approximately \$446,000 over the prior year. Revenues increased approximately \$558,000, due primarily to increased state growth dollars and an increase in case management rates. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent tax are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look at eliminating programs and services currently fully funded.
- The Rural Services Fund revenues increased approximately \$175,000. This was primarily due to an increase in property and local option sales tax revenue of approximately \$176,000. Expenditures increased approximately \$61,000. The County increased the amount transferred from the Rural Services Fund to the Secondary Roads Fund approximately \$185,000. The Rural Services Fund balance decreased approximately \$193,000 at June 30, 2009 to \$371,540.
- Secondary Roads Fund expenditures increased approximately \$940,000 over the prior year, due principally to the start up of capital projects in fiscal year 2009. Secondary Roads Fund revenues increased approximately \$30,000, which was primarily due to an increase in road use tax receipts and state project reimbursements. Transfers from the Rural Services Fund and General Fund increased approximately \$185,000 and \$600, respectively. The increase in expenditures, tempered with an increase in transfers, resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$515,000, or 26%.
- The Tax Increment Financing (TIF) and Urban Renewal Fund expended approximately \$572,000 for the payment of bond principal and interest and payments on development agreements. The balance in the fund at June 30, 2009 was approximately \$3,538,000. The increase of approximately \$3,359,000 was due primarily to the issuance of \$3,890,000 of general obligation bonds to finance urban renewal projects.

- Revenues of the Debt Service Fund decreased approximately \$570. Expenditures increased approximately \$66,000. The ending balance in the Debt Service Fund increased approximately \$32,000. During the fiscal year ended June 30, 2009, the County issued \$10 million of general obligation bonds to refinance general obligation bonds issued during fiscal year 2005. The refinancing was done to reduce overall interest payments over the life of the bonds. Savings in interest payments are projected to be approximately \$200,000.
- The Capital Projects Fund earned approximately \$12,000 of interest during fiscal year 2009, which was a decrease of approximately \$70,000 from fiscal year 2008. This, coupled with transfers out of approximately \$929,000 of unspent capital projects funds and expenditures of approximately \$792,000, resulted in a decrease of approximately \$1,709,000 in the ending fund balance, from \$2,188,712 at June 30, 2008 to \$479,445 at June 30, 2009.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Dickinson County amended its budget once. The amendment was made on June 2, 2009 and resulted in an increase in budgeted disbursements of \$15,631,955. The following functions increased as a result of the amendment: \$226,955 for mental health, \$385,000 for county environment and education, \$10,080,000 for debt service and \$4,940,000 for capital projects.

The County's receipts were approximately \$486,000 less than budgeted, a variance of 3.4%. The most significant variances resulted from the County receiving less property and other county tax and less intergovernmental receipts than anticipated.

Total disbursements were approximately \$5.7 million less than the amended budget. Actual disbursements for the capital projects, county environment and education and debt service functions were approximately \$4,425,000, \$711,000, and \$151,000, respectively, less than budgeted.

Actual disbursements for the capital projects function were less than the budgeted amount by approximately \$4,425,000 because of delays in the progress of the renovation of the Oak Haven Care Facility which were beyond the control of the County.

Actual disbursements for the county environment and education function were less than the budgeted amount by approximately \$711,000 because of delays in trail construction projects as well as some maintenance items for the Trails Board.

Actual disbursements for the debt service function were approximately \$151,000 less than the budgeted amount because anticipated disbursements were greater than actual debt payments.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Dickinson County had approximately \$28.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$2.4 million, or approximately 9.2%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 1,627	1,339
Buildings and improvements	16,284	792
Equipment and vehicles	2,518	2,280
Construction in progress	1,235	14,935
Infrastructure	6,830	6,749
Total	\$ 28,494	26,095

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

Building - courthouse and jail facility	\$ 15,350
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The County had depreciation expense of approximately \$835,000 in fiscal year 2009 and total accumulated depreciation of approximately \$4.9 million at June 30, 2009.

The County's fiscal year 2009 capital projects budget included approximately \$6.9 million for capital projects, principally for completion of construction of the courthouse, jail facility and roadways. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

Dickinson County had approximately \$17.8 million in outstanding debt at June 30, 2009, which included approximately \$16.7 million in general obligation bonds and notes and \$730,000 in urban revitalization bonds, compared to total outstanding debt of approximately \$14.56 million at June 30, 2008.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
General obligation bonds and notes	\$ 16,720	13,496
Urban revitalization bonds	730	760
Drainage warrants	347	307
Total	\$ 17,797	14,563

Total debt increased approximately \$3,200,000, primarily a result of issuing \$42,000 of stamped drainage warrants and the issuance of additional general obligation debt of \$3,890,000 for the East Okoboji Beach Renovation project.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$181,579,127. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth has mirrored its population growth during 2000-2008, averaging per year gains of 2.1%. Unemployment in the County now stands at 8.4% versus 5.4% a year ago. This compares with the State's unemployment rate of 6.6% and the national rate of 10.0%.

Inflation in the State is somewhat lower than the national Consumer Price Index increase. The State's CPI increase was .6% for 2009 compared with the national rate of 2.7%. Inflation has been modest here due, in part, to the residential housing market.

The County's budgetary fund balance is expected to decrease by the close of fiscal year 2010 from the fiscal year 2009 actual balance of approximately \$12.8 million to approximately \$6.5 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as the ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects an increased expense for Public Health Services contract with Lakes Regional Healthcare, 3) it reflects the efforts of departments to reduce department budgets by 4%, where possible, in order to keep the tax asking as low as possible, 4) it reflects a designated fund for the Nature Center to cover one-time expenses for renovation of the Nature Center, 5) it reflects a loss in revenues from state reimbursements and 6) the budget reflects the ongoing large increases in fuels and utilities for the maintenance of the new Courthouse and jail facility which is now fully occupied by county departments.

These goals were defined with a desire to keep the tax levy for the General Fund and the Rural Services Fund from increasing substantially, especially in light of the debt service levy to pay interest and principal on the bonds for the Courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months, requiring additional county services such as law enforcement, planning and zoning and County Attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion.

