



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

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**NEWS RELEASE**

FOR RELEASE June 23, 2004

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

The County has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$67,008,514 for the year ended June 30, 2003, which included \$2,334,565 in tax credits from the state. The County forwarded \$54,407,173 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$12,601,341 of the local tax revenue to finance County operations. Other revenues included charges for service of \$4,654,128, operating grants, contributions and restricted interest of \$5,535,901, capital grants, contributions and restricted interest of \$898,273, unrestricted investment earnings of \$200,307 and other general revenues of \$300,199.

Expenditures for County operations totaled \$21,391,936, including \$5,485,772 for roads and transportation, \$4,078,104 for public safety and legal services and \$3,618,483 for mental health.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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**DALLAS COUNTY**

**INDEPENDENT AUDITOR'S REPORTS**

**BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2003**

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**Dallas County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Before January 2003)</b>		
Julius Little	Board of Supervisors	Jan 2003
Marvin Shirley	Board of Supervisors	Jan 2003
Alice Wicker	Board of Supervisors	Jan 2005
Carole Bayeur - Dawson	County Auditor	Jan 2005
Darrell Bauman	County Treasurer	Jan 2003
Carol Hol	County Recorder	Jan 2003
Arthur Johnson	County Sheriff	Jan 2005
Wayne M. Reisetter	County Attorney	Jan 2003
Ron Potter	County Assessor	Jan 2004
<b>(After January 2003)</b>		
Alice Wicker	Board of Supervisors	Jan 2005
Kim Chapman	Board of Supervisors	Jan 2007
Brad Golightly	Board of Supervisors	Jan 2007
Carole Bayeur - Dawson	County Auditor	Jan 2005
Darrell Bauman	County Treasurer	Jan 2007
Carol Hol	County Recorder	Jan 2007
Arthur Johnson	County Sheriff	Jan 2005
Wayne M. Reisetter	County Attorney	Jan 2007
Ron Potter	County Assessor	Jan 2004

**Dallas County**



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 that our audit provides a reasonable basis for our opinions.

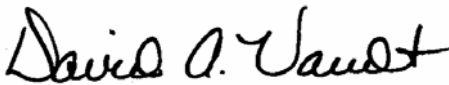
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 19 to the financial statements, during the year ended June 30, 2003, Dallas County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

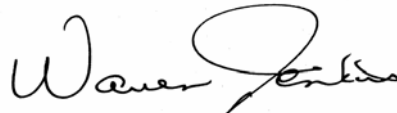
In accordance with Government Auditing Standards, we have also issued our reports dated February 26, 2004 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 52 through 55 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 supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2002 (none of which are 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 general purpose financial statements for the year ended June 30, 2000 (which are not presented herein) and expressed a qualified opinion on those financial statements due to the omission of the financial data of the Dallas County Conservation Foundation, pertaining primarily to the Special Revenue Funds. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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

February 26, 2004

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2003. Because Dallas County has implemented new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining Dallas County's financial position and results of operations.

### 2003 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental funds increased 6.6%, or approximately \$1,441,000, from fiscal year 2002 to fiscal 2003.
- ◆ The County's net assets increased 8.9%, or approximately \$2,800,000, from June 30, 2002 to June 30, 2003.
- ◆ On December 12, 2002, the County sold \$1,720,000 in general obligation capital loan notes at a true interest cost of 3.636%. The tax-exempt notes will mature incrementally over the next 10 years. The dollars will be used to finance improvements to existing County facilities, including the Conservation Administration Building, the County Courthouse and the County Care Facility, and for the acquisition of equipment for various County departments.
- ◆ Dallas County completed two major projects: renovation of the west side of the third floor of the County Courthouse and completion of the Secondary Roads Maintenance Building. The remodeling project providing Human Services, Mental Health, Case Management and General County Offices ended the fiscal year at 95% complete.
- ◆ The governmental funds ending fund balances remained relatively unchanged from fiscal year 2002 at \$9,318,989 to fiscal year 2003 at \$9,239,857.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report has four components: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. In past years, the primary focus of the government financial statements have been summarized fund type information on a current financial resources basis. This approach has been modified for the first time. Dallas County's financial statements present two kinds of statements, each with a different snapshot of the County's finances. The new focus is on both the County as a whole (government-wide) and the fund financial statements.

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 which provide both long-term and short-term information about the County's overall financial status.



Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. The Fund Financial Statements, which have been provided in the past, focus on the individual parts of Dallas County government, reporting the County's operations in more detail than the government-wide financial statements. The remaining statements provide financial information about activities for which Dallas County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Both perspectives (government-wide and fund) allow the user to address relevant questions to broaden the basis of comparison (year to year, government to government) and enhance Dallas County's accountability.

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

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

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

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

### *Government-wide Financial Statements*

One of the most important questions asked about Dallas County's finances is, "Is Dallas County as a whole better off or worse off as a result of the year's activities?" The government-wide financial statements report information about Dallas County as a whole and about its activities in a way 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 government-wide statements consist of two financial statements:

- Statement of Net Assets
- Statement of Activities

The Statement of Net Assets presents all of Dallas County's assets and liabilities, with the difference between the two reported as "net assets". You can consider the County's net assets as one way to measure Dallas County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indication of whether its financial health is improving or deteriorating. The reader will also need to consider non-financial factors, such as changes in Dallas County's property tax base, the condition of its roads and the condition of its other assets, to assess the overall health of Dallas County.

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 event or change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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

#### *Fund Financial Statements*

The traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide detailed information about the most significant funds, not Dallas County as a whole. Funds are accounting devices Dallas County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. Dallas County establishes other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants and other revenue.

Dallas County has three types of funds:

- Governmental
- Proprietary
- Fiduciary

**Governmental Funds** – Most of Dallas County's basic services are reported in governmental funds. These focus on: (1) how cash and other financial assets that can be readily converted to cash flow into and out of those funds and (2) the balances left at the end of the year for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps readers determine whether there are financial resources available to finance Dallas County's basic services in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information on Exhibits D and F explain the relationship or differences between the two statements. Dallas County's governmental funds include the: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

**Proprietary Funds** – Services for which Dallas County charges customers a fee are generally reported as proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

Dallas County uses an Internal Service, Employee Group Health Fund to report activities providing services for the County. Internal Service Funds are an accounting device used to accumulate and account 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.

**Fiduciary Funds** – Dallas County is the trustee, or fiduciary, for assets belonging to others. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. Dallas County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. These funds include: Emergency Management Services, County Assessor, Empowerment and other Agency Funds for collecting and distributing taxes to schools, cities and other taxing authorities.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

In accordance with GASB Statement No. 34, Dallas County is not required to restate prior periods for the purposes of providing comparative information. However, in the future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

<u>Net Assets of Governmental Activities</u>	
	<u>June 30, 2003</u>
Current assets	\$ 24,255,761
Capital assets	<u>34,551,747</u>
Total assets	<u>58,807,508</u>
Long-term liabilities	10,559,244
Other liabilities	<u>14,105,361</u>
Total liabilities	<u>24,664,605</u>
Net assets:	
Invested in capital assets, net of related debt	26,151,095
Restricted	4,611,598
Unrestricted	<u>3,380,210</u>
Total net assets	<u>\$ 34,142,903</u>

Dallas County's combined net assets (which is the County's bottom line) increased by \$2,798,213. The primary reason for the increase was an increase in capital assets of \$3,750,939 offset by an increase in long-term liabilities of \$1,085,367. The largest portion of Dallas County's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Dallas County's unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, were \$3,380,210.