These factors were considerations for the fiscal year 2010 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2010	2009	
	Dollars	Dollars	Percentage
	Certified	Certified	Change
General basic levy	\$ 3,755,920	3,496,768	7.4%
Mental health levy	371,259	412,509	(10.0)
Rural services levy	1,266,387	1,133,260	11.8
Debt service levy	1,309,730	1,157,088	13.2
Total	\$ 6,703,296	6,199,625	8.1%

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for fiscal year 2010 and fiscal year 2009 are as follows:

	2010	2009	Percentage Change
General basic levy	\$ 2.06135	2.06135	0.0%
Mental health levy	0.20376	0.24317	(16.0)
Rural services levy	1.75410	1.65410	6.0
Debt service levy	0.64352	0.59833	7.5
Total	\$ 4.66273	4.55695	2.3%

Budgeted receipts in the fiscal year 2010 operating budget are approximately \$370,000 more than the fiscal year 2009 actual receipts of approximately \$13.6 million, which is an increase from the fiscal year 2008 final receipts of 3.00%. Budgeted disbursements in the fiscal year 2010 operating budget are approximately \$18 million, which is an \$8.1 million decrease from the fiscal year 2009 actual final disbursements of approximately \$26.2 million. Total taxable valuations increased approximately \$100 million, from \$1.7 billion to \$1.8 billion.

**CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT**

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

**Dickinson County**

## **Basic Financial Statements**

**Exhibit A**

Dickinson County  
Statement of Net Assets  
June 30, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 13,476,145
Receivables:	
Property tax:	
Delinquent	7,944
Succeeding year	7,381,000
Penalty and interest on property tax	16,160
Accounts	8,493
Accrued interest	63,467
Drainage assessments	363,466
Due from other governments	518,486
Inventories	628,149
Capital assets (net of accumulated depreciation)	<u>28,494,231</u>
<b>Total assets</b>	<u>50,957,541</u>
<b>Liabilities</b>	
Accounts payable	731,322
Accrued interest payable	56,550
Salaries and benefits payable	114,621
Due to other governments	128,192
Deferred revenue:	
Succeeding year property tax	7,381,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	910,000
Urban revitalization bonds	30,000
Drainage warrants	346,786
Compensated absences	171,617
Portion due or payable after one year:	
General obligation bonds	15,810,000
Urban revitalization bonds	700,000
Compensated absences	<u>68,296</u>
<b>Total liabilities</b>	<u>26,448,384</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	15,312,663
Restricted for:	
Mental health purposes	652,733
Secondary roads purposes	1,368,519
Capital projects	479,445
Drainage warrants	42,488
Debt service	34,069
Other purposes	2,390,418
Unrestricted	<u>4,228,822</u>
<b>Total net assets</b>	<u>\$ 24,509,157</u>

See notes to financial statements.

Dickinson County  
 Statement of Activities  
 Year ended June 30, 2009

	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	\$ 2,135,911	201,033	56,704	-	(1,878,174)
Physical health and social services	475,783	885	166,429	-	(308,469)
Mental health	1,412,710	552,804	897,465	-	37,559
County environment and education	1,754,400	180,478	607,817	-	(966,105)
Roads and transportation	3,448,407	93,359	1,647,333	69,152	(1,638,563)
Governmental services to residents	574,730	488,125	-	-	(86,605)
Administration	1,712,607	146,460	127,790	-	(1,438,357)
Non-program	909,721	221,133	-	-	(688,588)
Interest on long-term debt	624,044	-	-	-	(624,044)
<b>Total</b>	<b>\$ 13,048,313</b>	<b>1,884,277</b>	<b>3,503,538</b>	<b>69,152</b>	<b>(7,591,346)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					5,427,903
Debt service					1,137,709
Tax increment financing					256,522
Penalty and interest on property tax					108,348
State tax credits					103,279
Local option sales tax					1,094,722
Hotel/motel tax					55,058
Unrestricted investment earnings					368,780
Gain on sale of capital assets					13,030
Miscellaneous					26,922
<b>Total general revenues</b>					<b>8,592,273</b>
Change in net assets					1,000,927
Net assets beginning of year					23,508,230
Net assets end of year					<b>\$ 24,509,157</b>

See notes to financial statements.

Dickinson County  
Balance Sheet  
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 4,343,371	793,962	240,894	883,396
Conservation Foundation	-	-	-	-
Bequest held by bank	-	-	-	-
Receivables:				
Property tax:				
Delinquent	3,648	425	2,267	-
Succeeding year	3,683,000	355,000	1,242,000	-
Penalty and interest on property tax	16,160	-	-	-
Accounts	6,472	-	-	2,021
Accrued interest	53,348	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	105,974	36,562	146,945	208,505
Inventories	-	-	-	628,149
<b>Total assets</b>	<b>\$ 8,211,973</b>	<b>1,185,949</b>	<b>1,632,106</b>	<b>1,722,071</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 138,599	75,097	16,299	221,309
Salaries and benefits payable	77,764	1,341	-	35,516
Due to other governments	32,155	94,988	-	1,049
Deferred revenue:				
Succeeding year property tax	3,683,000	355,000	1,242,000	-
Other	19,808	425	2,267	-
Total liabilities	<b>3,951,326</b>	<b>526,851</b>	<b>1,260,566</b>	<b>257,874</b>
Fund balances:				
Reserved for:				
Drainage warrants	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund:				
Undesignated	3,082,271	-	-	-
Designated for buildings and grounds	1,178,376	-	-	-
Special revenue funds	-	659,098	371,540	1,464,197
Capital projects fund:				
Designated for:				
New Courthouse and jail facility	-	-	-	-
County care facility	-	-	-	-
Total fund balances	<b>4,260,647</b>	<b>659,098</b>	<b>371,540</b>	<b>1,464,197</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,211,973</b>	<b>1,185,949</b>	<b>1,632,106</b>	<b>1,722,071</b>

See notes to financial statements.

TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
3,679,098	49,094	496,827	2,302,830	12,789,472
-	-	-	159,924	159,924
-	-	-	78,358	78,358
520	1,084	-	-	7,944
813,000	1,288,000	-	-	7,381,000
-	-	-	-	16,160
-	-	-	-	8,493
5,846	-	123	2,806	62,123
-	-	-	363,466	363,466
-	-	-	20,500	518,486
-	-	-	-	628,149
4,498,464	1,338,178	496,950	2,927,884	22,013,575
146,515	-	17,505	107,750	723,074
-	-	-	-	114,621
-	-	-	-	128,192
813,000	1,288,000	-	-	7,381,000
520	1,084	-	363,467	387,571
960,035	1,289,084	17,505	471,217	8,734,458
-	-	-	66,249	66,249
-	49,094	-	-	49,094
-	-	-	-	3,082,271
-	-	-	-	1,178,376
3,538,429	-	-	2,390,418	8,423,682
-	-	391,368	-	391,368
-	-	88,077	-	88,077
3,538,429	49,094	479,445	2,456,667	13,279,117
4,498,464	1,338,178	496,950	2,927,884	22,013,575

**Dickinson County**

Dickinson County

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

June 30, 2009

**Total governmental fund balances (page 21)** \$ 13,279,117

***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 is \$33,403,941 and the accumulated depreciation is \$4,909,710. 28,494,231