<u>Changes In Net Assets of Governmental Activities</u>	
	<u>Year ended June 30, 2003</u>
Revenues:	
Program revenues:	
Charges for service	\$ 4,654,128
Operating grants, contributions and restricted interest	5,535,901
Capital grants, contributions and restricted interest	898,273
General revenues:	
Property tax	12,095,246
Penalty and interest on property tax	156,108
State tax credits	506,095
Grants and contributions not restricted to specific purposes	200,919
Unrestricted investment earnings	200,307
Loss on sale of capital assets	(69,914)
Other general revenues	<u>13,086</u>
Total revenues	<u>24,190,149</u>
Program expenses:	
Public safety and legal services	4,078,104
Physical health and social services	2,253,850
Mental health	3,618,483
County environment and education	1,416,428
Roads and transportation	5,485,772
Governmental services to residents	781,966
Administration	2,709,691
Non-program	593,316
Interest on long-term debt	<u>454,326</u>
Total expenses	<u>21,391,936</u>
Increase in net assets	2,798,213
Net assets beginning of year, as restated	<u>31,344,690</u>
Net assets end of year	<u>\$ 34,142,903</u>

For the fiscal year ended June 30, 2003, governmental activities revenues totaled \$24,190,149. The property tax revenue, the County's largest revenue source, was \$12,095,246, while operating grants, contributions and restricted interest amounted to \$5,535,901. The expenses for governmental activities totaled \$21,391,936.

Dallas County increased the county-wide property tax levy rates by \$.004 per \$1,000 of taxable valuation for FY03. The rural tax levy rate for FY03 remained the same as the prior year. The county-wide taxable property valuation increased \$141,119,108 over the prior year and the rural taxable property valuation increased by \$11,100,686.

## **MAJOR FUND ANALYSIS AND HIGHLIGHTS**

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$9.24 million, which is slightly lower than fiscal year 2002 combined fund balance of \$9.32 million.

The General Fund's ending fund balance of \$3.68 million increased approximately \$1.1 million, or about 42%, from last year. Of that ending fund balance, \$867,599 was reserved, \$195,850 was unreserved/designated and \$2,616,082 was unreserved/undesignated. The increase in fund balance was primarily due to an increase in property and other county tax of \$728,919 and a decrease in operating transfers out of \$259,931. Fiscal year 2003 saw an increase in property valuations from \$1,482,355,746 in fiscal year 2002 to \$1,623,474,854 in fiscal year 2003. Both of the General Fund levies remain unchanged for fiscal year 2003.

The Mental Health Fund's ending balance of \$867,274 increased over fiscal year 2002 by \$477,183. The increase was primarily due to an increase in intergovernmental revenues of \$412,488. Due to the increase in property valuations, the County was able to decrease the mental health levy by \$.05 per \$1,000 of assessed value.

The Rural Services Fund ended fiscal year 2003 with a \$192,477 balance compared to the prior year ending balance of a negative \$64,371. The increase was primarily due to a decrease in operating transfers out of \$353,083. The rural levy remained the same for 2003, but property values increased from \$686,480,346 in fiscal year 2002 to \$697,581,032 in fiscal year 2003, resulting in an increase in tax askings of \$37,219.

The Secondary Roads Fund ended fiscal year 2003 with a balance of \$2,122,778, compared to a fiscal year 2002 balance of \$2,148,002. Of the 2003 ending balance, \$455,710 is reserved, \$339,571 is unreserved/designated and \$1,327,497 is unreserved/undesignated.

The Capital Project Fund ended the 2003 year with \$1,501,853 compared to the 2002 balance of \$3,614,475. This decrease is a result of the near completion of the remodeling project for Human Services, Mental Health and Case Management and the completion of the remodeling for General County Offices and the Roads Maintenance Facility.

## **BUDGETARY HIGHLIGHTS**

Over the course of fiscal year 2003, Dallas County amended the operating budget two times. The first amendment was made in November 2002 to finance additional disbursements including Sheriff's communication equipment, ambulance, voting machines and various capital project expenditures funded with long-term debt proceeds. The second amendment in May 2003 decreased budgeted disbursements by \$1,403,112, including decreases of \$302,490 for physical health and social services, \$420,488 for administration and \$744,123 for capital projects.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2003, Dallas County had \$34,551,747 invested in a variety of capital assets, as reflected in Note 6 of the financial statements. The County's capital assets increased by \$3,750,939, or about 12%, over the prior year.

The following are the major additions to capital assets:

- Dallas County completed the construction of the roads maintenance facility at a cost of \$2,181,267.
- The renovation of the third floor of the west side of the courthouse was completed at a cost of \$507,372.
- Major purchases of machinery and equipment consisted of two motor graders, an ambulance, voting machines, a console and dispatch upgrade and various items for equipping the road maintenance facility.
- Other infrastructure consisted of the lagoon at Ortonville for \$1,123,436.

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

### **Long-Term Debt**

At June 30, 2003, Dallas County had \$9,790,000 in outstanding general obligation capital loan notes versus \$8,540,000 last year, a net change of \$1,250,000. The net change is a result of the County note issue of \$1,720,000 and retirement of \$470,000 of notes. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit of \$132 million. Additional information about the County's long term debt is presented in Note 8 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2004 budget and tax rates. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors is committed to limiting expenditure increases and using any excess fund balances to provide services.

Budgeted disbursements for the fiscal year 2004 operating budget are approximately \$25.2 million, a decrease of about \$3 million in spending from the prior year appropriations. This is mainly due to the completion of capital projects. The adopted 2004 budget shows an excess of revenues over expenditures of a little over \$7,000. The budget estimates a total ending fund balance of approximately \$6.6 million at the close of fiscal year 2004.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

**Dallas County**

Dallas County  
Statement of Net Assets  
June 30, 2003

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 9,424,803
Receivables:	
Property tax:	
Delinquent	104,725
Succeeding year	12,596,000
Interest and penalty on property tax	105,590
Accounts	105,173
Accrued interest	14,977
Drainage assessments	24,249
Economic development loans	53,700
Due from other governments	1,272,805
Inventories	432,663
Prepaid insurance	121,076
Capital assets (net of accumulated depreciation)	34,551,747
	<b>Total assets</b>
	58,807,508
<b>Liabilities</b>	
Accounts payable	772,537
Accrued interest payable	53,472
Salaries and benefits payable	389,053
Contracts payable	51,838
Due to other governments	242,461
Deferred revenue:	
Succeeding year property tax	12,596,000
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	7,000
Capital lease purchase agreements	36,974
General obligation capital loan notes	630,000
Drainage warrants payable	20,400
Compensated absences	345,443
Portion due or payable after one year:	
Capital lease purchase agreements	110,227
General obligation capital loan notes	9,160,000
Compensated absences	249,200
	<b>Total liabilities</b>
	24,664,605



**Exhibit A**

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Dallas County  
Statement of Net Assets  
June 30, 2003

	<u>Governmental Activities</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	26,151,095
Restricted for:	
Supplemental levy purposes	798,475
Mental health purposes	846,037
Secondary roads purposes	2,003,481
Economic development loans	321,790
Debt service	154,467
Other purposes	487,348
Unrestricted	<u>3,380,210</u>
<b>Total net assets</b>	<u><u>\$ 34,142,903</u></u>

See notes to financial statements.

Dallas County  
Statement of Activities  
Year ended June 30, 2003

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest		
Expenses					
<b>Functions / Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 4,078,104	913,697	349,713	68,656	(2,746,038)
Physical health and social services	2,253,850	1,090,930	311,679	-	(851,241)
Mental health	3,618,483	639,077	1,706,728	2,067	(1,270,611)
County environment and education	1,416,428	186,020	70,590	8,158	(1,151,660)
Roads and transportation	5,485,772	32,946	2,965,280	817,141	(1,670,405)
Governmental services to residents	781,966	1,182,489	6,367	-	406,890
Administration	2,709,691	69,373	8,735	2,251	(2,629,332)
Non-program	593,316	539,596	100,731	-	47,011
Interest on long-term debt	454,326	-	16,078		(438,248)
<b>Total</b>	<b>\$ 21,391,936</b>	<b>4,654,128</b>	<b>5,535,901</b>	<b>898,273</b>	<b>(10,303,634)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					11,476,467
Debt service					618,779
Penalty and interest on property tax					156,108
State tax credits					506,095
Grants and contributions not restricted to specific purpose					200,919
Unrestricted investment earnings					200,307
Loss on disposal of capital assets					(69,914)
Miscellaneous					13,086
<b>Total general revenues</b>					<b>13,101,847</b>
Change in net assets					2,798,213
Net assets beginning of year, as restated (note 19)					31,344,690
Net assets end of year					<b>\$ 34,142,903</b>

See notes to financial statements.