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 387,571

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 441,487

Long-term liabilities, including general obligation bonds, urban revitalization bonds, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (18,093,249)

**Net assets of governmental activities (page 18)** \$ 24,509,157

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 3,764,295	400,450	1,931,216	-
Interest and penalty on property tax	106,260	-	-	-
Intergovernmental	498,747	1,455,041	27,045	1,722,156
Licenses and permits	54,220	-	-	1,297
Charges for service	610,366	2,533	-	38,365
Use of money and property	287,450	-	-	16,700
Miscellaneous	234,845	-	-	31,325
Total revenues	5,556,183	1,858,024	1,958,261	1,809,843
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	2,095,583	-	61,128	-
Physical health and social services	480,887	-	-	-
Mental health	-	1,411,752	-	-
County environment and education	1,181,066	-	206,251	-
Roads and transportation	-	-	-	3,321,261
Governmental services to residents	573,533	-	-	-
Administration	1,787,404	-	-	-
Non-program	145,026	-	-	-
Debt service	-	-	-	-
Capital projects	239,060	-	-	1,026,758
Total expenditures	6,502,559	1,411,752	267,379	4,348,019
Excess (deficiency) of revenues over (under) expenditures	(946,376)	446,272	1,690,882	(2,538,176)
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	20,000
Operating transfers in	996,685	-	-	2,002,830
Operating transfers out	(233,745)	-	(1,884,085)	-
General obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	762,940	-	(1,884,085)	2,022,830
Net change in fund balances	(183,436)	446,272	(193,203)	(515,346)
Fund balances beginning of year	4,444,083	212,826	564,743	1,979,543
Fund balances end of year	4,260,647	659,098	371,540	1,464,197

See notes to financial statements.

TIF and Urban Renewal	Debt Service	Capital Projects	Nonmajor	Total
726,935	1,137,478	-	-	7,960,374
-	76	-	-	106,336
-	19,322	-	162,567	3,884,878
-	-	-	-	55,517
-	-	-	77,084	728,348
12,080	-	12,006	38,838	367,074
-	-	-	414,878	681,048
739,015	1,156,876	12,006	693,367	13,783,575
-	-	-	-	2,156,711
-	-	-	-	480,887
-	-	-	-	1,411,752
-	-	-	380,953	1,768,270
-	-	-	-	3,321,261
-	-	-	-	573,533
-	-	-	-	1,787,404
-	-	-	70,968	215,994
572,514	1,235,141	-	2,040	1,809,695
329,734	-	792,236	26,942	2,414,730
902,248	1,235,141	792,236	480,903	15,940,237
(163,233)	(78,265)	(780,230)	212,464	(2,156,662)
-	-	-	-	20,000
-	110,373	-	304,962	3,414,850
(367,983)	-	(929,037)	-	(3,414,850)
3,890,000	10,000,000	-	-	13,890,000
-	(10,000,000)	-	-	(10,000,000)
-	-	-	41,939	41,939
3,522,017	110,373	(929,037)	346,901	3,951,939
3,358,784	32,108	(1,709,267)	559,365	1,795,277
179,645	16,986	2,188,712	1,897,302	11,483,840
3,538,429	49,094	479,445	2,456,667	13,279,117

Dickinson County

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

Year ended June 30, 2009

**Net change in fund balances - Total governmental funds (page 25)** \$ 1,795,277

**Amounts reported for governmental activities in the Statement of Activities are different because:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 3,220,529	
Depreciation expense	<u>(834,666)</u>	2,385,863

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 13,030

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	(1,476)	
Other	<u>17,161</u>	15,685

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 long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issuances exceeded repayments, as follows:

Issued	(14,001,133)	
Repaid	<u>10,767,040</u>	(3,234,093)

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	(3,916)	
Interest on long-term debt	<u>49,980</u>	46,064

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. (20,899)

**Change in net assets of governmental activities (page 19)** \$ 1,000,927

See notes to financial statements.

Dickinson County  
 Statement of Net Assets  
 Proprietary Fund

June 30, 2009

	<u>Internal          Service -          Employee          Group          Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 448,391
Accrued interest receivable	1,344
<b>Total assets</b>	<u>449,735</u>
<b>Liabilities</b>	
Accounts payable	<u>8,248</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$ 441,487</u></u>

See notes to financial statements.

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

Year ended June 30, 2009

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 66,775
Operating expenses:	
Medical claims	<u>106,079</u>
Operating loss	(39,304)
Non-operating revenues:	
Interest income	<u>18,405</u>
Net loss	(20,899)
Net assets beginning of year	<u>462,386</u>
Net assets end of year	<u><u>\$ 441,487</u></u>

See notes to financial statements.

Dickinson County

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2009

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 66,775
Cash paid to suppliers for services	(105,590)
Net cash used by operating activities	<u>(38,815)</u>
Cash flows from investing activities:	
Interest on investments	<u>20,937</u>
Net decrease in cash and cash equivalents	(17,878)
Cash and cash equivalents beginning of year	<u>466,269</u>
Cash and cash equivalents end of year	<u><u>\$ 448,391</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (39,304)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Increase in accounts payable	<u>489</u>
Net cash used by operating activities	<u><u>\$ (38,815)</u></u>

See notes to financial statements.

Dickinson County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2009

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,740,919
Other County officials	68,557
Receivables:	
Property tax:	
Delinquent	26,291
Succeeding year	33,089,000
Accounts	29,441
Accrued interest	1,097
Special assessments	145,263
Succeeding year drainage assessments	557,213
Due from other governments	906
<b>Total assets</b>	<u>35,658,687</u>

**Liabilities**

Accounts payable	62,458
Salaries and benefits payable	6,473
Due to other governments	35,552,725
Trusts payable	19,792
Compensated absences	17,239
<b>Total liabilities</b>	<u>35,658,687</u>

**Net assets** \$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2009

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

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

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

A. Reporting Entity

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

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

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

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

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

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

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

## B. Basis of Presentation

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

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

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Tax Increment Financing (TIF) and Urban Renewal Fund is used to account for the property tax revenue levied for the payment of debt incurred for urban renewal projects.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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

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

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2009 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 \$496,636 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	TIF and Urban Renewal	\$ 67,648
	Capital Projects	929,037
		<u>996,685</u>
Special Revenue: Secondary Roads	General	118,745
	Special Revenue:	
	Rural Services	1,884,085
		<u>2,002,830</u>
Revolving Economic Development	General	<u>30,000</u>
Low & Moderate Income	Special Revenue:	
	TIF and Urban Renewal	<u>189,962</u>
Trails Maintenance	General	<u>85,000</u>
Debt Service	Special Revenue:	
	TIF and Urban Renewal	<u>110,373</u>
Total		<u>\$ 3,414,850</u>

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,338,890	288,600	-	1,627,490
Construction in progress, road network	198,119	375,602	(545,470)	28,251
Construction in progress	14,736,984	2,005,566	(15,535,697)	1,206,853
Total capital assets not being depreciated	<u>16,273,993</u>	<u>2,669,768</u>	<u>(16,081,167)</u>	<u>2,862,594</u>
Capital assets being depreciated:				
Buildings	1,253,235	15,349,625	-	16,602,860
Improvements other than buildings	-	166,495	-	166,495
Equipment and vehicles	5,919,694	590,340	(376,017)	6,134,017
Infrastructure, road network	7,092,507	545,468	-	7,637,975
Total capital assets being depreciated	<u>14,265,436</u>	<u>16,651,928</u>	<u>(376,017)</u>	<u>30,541,347</u>
Less accumulated depreciation for:				
Buildings	461,538	20,988	-	482,526
Improvements other than buildings	-	3,330	-	3,330
Equipment and vehicles	3,639,368	345,915	(369,047)	3,616,236
Infrastructure, road network	343,185	464,433	-	807,618
Total accumulated depreciation	<u>4,444,091</u>	<u>834,666</u>	<u>(369,047)</u>	<u>4,909,710</u>
Total capital assets being depreciated, net	<u>9,821,345</u>	<u>15,817,262</u>	<u>(6,970)</u>	<u>25,631,637</u>
Governmental activities capital assets, net	<u>\$ 26,095,338</u>	<u>18,487,030</u>	<u>(16,088,137)</u>	<u>28,494,231</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 58,121
Physical health and social services	1,386
County environment and education	11,132
Roads and transportation	721,702
Administration	42,325
Total depreciation expense - governmental activities	<u>\$ 834,666</u>

**(5) Due to Other Governments**

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 32,155
Special Revenue:		
Mental Health	Services	94,988
Secondary Roads	Services	1,049
		<u>128,192</u>
Total for governmental funds		<u>\$ 128,192</u>
Agency:		
County Offices	Collections	\$ 52,638
Agricultural Extension Education		187,526
County Assessor		508,470
Schools		16,638,726
Community Colleges		1,407,743
Corporations		10,105,129
Townships		372,732
City Special Assessments		145,263
Auto License, Use Tax and Drivers' License		404,299
All other		5,730,199
		<u>35,552,725</u>
Total for agency funds		<u>\$ 35,552,725</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>General</u>	<u>Urban</u>	<u>Drainage</u>	<u>Compen-</u>	
	<u>Obligation</u>	<u>Revitalization</u>	<u>Drainage</u>	<u>sated</u>	
	<u>Bonds/Notes</u>	<u>Bonds</u>	<u>Warrants</u>	<u>Absences</u>	<u>Total</u>
Balance beginning					
of year	\$ 13,495,806	760,000	306,887	235,997	14,798,690
Increases	13,959,194	-	41,939	217,034	14,218,167
Decreases	(10,735,000)	(30,000)	(2,040)	(213,118)	(10,980,158)
Balance end of year	<u>\$ 16,720,000</u>	<u>730,000</u>	<u>346,786</u>	<u>239,913</u>	<u>18,036,699</u>
Due within one year	<u>\$ 910,000</u>	<u>30,000</u>	<u>346,786</u>	<u>171,617</u>	<u>1,458,403</u>

General Obligation Bonds/Notes

A summary of the County's June 30, 2009 general obligation bonded indebtedness is as follows:

Year ending June 30,	General Obligation Bonds/Notes					
	Series 2004 Issued Jan 1, 2004			Series 2004 Issued Dec 1, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	2.90%	\$ 680,000	65,500	3.45%	\$ 80,000	26,195
2011	3.10	705,000	45,780	3.45	80,000	23,435
2012	3.30	725,000	23,926	3.50	80,000	20,675
2013		-	-	3.60	90,000	17,875
2014		-	-	3.65	90,000	14,635
2015-2019		-	-	3.65 - 3.85	300,000	22,850
2020-2024		-	-		-	-
2025-2029		-	-		-	-
		<u>\$ 2,110,000</u>	<u>135,206</u>		<u>\$ 720,000</u>	<u>125,665</u>

Year ending June 30,	General Obligation Bonds/Notes					
	Series 2009B Issued Apr 1, 2009			Series 2009C Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010		\$ -	420,016	2.00%	\$ 25,000	500
2011		-	387,706	2.00	70,000	1,400
2012		-	387,706	2.40	75,000	1,800
2013	3.25%	755,000	387,706	2.70	75,000	2,025
2014	3.25	780,000	363,169	3.00	80,000	2,400
2015-2019	3.25 - 4.00	4,315,000	1,396,963	3.25	375,000	13,713
2020-2024	4.25	4,150,000	449,437		-	-
2025-2029		-	-		-	-
		<u>\$ 10,000,000</u>	<u>3,792,703</u>		<u>\$ 700,000</u>	<u>21,838</u>

Year ending June 30,	General Obligation Bonds/Notes					
	Series 2009A Issued May 1, 2009			Totals		
	Interest Rate	Principal	Interest	Principal	Interest	Total
2010	3.00%	\$ 125,000	3,750	910,000	515,961	1,425,961
2011	3.00	125,000	3,750	980,000	462,071	1,442,071
2012	3.00	125,000	3,750	1,005,000	437,857	1,442,857
2013	3.00	130,000	3,900	1,050,000	411,506	1,461,506
2014	3.00	130,000	3,900	1,080,000	384,104	1,464,104
2015-2019	3.00 - 3.85	710,000	24,285	5,700,000	1,457,811	7,157,811
2020-2024	4.00 - 4.50	835,000	30,773	4,985,000	480,210	5,465,210
2025-2029	4.65 - 5.00	1,010,000	49,560	1,010,000	49,560	1,059,560
		<u>\$ 3,190,000</u>	<u>123,668</u>	<u>16,720,000</u>	<u>4,199,080</u>	<u>20,919,080</u>

During the year ended June 30, 2009, the County issued \$3,890,000 of general obligation bonds to finance various urban renewal projects.

In April 2009, the County issued \$10,000,000 of general obligation refunding capital loan notes, Series 2009B to refinance \$10,000,000 of general obligation bonds, Series 2003. The County obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$200,000.