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2003

<b>Assets</b>	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments:				
County Treasurer	\$ 3,790,435	928,083	193,889	1,512,444
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	66,338	11,763	20,271	-
Succeeding year	8,246,000	1,462,000	2,208,000	-
Interest and penalty on property tax	105,590	-	-	-
Accounts	50,329	35,531	-	1,718
Accrued interest	10,897	-	-	-
Drainage assessments	-	-	-	-
Economic development loans	-	-	-	-
Due from other funds	1,005	-	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$156,089)	535,474	240,265	-	419,800
Interfund receivable	-	-	-	-
Inventories	-	-	-	432,663
Prepaid insurance	90,857	7,172	-	23,047
<b>Total assets</b>	<b>\$ 12,896,925</b>	<b>2,684,814</b>	<b>2,422,160</b>	<b>2,389,672</b>

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Capital Projects	Nonmajor	Total
1,543,317	924,009	8,892,177
-	55,474	55,474
-	6,353	104,725
-	680,000	12,596,000
-	-	105,590
15,236	2,359	105,173
1,769	1,871	14,537
-	24,249	24,249
-	53,700	53,700
-	-	1,005
-	77,266	1,272,805
-	45,000	45,000
-	-	432,663
-	-	121,076
<u>1,560,322</u>	<u>1,870,281</u>	<u>23,824,174</u>

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2003

<b>Liabilities and Fund Balances</b>	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Liabilities:</b>				
Accounts payable	\$ 220,262	112,810	208	87,534
Salaries and benefits payable	276,730	23,655	1,257	87,411
Contracts payable	-	-	-	30,838
Interfund payable	45,000	-	-	-
Due to other funds	-	-	-	-
Due to other governments	35,059	207,402	-	-
Deferred revenue:				
Succeeding year property tax	8,246,000	1,462,000	2,208,000	-
Other	394,343	11,673	20,218	61,111
Total liabilities	9,217,394	1,817,540	2,229,683	266,894
<b>Fund balances:</b>				
Reserved for:				
Inventories	-	-	-	432,663
Prepaid insurance	90,857	7,172	-	23,047
Supplemental levy purposes	735,046	-	-	-
Debt financed projects	41,696	-	-	-
Drainage projects	-	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for special projects	195,850	55,000	-	339,571
Undesignated, reported in:				
General fund	2,616,082	-	-	-
Special revenue funds	-	805,102	192,477	1,327,497
Capital projects fund	-	-	-	-
Total fund balances	3,679,531	867,274	192,477	2,122,778
<b>Total liabilities and fund balances</b>	\$ 12,896,925	2,684,814	2,422,160	2,389,672

See notes to financial statements.

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Capital Projects	Nonmajor	Total
37,469	151,799	610,082
-	-	389,053
21,000	-	51,838
-	-	45,000
-	1,005	1,005
-	-	242,461
-	680,000	12,596,000
-	161,533	648,878
58,469	994,337	14,584,317
-	-	432,663
-	-	121,076
-	-	735,046
-	-	41,696
-	16,137	16,137
-	195,172	195,172
-	-	590,421
-	-	2,616,082
-	664,635	2,989,711
1,501,853	-	1,501,853
1,501,853	875,944	9,239,857
1,560,322	1,870,281	23,824,174

**Dallas County**

Dallas County

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

June 30, 2003

**Total governmental fund balances (page 21)** \$ 9,239,857

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$51,775,079 and the accumulated depreciation is \$17,223,332. 34,551,747

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. 648,878

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. 315,137

Long-term liabilities, including notes payable, capital lease purchase agreements payable, installment purchase agreement payable, drainage warrants payable, accrued interest payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (10,612,716)

**Net assets of governmental activities (page 16)** \$ 34,142,903

See notes to financial statements.



Dallas County

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

Year ended June 30, 2003

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 7,780,472	1,461,255	2,205,711	-
Interest and penalty on property tax	115,161	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,608,239	2,317,829	95,978	2,825,057
Licenses and permits	178,526	-	-	925
Charges for service	1,696,147	-	-	99
Use of money and property	204,549	-	-	2,234
Miscellaneous	213,613	236,839	-	363,461
<b>Total revenues</b>	<b>12,796,707</b>	<b>4,015,923</b>	<b>2,301,689</b>	<b>3,191,776</b>
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	4,316,760	-	-	-
Physical health and social services	2,255,678	-	-	-
Mental health	-	3,541,726	-	-
County environment and education	1,103,434	-	235,967	-
Roads and transportation	-	-	51,023	4,641,563
Governmental services to residents	925,372	-	-	-
Administration	2,703,986	-	-	-
Non-program	362,094	-	-	-
Debt service	427,872	-	-	-
Capital projects	37,235	-	-	354,368
<b>Total expenditures</b>	<b>12,132,431</b>	<b>3,541,726</b>	<b>286,990</b>	<b>4,995,931</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>664,276</b>	<b>474,197</b>	<b>2,014,699</b>	<b>(1,804,155)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	5,000	-	-	1,250
Operating transfers in	6,903	-	-	1,939,864
Operating transfers out	(98,223)	-	(1,817,851)	-
General obligation capital loan note issued	497,029	-	60,000	-
Stamped drainage warrant issued	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>410,709</b>	<b>-</b>	<b>(1,757,851)</b>	<b>1,941,114</b>
<b>Net change in fund balances</b>	<b>1,074,985</b>	<b>474,197</b>	<b>256,848</b>	<b>136,959</b>
<b>Fund balances beginning of year, as restated</b>	<b>2,583,770</b>	<b>390,091</b>	<b>(64,371)</b>	<b>2,148,002</b>
<b>Increase (decrease) in reserve for:</b>				
Inventories	-	-	-	(165,380)
Prepaid insurance	20,776	2,986	-	3,197
<b>Fund balances end of year</b>	<b>\$ 3,679,531</b>	<b>867,274</b>	<b>192,477</b>	<b>2,122,778</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	584,734	12,032,172
-	-	115,161
-	31,994	31,994
-	57,330	7,904,433
-	-	179,451
-	34,109	1,730,355
30,419	83,917	321,119
21,236	255,189	1,090,338
51,655	1,047,273	23,405,023
-	31,405	4,348,165
-	5,021	2,260,699
-	-	3,541,726
-	31,238	1,370,639
-	-	4,692,586
-	19,317	944,689
-	11,185	2,715,171
-	5,234	367,328
-	675,440	1,103,312
3,298,624	42,676	3,732,903
3,298,624	821,516	25,077,218
(3,246,969)	225,757	(1,672,195)
-	-	6,250
-	33,915	1,980,682
(653)	(63,955)	(1,980,682)
1,135,000	27,971	1,720,000
-	5,234	5,234
1,134,347	3,165	1,731,484
(2,112,622)	228,922	59,289
3,614,475	647,022	9,318,989
-	-	(165,380)
-	-	26,959
1,501,853	875,944	9,239,857

Dallas County

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

Year ended June 30, 2003

**Net change in fund balances - Total governmental funds (page 25)** \$ 59,289

**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 and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 5,076,005	
Capital assets contributed by the Iowa Department of Transportation	546,210	
Capital assets contributed by others	68,656	
Depreciation expense	(1,856,018)	3,834,853

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. (83,914)

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	31,080	
Other	(90,449)	(59,369)

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 issues exceeded repayments, as follows:

Issued	(1,725,234)	
Repaid	689,436	(1,035,798)

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 governmental funds, as follows:

Compensated absences	(49,569)	
Interest on long-term debt	1,492	(48,077)

Prepaid insurance and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities reports these items as expenses in the period the corresponding net asset is exhausted. (138,421)

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. 269,650

**Change in net assets of governmental activities (page 17)** \$ 2,798,213

See notes to financial statements.

Dallas County  
 Statement of Net Assets  
 Proprietary Fund  
 June 30, 2003

	Internal Service - Employee Group Health
<b>Assets</b>	
Cash and cash equivalents	\$ 477,152
Accrued interest receivable	440
	477,592
Total assets	477,592
<b>Liabilities</b>	
Accounts payable	162,455
<b>Net Assets</b>	
Unrestricted	\$ 315,137
See notes to financial statements.	

**Exhibit H**

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

Year ended June 30, 2003

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,145,448
Reimbursements from employees		236,355
Insurance reimbursements		10,897
Total operating revenues		<u>1,392,700</u>
Operating expenses:		
Medical claims	\$ 836,460	
Administrative and other fees	290,581	1,127,041
Operating income		<u>265,659</u>
Non-operating revenues:		
Interest on investments		3,991
Net income		<u>269,650</u>
Net assets beginning of year		<u>45,487</u>
Net assets end of year		<u><u>\$ 315,137</u></u>

See notes to financial statements.

Dallas County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2003

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 1,381,803
Cash received from insurance reimbursements	151,907
Cash paid for medical claims and other	(1,177,295)
Net cash provided by operating activities	356,415
Cash flows from investing activities:	
Interest on investments	3,551
Net increase in cash and cash equivalents	359,966
Cash and cash equivalents beginning of year	117,186
Cash and cash equivalents end of year	\$ 477,152
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 265,659
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	141,010
(Decrease) in accounts payable	(50,254)
Net cash provided by operating activities	\$ 356,415

See notes to financial statements.

Dallas County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2003

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 1,862,693
Other County officials	74,802
Receivables:	
Property tax:	
Delinquent	318,766
Succeeding year	51,230,000
Accounts	42,201
Accrued interest	779
Special assessments	2,130,000
Prepaid insurance	3,677
Total assets	<u>55,662,918</u>

**Liabilities**

Accounts payable	4,325
Salaries and benefits payable	17,942
Due to other governments	55,491,908
Trusts payable	67,834
Compensated absences	80,909
Total liabilities	<u>55,662,918</u>

**Net assets**

\$ -

See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2003

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

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

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

A. Reporting Entity

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

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

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

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



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

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

The County also participates in the North Dallas Regional Solid Waste Planning Commission, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

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

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

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

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

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, but 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 that are 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 and contributions 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 as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following 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.

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 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 judgements 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 expenditures 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 Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

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.

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.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

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

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

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

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

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

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

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

Deferred revenue on 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 sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets.

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 that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2003, disbursements exceeded the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2003 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,110,915 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

**(3) Economic Development Loans**

During the year ended June 30, 1999, the County loaned \$48,656 interest free to Medical Services Industries, Inc. The loan requires quarterly payments of \$1,250. Payments totaling \$5,000 were received during the year ended June 30, 2003.

During the year ended June 30, 2000, the County loaned \$50,000 interest free to Grief Enterprises, LTD. The loan requires annual payments of \$10,000. Payments totaling \$10,000 were received during the year ended June 30, 2003.

During the year ended June 30, 2000, the County loaned \$50,000 to Percival Scientific, Inc. The loan bears a 5% interest rate per annum and requires quarterly payments of \$2,831. Payments totaling \$11,325 were received during the year ended June 30, 2003.

A summary of the loans receivable at June 30, 2003 is as follows:

Year Ending June 30,	Medical Services Industries, Inc.		Grief Enterprises, LTD		Percival Scientific, Inc.		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2004	\$ 5,000	-	10,000	-	10,581	744	25,581
2005	5,000	-	-	-	8,213	205	13,213
2006	5,000	-	-	-	-	-	5,000
2007	5,000	-	-	-	-	-	5,000
2008	4,906	-	-	-	-	-	4,906
Total	\$ 24,906	-	10,000	-	18,794	949	53,700

**(4) Due From and Due to Other Funds and Interfund Assets/Liabilities**

The detail of interfund assets and liabilities at June 30, 2003 is as follows:

Due From/Due To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Ortonville Sewer	<u>\$ 1,005</u>

The above interfund asset and liability is a result of the elimination of the deficit cash balance of the Ortonville Sewer Fund at June 30, 2003.

Interfund Receivable/Payable:

Receivable Fund	Payable Fund	Amount
Special Revenue: Economic Development	General	<u>\$ 45,000</u>

The above interfund asset and liability represents the remaining balance of an interfund loan to be repaid in the next fiscal year.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Tax Increment Financing	\$ 5,947
	Sheriff's Office Grant	303
	Capital Projects	653
Special Revenue: Secondary Roads	General	98,223
	Special Revenue: Rural Services	1,817,851
	Tax Increment Financing	23,790
Debt Service	Special Revenue: Tax Increment Financing	<u>33,915</u>
Total		<u>\$ 1,980,682</u>

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



**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated, note 19)	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,011,075	-	-	2,011,075
Construction in progress	2,147,020	4,062,211	4,374,153	1,835,078
Total capital assets not being depreciated	4,158,095	4,062,211	4,374,153	3,846,153
Capital assets being depreciated:				
Buildings	10,259,073	2,688,639	-	12,947,712
Improvements other than buildings	-	30,566	-	30,566
Equipment and vehicles	7,131,925	1,964,684	804,276	8,292,333
Infrastructure, road network	25,223,991	1,434,324	-	26,658,315
Total capital assets being depreciated	42,614,989	6,118,213	804,276	47,928,926
Less accumulated depreciation for:				
Buildings	4,522,799	218,868	-	4,741,667
Improvements other than buildings	-	873	-	873
Equipment and vehicles	3,288,489	755,359	(604,962)	3,438,886
Infrastructure, road network	8,160,988	880,918	-	9,041,906
Total accumulated depreciation	15,972,276	1,856,018	(604,962)	17,223,332
Total capital assets being depreciated, net	26,642,713	4,262,195	199,314	30,705,594
Governmental activities capital assets, net	\$ 30,800,808	8,324,406	4,573,467	34,551,747

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 273,477
Physical health and social services	16,046
Mental health	62,025
County environment and education	126,293
Roads and transportation	1,206,865
Governmental services to residents	49,751
Administration	110,367
Non-program	11,194
Total depreciation expense - governmental activities	<u>\$ 1,856,018</u>

**(7) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 35,059
Special Revenue:		
Mental Health	Services	207,402
Total for governmental funds		<u>\$ 242,461</u>
Agency:		
County Assessor	Collections	\$ 730,994
Schools		29,011,036
Community Colleges		992,510
Corporations		19,503,880
City Special Assessments		2,141,957
Auto License and Use Tax		883,556
County Hospital		1,315,896
All other		912,079
Total for agency funds		<u>\$ 55,491,908</u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2003 is as follows:

	Installment Purchase Agreement	Capital Lease Purchase Agreements	General Obligation	
			Capital Loan Notes	Drainage District Warrants
Balance beginning of year	\$ 15,000	181,143	8,540,000	48,910
Increases	-	-	1,720,000	5,234
Decreases	8,000	33,942	470,000	33,744
Balance end of year	<u>\$ 7,000</u>	<u>147,201</u>	<u>9,790,000</u>	<u>20,400</u>
Due within one year	<u>\$ 7,000</u>	<u>36,974</u>	<u>630,000</u>	<u>20,400</u>

	Settlement	Compen- sated Absences	Total
Balance beginning of year	\$ 143,750	545,074	9,473,877
Increases	-	654,425	2,379,659
Decreases	143,750	604,856	1,294,292
Balance end of year	<u>\$ -</u>	<u>594,643</u>	<u>10,559,244</u>
Due within one year	<u>\$ -</u>	<u>345,443</u>	<u>1,039,817</u>

Installment Purchase Agreement

During the year ended June 30, 2000, the County entered into an agreement to purchase 29 acres of land for the expansion of the fair grounds. The agreement is interest free and the final payment of \$7,000 is due July 2003.