Urban Revitalization Bonds

A summary of the County’s June 30, 2009 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.15%	\$ 30,000	36,840	66,840
2011	4.30	35,000	35,596	70,596
2012	4.40	35,000	34,090	69,090
2013	4.50	35,000	32,550	67,550
2014	4.60	40,000	30,976	70,976
2015-2019	4.60 to 5.10	215,000	125,738	340,738
2020-2024	5.20 to 5.60	275,000	65,340	340,340
2025	5.70	65,000	3,706	68,706
Total		\$ 730,000	364,836	1,094,836

Senior Housing Revenue Bonds

On December 21, 2006, the County issued Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006A of \$7,080,000, Taxable Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006B of \$345,000 and Subordinate Senior Housing Revenue Bonds (Spirit Lake-GEAC, LLC Project) Series 2006C of \$250,000 as permitted by Chapter 419 of the Code of Iowa to be used by the borrower to construct a senior housing facility in Dickinson County, consisting of 42 assisted living units and 20 memory loss units. The bonds were dated December 1, 2006. The bonds shall never constitute indebtedness, a general or moral obligation or a loan of credit of the issuer, Dickinson County, or a lien, charge or encumbrance, legal or equitable, against the issuer’s property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the issuer, but rather shall be special obligations payable solely from revenues pledged and assigned to the payment thereof and secured by the Loan Agreement. Since these bonds do not constitute indebtedness of Dickinson County, a liability has not been included in the Statement of Net Assets.

Drainage Warrants

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

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

**(7) 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 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$256,197, 226,024 and \$203,862, respectively, equal to the required contributions for each year.

**(8) Revolving Loan Fund**

The Special Revenue, Revolving Economic Development Fund was established to promote economic development in Dickinson County through grants and loans. Upon receipt of loan payments from the business, the funds remain in the Revolving Economic Development Fund for subsequent loans to other businesses. There are no outstanding loans at June 30, 2009.

**(9) Risk Management**

The 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 577 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$240,654.

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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

#### **(10) Public Health**

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

agreement was effective and commenced July 1, 1996, and continues year to year unless terminated.

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Dickinson County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, the County and the Board of Health agree to reimburse the Hospital up to \$126,000 per year for public health services, including reimbursement for indigent fees.

**(11) Employee Group Health Fund**

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund were recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2009 was \$66,775.

The amounts payable from the Employee Group Health Fund at June 30, 2009 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

**(12) Jointly Governed Organization**

The County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2009:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okobojo	23,000	
City of Arnolds Park	7,600	
City of Milford	16,000	
City of West Okobojo	14,800	
City of Wahpeton	13,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	\$ 200,200
Interest on investments		3,193
Miscellaneous		7,447
Total additions		<u>210,840</u>

Deductions:

Dickinson County Soil and Water Conservation District	55,732	
East Okobojo Beach Homeowners Association	9,806	
Printing of minutes	151	65,689

Net		145,151
Balance beginning of year		<u>53,178</u>
Balance end of year		<u><u>\$ 198,329</u></u>

**(13) Development Agreements**

The County entered into development agreements to assist in urban renewal projects, as follows:

East Okobojo Beach Urban Renewal Area – In November 1997, the County determined construction of a sanitary sewer line was necessary to eliminate unsanitary and unsafe conditions which limit the use of land. The County designated the Plat of East Okobojo Beach as an urban renewal area, which permitted the County to reimburse the Iowa Great Lakes Sanitary District (IGLSD) for a portion of the costs associated with construction of the line, thereby preserving and enhancing the continued development of the County. The County determined tax increment financing would be used to reimburse IGLSD for the costs associated with construction of the sanitary sewer line. The County agreed to rebate 100% of the incremental tax paid to IGLSD. The County began reimbursing the incremental tax received by the County under Chapter 403.19 of the Code to IGLSD during the year ended June 30, 1999. It was anticipated future County indebtedness for project-related activities within the area relating to reimbursement of costs to IGLSD in connection with the installation of sanitary sewer lines, grading, paving and drainage improvement would not exceed \$2,985,974. During the year ended June 30, 2009, \$364,425 was reimbursed to IGLSD. The cumulative amount reimbursed to IGLSD at June 30, 2009 was \$1,317,427. The original East Okobojo Beach Urban Renewal Plan was amended on February 10, 2004 to extend the time frame of the plan by 18 years to December 31, 2022. Taxes levied for the next fiscal year total \$173,000.

Silver Shores Urban Renewal Area – In January 2002, the County entered into a private development agreement with the City of Lake Park and Silver Lake Development, LLC. The County agreed to rebate 66.4% of the incremental tax paid by the developer in exchange for the development of a new 157-acre development abutting Silver Lake in the City of Lake Park. The project includes single-family residential lots, multi-family housing which will be available for low-and-moderate-income (LMI) families and commercial development on lots abutting roadways and parks and green space areas. In accordance with the agreement, 33.6% of the incremental tax paid by the developer is required to provide assistance for LMI housing, either by ensuring at least 33.6% of the units constructed in the area are occupied by families whose income are at or below 80% of the median County income or by setting aside 33.6% of the project costs for LMI housing activities elsewhere in the County. The amount of LMI funds held by the County for this project at June 30, 2009 in the Special Revenue, Silver Shore Low & Moderate Income Fund was \$69,423. The County started rebating the incremental tax to be received under Chapter 403.19 of the Code of Iowa to the developer during the year ended June 30, 2005. The total to be paid by the County under this agreement is not to exceed \$400,000. During the year ended June 2009, \$62,737 was rebated to the developer and the cumulative amount rebated at June 30, 2009 was \$176,625. Property tax levied for the next fiscal year totals \$110,000.

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The proposed project involves two primary components, which are the extension of the City's sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. The amount of LMI funds held by the County for this project at June 30, 2009 in the Special Revenue, West Bay Estates Low and Moderate Income Fund was \$60,230. The developer's project involves the establishment of a 33-acre lakeshore residential subdivision. Under the proposal, the first \$650,000 generated through tax increment financing would be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district will be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental tax shall be limited to twenty (20) years. During the year ended June 30, 2009, \$74,630 was rebated to the developer and the cumulative amount rebated at June 30, 2009 was \$102,553. Property tax levied for the next fiscal year totals \$138,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developer in exchange for the construction of certain minimum improvements located within the County's TIF district. Urban revitalization bonds were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developer. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2009, \$43,247 was rebated to the

developers and the cumulative amount rebated at June 30, 2009 was \$145,976. Property tax levied for the next fiscal year totals \$53,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford for the purpose of establishing an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193<sup>rd</sup> Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2009 in the Special Revenue, West Sioux Estate Low & Moderate Income Fund was \$21,263. During the year ended June 2009, \$7,070 was rebated to the developers and the cumulative amount rebated at June 30, 2009 was \$338,635. Property tax levied for the next fiscal year totals \$28,000.

Shore Acres Urban Renewal Area – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and the service road within the subdivision. The County is going to use tax increment financing to support this development, which has an estimated cost of \$150,000. Under this plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2009 in the Special Revenue, Shore Acres Low & Moderate Income Fund was \$103,081. During the year ended June 30, 2009, \$20,297 was rebated to the developer and the cumulative amount rebated at June 30, 2009 was \$344,212. Property tax levied for the next fiscal year totals \$160,000.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is going to use tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including LMI (low-and-moderate-income) funds which are to be set aside. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2009 in the Special Revenue, Orleans Low & Moderate Income Fund was \$53,021. The estimated costs will be the City’s cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. During the year ended June 30, 2009, no money was rebated to the developer. As of June 30, 2009, a cumulative amount of \$4,694 has been rebated to the developer. Property tax levied for the next fiscal year totals \$151,000.

**Required Supplementary Information**

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 7,959,135	-	7,959,135
Interest and penalty on property tax	106,260	-	106,260
Intergovernmental	3,729,824	-	3,729,824
Licenses and permits	93,064	-	93,064
Charges for service	679,464	-	679,464
Use of money and property	352,405	-	352,405
Miscellaneous	721,950	43,145	678,805
Total receipts	<u>13,642,102</u>	<u>43,145</u>	<u>13,598,957</u>
<b>Disbursements:</b>			
Public safety and legal services	2,140,063	-	2,140,063
Physical health and social services	486,980	-	486,980
Mental health	1,485,245	-	1,485,245
County environment and education	1,896,817	54,072	1,842,745
Roads and transportation	3,424,160	-	3,424,160
Governmental services to residents	572,638	-	572,638
Administration	1,772,641	-	1,772,641
Non-program	178,260	57,009	121,251
Debt service	11,810,072	2,040	11,808,032
Capital projects	2,530,830	-	2,530,830
Total disbursements	<u>26,297,706</u>	<u>113,121</u>	<u>26,184,585</u>
Excess (deficiency) of receipts over (under) disbursements	(12,655,604)	(69,976)	(12,585,628)
Other financing sources, net	<u>14,002,467</u>	<u>41,939</u>	<u>13,960,528</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,346,863	(28,037)	1,374,900
Balance beginning of year	<u>11,680,891</u>	<u>266,886</u>	<u>11,414,005</u>
Balance end of year	<u>\$ 13,027,754</u>	<u>238,849</u>	<u>12,788,905</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
8,087,278	8,087,278	(128,143)
72,000	72,000	34,260
4,071,484	4,544,323	(814,499)
75,750	75,750	17,314
668,416	668,416	11,048
319,727	319,727	32,678
317,280	317,280	361,525
13,611,935	14,084,774	(485,817)
2,252,770	2,252,770	112,707
522,480	522,480	35,500
1,325,061	1,552,016	66,771
2,168,456	2,553,456	710,711
3,508,726	3,508,726	84,566
599,200	599,200	26,562
1,888,334	1,888,334	115,693
117,000	117,000	(4,251)
1,879,292	11,959,292	151,260
2,016,285	6,956,285	4,425,455
16,277,604	31,909,559	5,724,974
(2,665,669)	(17,824,785)	5,239,157
11,000	15,001,000	(1,040,472)
(2,654,669)	(2,823,785)	4,198,685
9,406,145	9,406,145	2,007,860
6,751,476	6,582,360	6,206,545

Dickinson County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 13,642,102	141,473	13,783,575
Expenditures	26,297,706	(10,357,469)	15,940,237
Net	(12,655,604)	10,498,942	(2,156,662)
Other financing sources, net	14,002,467	(10,050,528)	3,951,939
Beginning fund balances	11,680,891	(197,051)	11,483,840
Ending fund balances	\$ 13,027,754	251,363	13,279,117

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$15,631,955. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the non-program function.

**Dickinson County**

**Other Supplementary Information**

Dickinson County  
 Combining Balance Sheet  
 Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Special Watershed Study
<b>Assets</b>							
Cash and pooled investments:							
County Treasurer	\$ 106,582	1,519	124,651	38,461	78,925	8,081	5,000
Conservation Foundation	-	-	-	-	-	-	-
Bequest held by bank	-	-	-	-	-	-	-
Receivables:							
Accrued interest	549	-	-	63	-	-	-
Drainage assessments	-	-	-	-	363,466	-	-
Due from other governments	906	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 108,037</b>	<b>1,519</b>	<b>124,651</b>	<b>38,524</b>	<b>442,391</b>	<b>8,081</b>	<b>5,000</b>
<b>Liabilities and Fund Equity</b>							
Liabilities:							
Accounts payable	\$ -	-	-	-	12,115	-	-
Deferred revenue:							
Other	-	-	-	-	363,467	-	-
Total liabilities	-	-	-	-	375,582	-	-
Fund equity:							
Fund balances:							
Reserved for drainage warrants	-	-	-	-	66,249	-	-
Unreserved	108,037	1,519	124,651	38,524	560	8,081	5,000
Total fund equity	108,037	1,519	124,651	38,524	66,809	8,081	5,000
<b>Total liabilities and fund equity</b>	<b>\$ 108,037</b>	<b>1,519</b>	<b>124,651</b>	<b>38,524</b>	<b>442,391</b>	<b>8,081</b>	<b>5,000</b>

See accompanying independent auditor's report.

Revenue									
Low & Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Court-house Memorial	Total
307,018	3,626	899	17,829	1,518,356	91,298	-	-	585	2,302,830
-	-	-	-	-	-	159,924	-	-	159,924
-	-	-	-	-	-	-	78,358	-	78,358
-	-	-	30	2,164	-	-	-	-	2,806
-	-	-	-	-	-	-	-	-	363,466
-	11,379	-	8,215	-	-	-	-	-	20,500
<b>307,018</b>	<b>15,005</b>	<b>899</b>	<b>26,074</b>	<b>1,520,520</b>	<b>91,298</b>	<b>159,924</b>	<b>78,358</b>	<b>585</b>	<b>2,927,884</b>
-	11,329	-	-	81,334	2,972	-	-	-	107,750
-	-	-	-	-	-	-	-	-	363,467
-	11,329	-	-	81,334	2,972	-	-	-	471,217
-	-	-	-	-	-	-	-	-	66,249
<b>307,018</b>	<b>3,676</b>	<b>899</b>	<b>26,074</b>	<b>1,439,186</b>	<b>88,326</b>	<b>159,924</b>	<b>78,358</b>	<b>585</b>	<b>2,390,418</b>
<b>307,018</b>	<b>3,676</b>	<b>899</b>	<b>26,074</b>	<b>1,439,186</b>	<b>88,326</b>	<b>159,924</b>	<b>78,358</b>	<b>585</b>	<b>2,456,667</b>
<b>307,018</b>	<b>15,005</b>	<b>899</b>	<b>26,074</b>	<b>1,520,520</b>	<b>91,298</b>	<b>159,924</b>	<b>78,358</b>	<b>585</b>	<b>2,927,884</b>