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a tractor, phone system and a skid loader. The following is a schedule of the future minimum lease payments, including interest at rates ranging from 5.25% to 9.66% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2003:

Year Ending June 30,	Tractor	Phone System	Skid Loader	Total
2004	\$ 10,548	35,316	3,210	49,074
2005	10,548	35,316	3,210	49,074
2006	-	35,317	3,209	38,526
2007	-	35,317	3,209	38,526
Total minimum lease payments	21,096	141,266	12,838	175,200
Less amount representing interest	(2,000)	(24,476)	(1,523)	(27,999)
Present value of net minimum lease payments	\$ 19,096	116,790	11,315	147,201

Payments under capital lease purchase agreements for the year ended June 30, 2003 totaled \$49,073.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2003 general obligation capital loan notes is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes							
	Series 1993			Series 1999A				
	Issued Dec 1, 1993			Issued May 1, 1999				
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest			
2004	4.55%	\$ 205,000	29,327	4.05%	\$ 75,000	3,038		
2005	4.60	210,000	20,000		-	-		
2006	4.70	220,000	10,340		-	-		
2007		-	-		-	-		
2008		-	-		-	-		
2009-2013		-	-		-	-		
2014-2018		-	-		-	-		
2019-2020		-	-		-	-		
Total		\$ 635,000	59,667		\$ 75,000	3,038		

General Obligation Capital Loan Notes						
Year Ending June 30,	Series 1999B			Series 2000A		
	Issued May 1, 1999			Issued Aug 1, 2000		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2004	4.10%	\$ 55,000	2,255	-	-	98,808
2005		-	-	-	-	98,808
2006		-	-	-	-	98,808
2007		-	-	-	-	98,808
2008		-	-	-	-	98,808
2009-2013		-	-	5.00%	\$ 450,000	461,536
2014-2018		-	-	5.10-5.35	955,000	288,980
2019-2020		-	-	5.40	485,000	39,690
Total		\$ 55,000	2,255		\$ 1,890,000	1,284,246

General Obligation Capital Loan Notes						
Year Ending June 30,	Series 2001A			Series 2001B		
	Issued May 1, 2001			Issued May 1, 2001		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2004		-	37,870	5.40%	\$ 200,000	23,795
2005	3.90%	\$ 135,000	37,870	5.65	230,000	12,995
2006	4.05	390,000	32,605		-	-
2007	4.10	410,000	16,810		-	-
2008		-	-		-	-
2009-2013		-	-		-	-
2014-2018		-	-		-	-
2019-2020		-	-		-	-
Total		\$ 935,000	125,155		\$ 430,000	36,790

General Obligation Capital Loan Notes						
Year Ending June 30,	Series 2002A			Series 2002B		
	Issued March 1, 2002			Issued April 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2004		-	106,050	2.75%	\$ 95,000	75,967
2005		-	106,050	3.25	100,000	73,355
2006		-	106,050	3.50	105,000	70,105
2007		-	106,050	3.80	105,000	66,430
2008	4.25%	\$ 235,000	106,050	4.00	110,000	62,440
2009-2013	4.25-4.75	910,000	397,650	4.15-4.70	625,000	238,525
2014-2018	4.75-5.00	800,000	208,025	4.80-5.00	610,000	77,970
2019-2020	5.00	355,000	26,750		-	-
Total		\$ 2,300,000	1,162,675		\$ 1,750,000	664,792

General Obligation Capital Loan Notes						
Series 2002C						
Year Ending June 30,	Issued December 15, 2002			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2004		-	60,660	630,000	437,770	1,067,770
2005		-	60,660	675,000	409,738	1,084,738
2006		-	60,660	715,000	378,568	1,093,568
2007	2.75%	\$ 65,000	60,660	580,000	348,758	928,758
2008	3.05	260,000	58,873	605,000	326,171	931,171
2009-2013	3.00-3.95	1,395,000	157,527	3,380,000	1,255,238	4,635,238
2014-2018		-	-	2,365,000	574,975	2,939,975
2019-2020		-	-	840,000	66,440	906,440
Total		\$ 1,720,000	459,040	\$ 9,790,000	3,797,658	13,587,658

During the year ended June 30, 2003, the County issued \$1,720,000 in general obligation capital loan notes and retired \$470,000 of notes.

#### 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.

#### **(9) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002 and 2001 were \$450,541, \$423,452 and \$444,992, respectively, equal to the required contributions for each year.

#### **(10) Risk Management**

Dallas County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 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 annual contributions to the Pool for the year ended June 30, 2003 were \$241,897.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also 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 that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, 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 \$1,000,000 and \$25,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County’s health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with American Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators from the Employee Group Health Fund. The County’s contribution to the fund for the year ended June 30, 2003 was \$1,145,448.

Amounts payable from the Employee Group Health Fund at June 30, 2003 total \$136,848, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$315,137 at June 30, 2003 and is reported as a designation of the Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 212,709
Incurred claims (including claims incurred but not reported at June 30, 2003)	836,460
Payment on claims during the fiscal year	<u>(912,321)</u>
Unpaid claims end of year	<u><u>\$ 136,848</u></u>

**(12) Construction Commitment**

The County has entered into contracts totaling \$1,201,031 for bridge construction and remodeling of County offices. At June 30, 2003, costs of \$995,076 had been incurred against the contracts. The balance of \$205,955 remaining at June 30, 2003 will be paid as work on the projects progress.

**(13) Hospital Revenue Bonds**

The County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc. The proceeds will be used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County. The balance outstanding at June 30, 2003 is \$4,565,000.

**(14) Industrial Development Revenue Bonds**

The County has issued a total of \$13,000,000 industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenues derived and the bond principal and interest do not constitute liabilities of the County. The balance outstanding at June 30, 2003 is \$12,480,000.

**(15) Contingent Liability - Ortonville Business Park Gas Main Extension**

The County entered into a gas main extension agreement with MidAmerican Energy Company (MidAmerican) in January 2001. The agreement requires MidAmerican to extend its gas distribution mains to make natural gas service available to the Ortonville Business Park. The County is required to pay a refundable advance for construction totaling \$80,694. The County opted to postpone payment to MidAmerican for one to ten years. This option requires the County to annually obtain an irrevocable letter of credit for the unpaid balance and pay interest at 7.5%. At June 30, 2003, the County has received credits for commercial business additions in the Ortonville Business Park totaling \$46,661 and paid interest of \$14,605. The County's approximate contingent liability for the gas main extension as of June 30, 2003 is \$34,033. The contingent liability is computed based on the total advance for construction less credits for business additions.

**(16) Deficit Fund Balance**

The Special Revenue, Ortonville Sewer Fund had a deficit balance of \$1,801 at June 30, 2003. The deficit will be eliminated through the collection of future revenues.

The Special Revenue, Conservation Land Acquisition Fund had a deficit balance of \$27,049 at June 30, 2003. The deficit will be eliminated through the collection of revenues from other local governments.

**(17) Subsequent Events**

Construction Contracts

In February 2004, the County entered into several construction contracts totaling \$850,686 for construction of a conservation administration building, courthouse roof repairs, culvert replacement and parking lot.

Economic Development

In November 2003, Dallas County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement begins in fiscal 2004 and continues through fiscal 2009.



In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000.

**(18) Pending Litigation**

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

**(19) Accounting Change and Restatements**

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2003. The statements create new basic financial statements for reporting the County’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor governmental funds are presented in total in one column.

The government-wide financial statements report the County’s governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting. The County also revised its capitalization policy for capital assets.

The effects of the accounting change and other restatements in the governmental activities are summarized below:

	Amount
Net assets June 30, 2002, as previously reported	\$ 9,235,033
GASB Interpretation 6 adjustments	83,956
Net assets July 1, 2002, as restated for governmental funds	9,318,989
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$15,972,276	30,800,808
Internal Service Fund	45,487
Long-term liabilities	(9,528,841)
Deferral of long-term assets	708,247
Net assets July 1, 2002, as restated	\$ 31,344,690

**(20) Designated Fund Equity**

The County has designated amounts from the General, Mental Health and Secondary Roads Funds for special projects. At June 30, 2003, the amounts designated are as follows:

Description	Amount
General:	
Sewer system hook-up at Care Facility	\$ 150,000
Software and maintenance agreements	25,000
Assessor's office maintenance/repair	12,000
County farm	8,850
	<u>195,850</u>
Mental Health:	
Database system	<u>55,000</u>
Secondary Roads:	
Bridge projects	224,571
Cory property (Adams Township)	86,000
Sand/salt mix building	29,000
	<u>339,571</u>
Total	<u>\$ 590,421</u>

**Dallas County**

**Required Supplementary Information**

Dallas County

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

Required Supplementary Information

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 12,064,739	-	12,064,739
Interest and penalty on property tax	115,278	-	115,278
Intergovernmental	7,888,793	-	7,888,793
Licenses and permits	179,451	-	179,451
Charges for service	1,751,398	-	1,751,398
Use of money and property	316,344	254	316,090
Miscellaneous	974,449	76,292	898,157
Total receipts	<u>23,290,452</u>	<u>76,546</u>	<u>23,213,906</u>
<b>Disbursements:</b>			
Public safety and legal services	4,305,831	-	4,305,831
Physical health and social services	2,254,567	-	2,254,567
Mental health	3,430,185	-	3,430,185
County environment and education	1,392,289	27,046	1,365,243
Roads and transportation	4,837,327	-	4,837,327
Governmental services to residents	958,713	-	958,713
Administration	2,699,887	-	2,699,887
Non-program	374,604	5,234	369,370
Debt service	1,105,671	37,552	1,068,119
Capital projects	3,940,835	-	3,940,835
Total disbursements	<u>25,299,909</u>	<u>69,832</u>	<u>25,230,077</u>
Excess (deficiency) of receipts over (under) disbursements	(2,009,457)	6,714	(2,016,171)
Other financing sources, net	1,720,174	5,234	1,714,940
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(289,283)	11,948	(301,231)
Balance beginning of year	9,236,934	120,729	9,116,205
Balance end of year	<u>\$ 8,947,651</u>	<u>132,677</u>	<u>8,814,974</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
12,092,876	12,092,876	(28,137)
31,500	31,500	83,778
8,817,305	8,450,084	(561,291)
175,618	180,618	(1,167)
1,360,505	1,555,700	195,698
273,650	633,193	(317,103)
538,406	968,384	(70,227)
<u>23,289,860</u>	<u>23,912,355</u>	<u>(698,449)</u>
3,948,624	4,447,307	141,476
2,885,586	2,451,211	196,644
3,423,155	3,437,732	7,547
1,364,372	1,424,996	59,753
4,706,710	5,165,009	327,682
760,278	985,251	26,538
2,633,383	2,982,447	282,560
274,506	680,605	311,235
1,043,674	1,064,371	(3,748)
4,731,615	5,607,042	1,666,207
<u>25,771,903</u>	<u>28,245,971</u>	<u>3,015,894</u>
(2,482,043)	(4,333,616)	2,317,445
-	1,868,884	(153,944)
(2,482,043)	(2,464,732)	2,163,501
<u>7,021,523</u>	<u>9,089,330</u>	<u>26,875</u>
<u>4,539,480</u>	<u>6,624,598</u>	<u>2,190,376</u>

Dallas County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2003

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 23,290,452	114,571	23,405,023
Expenditures	25,299,909	(222,691)	25,077,218
Net	(2,009,457)	337,262	(1,672,195)
Other financing sources (uses)	1,720,174	11,310	1,731,484
Beginning fund balances	9,236,934	82,055	9,318,989
Increase (decrease) in reserve for:			
Inventories	-	(165,380)	(165,380)
Prepaid insurance	-	26,959	26,959
Ending fund balances	\$ 8,947,651	292,206	9,239,857

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2003

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$2,474,068. These budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2003, disbursements exceeded the amount budgeted in the debt service function and disbursements in two departments exceeded the amounts appropriated. Also, disbursements in certain departments exceeded the appropriations prior to amendment.



**Dallas County**

**Other Supplementary Information**

Dallas County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2003

	Resource Enhancement and Protection	County Recorder's Records Management	Drainage District	Economic Development	Tax Increment Financing	County Sheriff Forfeiture	Sheriff's Office Grant
<b>Assets</b>							
Cash and pooled investments:							
County Treasurer	\$ 29,441	52,375	77,204	222,438	2,119	123,411	7
Conservation Foundation	-	-	-	-	-	-	-
Receivables:							
Property tax:							
Delinquent	-	-	-	-	1,803	-	-
Succeeding year	-	-	-	-	41,000	-	-
Accounts	-	-	-	-	-	-	-
Accrued interest	21	18	-	652	-	-	-
Drainage assessments	-	-	24,249	-	-	-	-
Economic development loans	-	-	-	53,700	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund receivable	-	-	-	45,000	-	-	-
<b>Total assets</b>	<b>\$ 29,462</b>	<b>52,393</b>	<b>101,453</b>	<b>321,790</b>	<b>44,922</b>	<b>123,411</b>	<b>7</b>
<b>Liabilities and Fund Equity</b>							
Liabilities:							
Accounts payable	\$ -	-	-	-	-	641	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue:							
Succeeding year property tax	-	-	-	-	41,000	-	-
Other	-	-	24,249	53,700	1,803	-	-
Total liabilities	-	-	24,249	53,700	42,803	641	-
Fund equity:							
Fund balances:							
Reserved for:							
Drainage projects	-	-	16,137	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unreserved	29,462	52,393	61,067	268,090	2,119	122,770	7
Total fund equity	29,462	52,393	77,204	268,090	2,119	122,770	7
<b>Total liabilities and fund equity</b>	<b>\$ 29,462</b>	<b>52,393</b>	<b>101,453</b>	<b>321,790</b>	<b>44,922</b>	<b>123,411</b>	<b>7</b>

See accompanying independent auditor's report.

Special Revenue Funds											
County	Conservation	Conservation		Public							
Attorney Forfeiture	Courthouse Restoration	Conditional Use	Ortonville Sewer	Land Acquisition	Nurse Trust	Ambulance Trust	Jail Commissary	Conservation Foundation	Debt Service	Total	
14,197	5,400	53,343	-	123,305	13,284	12,692	3,000	-	191,793	924,009	
-	-	-	-	-	-	-	-	55,474	-	55,474	
-	-	-	-	-	-	-	-	-	4,550	6,353	
-	-	-	-	-	-	-	-	-	639,000	680,000	
-	-	-	-	-	-	-	-	-	2,359	2,359	
-	1	194	-	-	-	-	-	-	985	1,871	
-	-	-	-	-	-	-	-	-	-	24,249	
-	-	-	-	-	-	-	-	-	-	53,700	
-	-	-	-	77,266	-	-	-	-	-	77,266	
-	-	-	-	-	-	-	-	-	-	45,000	
14,197	5,401	53,537	-	200,571	13,284	12,692	3,000	55,474	838,687	1,870,281	
-	-	-	796	150,354	-	8	-	-	-	151,799	
-	-	-	1,005	-	-	-	-	-	-	1,005	
-	-	-	-	-	-	-	-	-	639,000	680,000	
-	-	-	-	77,266	-	-	-	-	4,515	161,533	
-	-	-	1,801	227,620	-	8	-	-	643,515	994,337	
-	-	-	-	-	-	-	-	-	-	16,137	
-	-	-	-	-	-	-	-	-	195,172	195,172	
14,197	5,401	53,537	(1,801)	(27,049)	13,284	12,684	3,000	55,474	-	664,635	
14,197	5,401	53,537	(1,801)	(27,049)	13,284	12,684	3,000	55,474	195,172	875,944	
14,197	5,401	53,537	-	200,571	13,284	12,692	3,000	55,474	838,687	1,870,281	

Dallas County

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

Year ended June 30, 2003

	Resource Enhancement and Protection	County Recorder's Records Management	Drainage District	Economic Development	Tax Increment Financing	County Sheriff Forfeiture	Sheriff's Office Grant
Revenues:							
Property and other county tax	\$ -	-	-	-	-	-	-
Tax increment financing	-	-	-	-	31,994	-	-
Intergovernmental	341	-	-	-	-	-	7,019
Charges for service	-	23,996	-	-	-	-	-
Use of money and property	286	263	-	5,269	-	-	3
Miscellaneous	-	-	41,434	26,325	-	132,299	-
Total revenues	627	24,259	41,434	31,594	31,994	132,299	7,022
Expenditures:							
Operating:							
Public safety and legal services	-	-	-	-	-	23,905	7,019
Physical health and social services	-	-	-	-	-	-	-
County environment and education	-	-	-	-	-	-	-
Governmental services to residents Administration	-	19,317	-	-	-	-	-
Non-program	-	-	5,234	-	-	-	-
Debt service	-	-	37,552	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total expenditures	-	19,317	42,786	-	-	23,905	7,019
Excess (deficiency) of revenues over (under) expenditures	627	4,942	(1,352)	31,594	31,994	108,394	3
Other financing sources (uses):							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(63,652)	-	(303)
General obligation capital loan note issued	-	-	-	-	-	-	-
Stamped drainage warrant issued	-	-	5,234	-	-	-	-
Total other financing sources (uses)	-	-	5,234	-	(63,652)	-	(303)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	627	4,942	3,882	31,594	(31,658)	108,394	(300)
Fund balances beginning of year, as restated	28,835	47,451	73,322	236,496	33,777	14,376	307
Fund balances end of year	\$ 29,462	52,393	77,204	268,090	2,119	122,770	7

See accompanying independent auditor's report.