Dickinson County

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

Year ended June 30, 2009

	Special						
	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Watershed Study
Revenues:							
Intergovernmental	\$ -	-	-	17,419	-	-	-
Charges for service	9,205	-	-	-	-	-	-
Use of money and property	2,459	18	-	515	-	-	-
Miscellaneous	-	-	-	-	406	-	-
Total revenues	11,664	18	-	17,934	406	-	-
Expenditures:							
Operating:							
County environment and education	-	-	25,500	-	-	-	-
Non-program	4,120	-	-	-	66,848	-	-
Debt service	-	-	-	-	2,040	-	-
Capital projects	-	-	-	-	-	-	-
Total expenditures	4,120	-	25,500	-	68,888	-	-
Excess (deficiency) of revenues over (under) expenditures	7,544	18	(25,500)	17,934	(68,482)	-	-
Other financing sources:							
Operating transfers in	-	-	30,000	-	-	-	-
Drainage warrants issued	-	-	-	-	41,938	-	-
Total other financing sources	-	-	30,000	-	41,938	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	7,544	18	4,500	17,934	(26,544)	-	-
Fund balances beginning of year	100,493	1,501	120,151	20,590	93,353	8,081	5,000
Fund balances end of year	\$ 108,037	1,519	124,651	38,524	66,809	8,081	5,000

See accompanying independent auditor's report.

Revenue										
Low & Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Courthouse Memorial	KUOO Telethon Trust	Total
-	-	-	12,715	132,433	-	-	-	-	-	162,567
-	67,879	-	-	-	-	-	-	-	-	77,084
1	-	10	543	34,629	-	-	652	8	3	38,838
-	26,867	-	-	344,866	-	42,739	-	-	-	414,878
1	94,746	10	13,258	511,928	-	42,739	652	8	3	693,367
25,000	98,007	-	-	130,342	40,585	54,072	-	-	7,447	380,953
-	-	-	-	-	-	-	-	-	-	70,968
-	-	-	-	-	-	-	-	-	-	2,040
-	-	-	26,941	-	-	-	-	-	-	26,941
25,000	98,007	-	26,941	130,342	40,585	54,072	-	-	7,447	480,902
(24,999)	(3,261)	10	(13,683)	381,586	(40,585)	(11,333)	652	8	(7,444)	212,465
189,962	-	-	-	-	85,000	-	-	-	-	304,962
-	-	-	-	-	-	-	-	-	-	41,938
189,962	-	-	-	-	85,000	-	-	-	-	346,900
164,963	(3,261)	10	(13,683)	381,586	44,415	(11,333)	652	8	(7,444)	559,365
142,055	6,937	889	39,757	1,057,600	43,911	171,257	77,706	577	7,444	1,897,302
307,018	3,676	899	26,074	1,439,186	88,326	159,924	78,358	585	-	2,456,667

Dickinson County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,335	123,171	206,256	16,401
Other County officials	48,765	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	191	376	18,470	1,342
Succeeding year	-	185,000	404,000	16,414,000	1,390,000
Accounts	3,873	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 52,638</b>	<b>187,526</b>	<b>527,547</b>	<b>16,638,726</b>	<b>1,407,743</b>
<b>Liabilities</b>					
Accounts payable	\$ -	-	27	-	-
Salaries and benefits payable	-	-	5,198	-	-
Due to other governments	52,638	187,526	508,470	16,638,726	1,407,743
Trusts payable	-	-	-	-	-
Compensated absences	-	-	13,852	-	-
<b>Total liabilities</b>	<b>\$ 52,638</b>	<b>187,526</b>	<b>527,547</b>	<b>16,638,726</b>	<b>1,407,743</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License, Use Tax and Drivers' License	Other	Total
200,663	4,064	-	404,299	783,730	1,740,919
-	-	-	-	19,792	68,557
3,466	668	-	-	1,778	26,291
9,901,000	368,000	-	-	4,427,000	33,089,000
-	-	-	-	25,568	29,441
-	-	-	-	1,097	1,097
-	-	145,263	-	-	145,263
-	-	-	-	557,213	557,213
-	-	-	-	906	906
<b>10,105,129</b>	<b>372,732</b>	<b>145,263</b>	<b>404,299</b>	<b>5,817,084</b>	<b>35,658,687</b>
-	-	-	-	62,431	62,458
-	-	-	-	1,275	6,473
10,105,129	372,732	145,263	404,299	5,730,199	35,552,725
-	-	-	-	19,792	19,792
-	-	-	-	3,387	17,239
<b>10,105,129</b>	<b>372,732</b>	<b>145,263</b>	<b>404,299</b>	<b>5,817,084</b>	<b>35,658,687</b>

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

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 61,234	181,866	424,698	15,596,339	1,275,897
Additions:					
Property and other county tax	-	184,910	403,938	16,401,986	1,388,828
E911 surcharges	-	-	-	-	-
State tax credits	-	3,283	6,458	304,767	23,054
Office fees and collections	752,603	-	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	1,841	-	-
Total additions	752,603	188,193	412,237	16,706,753	1,411,882
Deductions:					
Agency remittances:					
To other funds	411,861	-	-	-	-
To other governments	349,338	182,533	309,388	15,664,366	1,280,036
Trusts paid out	-	-	-	-	-
Total deductions	761,199	182,533	309,388	15,664,366	1,280,036
Balances end of year	\$ 52,638	187,526	527,547	16,638,726	1,407,743

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License, Use Tax and Drivers' License	Other	Total
9,933,014	313,860	126,207	388,513	5,518,253	33,819,881
9,862,123	367,597	-	-	4,739,609	33,348,991
-	-	-	-	119,245	119,245
155,318	8,515	-	-	45,958	547,353
-	-	-	-	-	752,603
-	-	-	4,555,913	-	4,555,913
-	-	19,056	-	104,882	123,938
-	-	-	-	152,594	152,594
57,516	-	-	-	245,147	304,504
10,074,957	376,112	19,056	4,555,913	5,407,435	39,905,141
-	-	-	189,697	-	601,558
9,902,842	317,240	-	4,350,430	4,945,129	37,301,302
-	-	-	-	163,475	163,475
9,902,842	317,240	-	4,540,127	5,108,604	38,066,335
10,105,129	372,732	145,263	404,299	5,817,084	35,658,687

Dickinson County

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

For the Last Nine Years

	Modified Accrual			
	2009	2008	2007	2006
Revenues:				
Property and other county tax	\$ 6,865,652	6,344,757	6,663,833	6,311,306
Local option sales tax	1,094,722	1,099,717	1,160,279	1,047,358
Interest and penalty on property tax	106,336	92,108	75,523	81,543
Intergovernmental	3,884,878	3,445,434	3,721,046	3,485,650
Licenses and permits	55,517	27,664	95,448	81,844
Charges for service	728,348	714,019	641,431	614,667
Use of money and property	367,074	604,102	768,551	653,734
Miscellaneous	681,048	903,971	910,311	365,884
<b>Total</b>	<b>\$ 13,783,575</b>	<b>13,231,772</b>	<b>14,036,422</b>	<b>12,641,986</b>
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,156,711	2,053,184	1,901,283	1,714,531
Physical health and social services	480,887	516,069	511,953	514,913
Mental health	1,411,752	1,443,277	1,265,297	1,248,013
County environment and education	1,768,270	1,924,663	1,556,431	899,827
Roads and transportation	3,321,261	3,061,942	2,716,267	2,313,687
Governmental services to residents	573,533	509,223	445,929	533,722
Administration	1,787,404	1,400,817	1,414,191	1,312,669
Non-program	215,994	506,128	449,629	178,861
Debt service	1,809,695	2,106,582	1,417,441	1,387,082
Capital projects	2,414,730	1,761,521	3,617,262	7,535,865
<b>Total</b>	<b>\$ 15,940,237</b>	<b>15,283,406</b>	<b>15,295,683</b>	<b>17,639,170</b>

See accompanying independent auditor's report.

Basis				
2005	2004	2003	2002	2001
5,909,072	4,724,648	4,596,022	4,222,369	3,555,862
1,058,442	916,299	941,677	834,927	807,633
62,408	58,733	60,667	63,304	63,467
2,845,820	3,259,793	2,744,395	2,778,515	3,079,100
62,898	38,780	78,449	38,799	34,767
588,365	593,054	518,611	489,628	431,068
451,300	284,191	202,093	311,180	568,812
302,052	220,397	403,562	192,683	104,339
11,280,357	10,095,895	9,545,476	8,931,405	8,645,048
1,720,927	1,587,426	1,604,315	1,473,792	1,364,445
421,851	449,745	357,515	335,984	342,783
1,223,340	1,278,802	1,308,190	1,223,252	1,304,546
984,730	846,446	726,174	671,285	1,010,073
2,312,848	1,489,590	2,116,774	2,064,231	2,117,979
384,786	402,091	404,188	353,681	319,087
1,203,923	1,104,097	1,030,319	1,098,307	1,266,968
149,786	158,392	210,738	145,815	210,555
1,247,880	163,663	216,824	205,390	48,491
6,691,149	1,606,225	1,213,017	1,600,705	515,064
16,341,220	9,086,477	9,188,054	9,172,442	8,499,991

**Dickinson County**



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

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Auditor of State

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

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickinson County's internal control over financial reporting 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 Dickinson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dickinson 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 a deficiency we consider to be a material weakness.

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 Dickinson 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 Dickinson County's financial statements that is more than inconsequential will not be prevented or detected by Dickinson County's internal control. We consider the deficiencies in internal control described in of the accompanying Schedule of Findings 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 Dickinson 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 item (D) is a material weakness.

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dickinson County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Dickinson 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 Dickinson County and other parties to whom Dickinson County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2010

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Information Systems – The County does not have an adequate written disaster recovery plan.

Recommendation – A comprehensive written disaster recovery plan should be developed for the information system.

Response – The IT department will be informed a comprehensive written disaster recovery plan needs to be developed, presented to and approved by official action of the Board of Supervisors.

Conclusion – Response accepted.

- (B) Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County’s personnel policy states, “Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act.” However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of an employee’s tenure with the County. In addition, not all balances of compensatory time have been shown on the County’s payroll records, nor have the hours earned or used been recorded. Section 10.10 of the personnel policy states, “Department Heads shall report all leave time, accrued and/or taken for each employee with the first payroll each month.”

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

Response – The County Department Heads are reporting compensatory time earned and taken for employees in their offices. This is also being shown on the payroll records. The unused time is also being shown. This information is also on the employees payroll check stub. The carry-over and disposition of compensatory time will be referred to the County personnel policy committee for a recommendation to the Board.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- (C) Job Descriptions – The County has not established employee job descriptions.

Recommendation – The County should develop employee job descriptions.

Response – Job description development seems to be an ongoing County project. The County will continue to work to get the descriptions developed and approved with action by the Board of Supervisors.

Conclusion – Response accepted.

- (D) Accrual of Expenditures – One material disbursement was not properly accrued during the accrual period and one disbursement was accrued which should not have been accrued. Adjustments were subsequently made by the County to properly correct the financial statements.

Recommendation – The County Auditor should ensure all disbursements are properly accrued.

Response – The County Auditor will make efforts to ensure all disbursements are properly accrued.

Conclusion – Response accepted.

- (E) Time Sheet Approval – Various employees complete timesheets but do not sign the timesheet. Further, for one employee in the County Auditor's Office, timesheets were not approved by the supervisor.

Recommendation – Employees should be required to complete timesheets, sign and date timesheets. The timesheets should be reviewed and approved by the employee's supervisor.

Response – The County Auditor will review and approve the timesheets of the employees in the office and ensure the employees sign and date the timesheets.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the non-program function. Also, disbursements in Department 99 exceeded the amount appropriated.

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

Response – The County will make efforts to comply with Chapters 331.435 and 331.434(6) of the Code of Iowa concerning amendment of department's budgets.

Conclusion – Response accepted.

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

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

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

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

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

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

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

Response – The County will make every effort to ensure minutes are published within the time period specified by the Iowa Code.

Conclusion – Response accepted.

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

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

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

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

Response – The County has requested a cost estimate for an actuarial option and will be obtaining the opinion as required by the Code.

Conclusion – Response accepted.

- (10) 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, 2009 for the County Extension Office did not exceed the amount budgeted.

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 Agency's financial statements. Generally, one or two individuals in the agency may have control over the following areas for which no compensating controls exist:

Bank reconciliations should be reviewed by an independent person and evidenced by the initials and date of the person reviewing the reconciliation.

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

Response – In the future our staffing should allow for others to share in the reconciliation process to ensure reconciliations are reviewed by an independent person

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- (11) E911 Service Board Budget – Disbursements for E911 for the year ended June 30, 2009 exceeded the amount budgeted.

Recommendation – The budget should be amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements exceed the amount budgeted.

Response – The budget was amended. However, due to a calculation error, the amount did not sufficiently cover the needed expenses for the year. Every effort will be made to prevent this in the future.

Conclusion – Response accepted.

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Dickinson County

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
Steven O. Fuqua, CPA, Senior Auditor II  
Shannan M. Hoffman, Staff Auditor  
Jennifer M. Kopp, Assistant Auditor  
Nancy J. Umsted, Auditor Intern

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State