Special Revenue Funds												Total
County	Attorney Forfeiture	Courthouse Restoration	Heritage Day	Conservation Conditional Use	Conservation Ortonville Sewer	Conservation Land Acquisition	Public Health Nurse Trust	Ambulance Trust	Jail Commissary	Conservation Foundation	Debt Service	Total
	-	-	-	-	-	-	-	-	-	-	584,734	584,734
	-	-	-	-	-	-	-	-	-	-	-	31,994
	-	-	-	-	-	27,008	-	-	-	-	22,962	57,330
	-	-	-	-	-	7,113	-	-	3,000	-	-	34,109
	-	6	-	50,292	-	13,488	-	-	-	254	14,056	83,917
	2,139	3,025	8,331	-	2,357	425	1,615	358	-	34,859	2,022	255,189
	2,139	3,031	8,331	50,292	2,357	48,034	1,615	358	3,000	35,113	623,774	1,047,273
	62	-	-	-	-	-	-	419	-	-	-	31,405
	-	-	-	-	-	-	5,021	-	-	-	-	5,021
	-	-	-	-	4,192	-	-	-	-	27,046	-	31,238
	-	-	-	-	-	-	-	-	-	-	-	19,317
	-	527	10,658	-	-	-	-	-	-	-	-	11,185
	-	-	-	-	-	-	-	-	-	-	-	5,234
	-	-	-	-	-	-	-	-	-	-	637,888	675,440
	-	-	-	-	-	42,676	-	-	-	-	-	42,676
	62	527	10,658	-	4,192	42,676	5,021	419	-	27,046	637,888	821,516
	2,077	2,504	(2,327)	50,292	(1,835)	5,358	(3,406)	(61)	3,000	8,067	(14,114)	225,757
	-	-	-	-	-	-	-	-	-	-	33,915	33,915
	-	-	-	-	-	-	-	-	-	-	-	(63,955)
	-	-	-	-	-	-	-	-	-	-	27,971	27,971
	-	-	-	-	-	-	-	-	-	-	-	5,234
	-	-	-	-	-	-	-	-	-	-	61,886	3,165
	2,077	2,504	(2,327)	50,292	(1,835)	5,358	(3,406)	(61)	3,000	8,067	47,772	228,922
	12,120	2,897	2,327	3,245	34	(32,407)	16,690	12,745	-	47,407	147,400	647,022
	14,197	5,401	-	53,537	(1,801)	(27,049)	13,284	12,684	3,000	55,474	195,172	875,944

Dallas County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2003

	County Offices		Agricultural
	County	County	Extension
	Recorder	Sheriff	Education
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ -	-	796
Other County officials	54,814	19,988	-
Receivables:			
Property tax:			
Delinquent	-	-	696
Succeeding year	-	-	122,000
Accounts	8,748	-	-
Accrued interest	-	-	-
Special assessments	-	-	-
Prepaid insurance	-	-	-
<b>Total assets</b>	<b>\$ 63,562</b>	<b>19,988</b>	<b>123,492</b>
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
Salaries and benefits payable	-	-	-
Due to other governments	54,714	8,252	123,492
Trusts payable	8,848	11,736	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>\$ 63,562</b>	<b>19,988</b>	<b>123,492</b>

County Assessor	Schools	Community Colleges	Corporations	Townships	City Special Assessments
160,472	236,649	7,790	111,843	3,054	11,957
-	-	-	-	-	-
5,225	186,387	7,720	105,037	2,966	-
649,000	28,588,000	977,000	19,287,000	295,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,130,000
-	-	-	-	-	-
<u>814,697</u>	<u>29,011,036</u>	<u>992,510</u>	<u>19,503,880</u>	<u>301,020</u>	<u>2,141,957</u>
-	-	-	-	-	-
15,888	-	-	-	-	-
730,994	29,011,036	992,510	19,503,880	301,020	2,141,957
-	-	-	-	-	-
67,815	-	-	-	-	-
<u>814,697</u>	<u>29,011,036</u>	<u>992,510</u>	<u>19,503,880</u>	<u>301,020</u>	<u>2,141,957</u>



Dallas County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2003

	Auto License and Use Tax	County Hospital	Brucellosis and Tuberculosis Eradication	E911
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	883,556	12,211	57	293,216
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	-	10,685	50	-
Succeeding year	-	1,293,000	7,000	-
Accounts	-	-	-	33,453
Accrued interest	-	-	-	779
Special assessments	-	-	-	-
Prepaid insurance	-	-	-	1,363
<b>Total assets</b>	<b>883,556</b>	<b>1,315,896</b>	<b>7,107</b>	<b>328,811</b>
<b>Liabilities</b>				
Accounts payable	-	-	-	2,902
Salaries and benefits payable	-	-	-	-
Due to other governments	883,556	1,315,896	7,107	325,909
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>883,556</b>	<b>1,315,896</b>	<b>7,107</b>	<b>328,811</b>

See accompanying independent auditor's report.

Emergency Management Services	Tax Sale Redemption	Future Tax Payments	Empowerment Board	Badger Creek	Anatomical Gift Public Awareness and Transportation	Total
35,089	26,546	20,704	58,085	2	666	1,862,693
-	-	-	-	-	-	74,802
-	-	-	-	-	-	318,766
-	-	-	-	12,000	-	51,230,000
-	-	-	-	-	-	42,201
-	-	-	-	-	-	779
-	-	-	-	-	-	2,130,000
2,314	-	-	-	-	-	3,677
<b>37,403</b>	<b>26,546</b>	<b>20,704</b>	<b>58,085</b>	<b>12,002</b>	<b>666</b>	<b>55,662,918</b>
1,423	-	-	-	-	-	4,325
1,567	-	-	487	-	-	17,942
21,319	-	-	57,598	12,002	666	55,491,908
-	26,546	20,704	-	-	-	67,834
13,094	-	-	-	-	-	80,909
<b>37,403</b>	<b>26,546</b>	<b>20,704</b>	<b>58,085</b>	<b>12,002</b>	<b>666</b>	<b>55,662,918</b>

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2003

	County Offices		Agricultural	County Assessor
	County Recorder	County Sheriff	Extension Education	
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 93,192	64,597	84,772	791,623
Additions:				
Property and other county tax	-	-	125,496	667,252
E911 surcharge	-	-	-	-
State tax credits	-	-	3,640	21,560
Drivers license fees	-	-	-	-
Office fees and collections	1,461,387	101,807	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	449,244	-	-
Miscellaneous	-	-	5	7,435
Total additions	1,461,387	551,051	129,141	696,247
Deductions:				
Agency remittances:				
To other funds	845,347	99,139	-	-
To other governments	642,018	466	90,421	673,173
Trusts paid out	3,652	496,055	-	-
Total deductions	1,491,017	595,660	90,421	673,173
Balances end of year	\$ 63,562	19,988	123,492	814,697

Schools	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax
26,357,475	852,528	17,284,180	270,159	2,607,984	812,129
29,452,920	1,007,645	19,664,680	310,984	-	-
-	-	-	-	-	-
1,095,037	35,623	604,840	11,676	-	-
-	-	-	-	-	147,114
-	-	-	-	-	-
-	-	-	-	-	10,622,703
-	-	-	-	356,354	-
-	-	-	-	-	-
1,702	54	1,591	-	-	-
30,549,659	1,043,322	20,271,111	322,660	356,354	10,769,817
-	-	-	-	-	348,675
27,896,098	903,340	18,051,411	291,799	822,381	10,349,715
-	-	-	-	-	-
27,896,098	903,340	18,051,411	291,799	822,381	10,698,390
29,011,036	992,510	19,503,880	301,020	2,141,957	883,556

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2003

	County Hospital	Brucellosis and Tuberculosis Eradication	E911	Emergency Management Services
<b>Assets and Liabilities</b>				
Balances beginning of year	1,309,813	6,076	501,505	32,383
Additions:				
Property and other county tax	1,338,272	7,270	-	-
E911 surcharge	-	-	135,659	-
State tax credits	55,824	261	-	-
Drivers license fees	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Miscellaneous	84	-	10,258	92,279
Total additions	1,394,180	7,531	145,917	92,279
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	1,388,097	6,500	318,611	87,259
Trusts paid out	-	-	-	-
Total deductions	1,388,097	6,500	318,611	87,259
Balances end of year	1,315,896	7,107	328,811	37,403

See accompanying independent auditor's report.

Tax Sale Redemption	Future Tax Payments	Empowerment Board	Badger Creek	Anatomical Gift Public Awareness and Transportation	Total
18,077	14,461	76,189	8,004	668	51,185,815
-	-	-	4,184	-	52,578,703
-	-	-	-	-	135,659
-	-	-	9	-	1,828,470
-	-	-	-	-	147,114
-	-	-	-	-	1,563,194
-	-	-	-	-	10,622,703
-	-	-	-	-	356,354
463,719	18,341	-	-	-	931,304
-	-	157,347	-	544	271,299
463,719	18,341	157,347	4,193	544	68,434,800
-	-	-	-	-	1,293,161
-	-	175,451	195	546	61,697,481
455,250	12,098	-	-	-	967,055
455,250	12,098	175,451	195	546	63,957,697
26,546	20,704	58,085	12,002	666	55,662,918

**Schedule 5**

## Dallas County

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

For the Last Four Years

	Modified Accrual Basis			
	2003	2002	2001	2000
Revenues:				
Property and other county tax	\$ 12,032,172	11,039,642	9,881,176	8,941,962
Interest and penalty on property tax	115,161	124,755	95,133	84,910
Tax increment financing	31,994	24,008	41,069	32,546
Intergovernmental	7,904,433	8,281,991	8,926,732	7,593,168
Licenses and permits	179,451	149,465	144,663	173,026
Charges for service	1,730,355	1,480,991	1,388,435	1,181,885
Use of money and property	321,119	327,598	473,574	329,929
Miscellaneous	1,090,338	535,315	836,748	742,445
Total	\$ 23,405,023	21,963,765	21,787,530	19,079,871
Expenditures:				
Operating:				
Public safety and legal services	\$ 4,348,165	3,782,743	3,667,036	3,595,982
Physical health and social services	2,260,699	2,427,581	3,142,956	3,058,837
Mental health	3,541,726	3,541,905	3,286,486	2,956,813
County environment and education	1,370,639	1,387,881	1,666,743	1,278,909
Roads and transportation	4,692,586	4,405,522	4,242,934	4,382,680
Governmental services to residents	944,689	692,597	616,099	579,149
Administration	2,715,171	2,630,155	2,159,302	2,057,475
Non-program	367,328	369,459	815,834	346,023
Debt service	1,103,312	730,587	706,938	478,968
Capital projects	3,732,903	2,896,180	2,582,424	759,486
Total	\$ 25,077,218	22,864,610	22,886,752	19,494,322

See accompanying independent auditor's report.

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2003

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ 1,674
Public Safety Partnership and Community Policing Grant	16.710	98-UM-WX-1854	30,834
Public Safety Partnership and Community Policing Grant	16.710	02-UM-WX-0145	5,000
			<u>35,834</u>
U.S. Department of Interior:			
Payments in Lieu of Taxes	15.226		1,073
Total direct			<u>38,581</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>10,328</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	99-DF-002	<u>3,387</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Violence Against Women Formula Grants	16.588	01V-0247	1,024
Iowa Department of Justice - Crime Victim Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-02-0236	2,159
			<u>3,183</u>
Governor's Office of Drug Control Policy:			
Local Law Enforcement Block Grants Program	16.592	02LE-0135	<u>7,019</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO25(44)--8J-25	41,429
Highway Planning and Construction	20.205	BROS-CO25(45)--8J-25	160,721
Highway Planning and Construction	20.205	BROS-CO25(52)--8J-25	11,688
			<u>213,838</u>



**Schedule 6**

## Dallas County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	03-410-Task 10	<u>5,944</u>
National Endowment for the Arts:			
Iowa Department of Cultural Affairs - Iowa Arts Council:			
Promotion of the Arts - Partnership Agreements	45.025	FY03-0013	<u>8,800</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Performance Grants	83.552		<u>21,615</u>
U.S. Department of Education:			
Iowa Department of Public Health:			
Safe and Drug-Free Schools and Communities - States Grants	84.186	5883LE05	<u>8,514</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>15,341</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>39</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>2,942</u>
Foster Care - Title IV-E	93.658		<u>5,218</u>
Adoption Assistance	93.659		<u>1,707</u>
Medical Assistance Program	93.778		<u>15,002</u>
Social Services Block Grant	93.667		10,025
Social Services Block Grant	93.667		<u>104,870</u>
			<u>114,895</u>

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2003

Grantor / Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Greene County Public Health:			
Immunization Grants	93.268	58821409	2,088
Community Opportunities, Inc.:			
Immunization Grants	93.268	58831438	2,043
			<u>4,131</u>
Iowa Department of Public Health:			
Primary Care Services - Resource Coordination and Development	93.130	5883PC05	2,673
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883BT27	6,599
Total indirect			<u>451,175</u>
Total			<u>\$ 489,756</u>

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

See accompanying independent auditor's report.

**Dallas County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Officials of Dallas County:

We have audited the financial statements of Dallas County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated February 26, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 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. Prior year statutory comments have been resolved except for items IV-B-03 and IV-G-03.

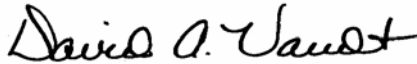
Internal Control Over Financial Reporting

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

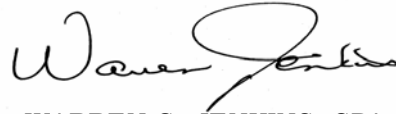
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-03 is a material weakness. Prior year reportable conditions have been resolved except for items II-A-03, II-B-03, II-C-03, II-D-03, II-E-03, II-F-03 and II-G-03.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance**

**Dallas County**



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

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Dallas County:

Compliance

We have audited the compliance of Dallas County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Dallas County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dallas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

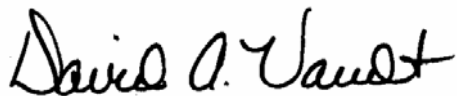
Internal Control Over Compliance

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

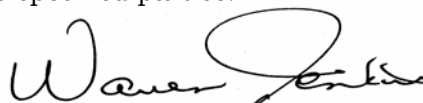
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively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



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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2004

Dallas County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2003

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 93.667 – Social Services Block Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

II-A-03 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer, Sheriff, Recorder
(2) Investments – custody, accounting and recording interest earnings.	Treasurer
(3) Disbursements – processing of claims, check writing, check signing, mailing checks and final approval.	Auditor, Sheriff, Recorder
(4) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash.	Sheriff, Recorder

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response –

County Auditor – We have several persons entering claims into the computer. The computer generates the checks, signature and registers. We will make an effort to involve other personnel in final approval procedures.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

County Treasurer – We have reduced our staff by one FTE which makes it more difficult to monitor and track mail receipts. We do make an effort to have different employees involved in various stages of processing and rotate work assignments. We feel this is the best we can do under our current situation.

County Sheriff – We will work to comply with your recommendation on receipts, disbursements and bank reconciliation.

County Recorder – We have corrected items (1), (3) and (4).

Conclusion –

County Auditor – Response accepted.

County Treasurer – Response acknowledged. Duties should be segregated to the extent possible with existing personnel.

County Sheriff – Response accepted.

County Recorder – Response accepted.

- II-B-03 County Sheriff – A restrictive endorsement was not placed on checks upon receipt. Gun permit monies were not deposited timely.

Recommendation – A restrictive endorsement (for deposit only) should be placed on all checks when received to help provide protection in case of theft or loss. All collections should be deposited intact timely.

Response – Checks will be stamped “For Deposit Only” and deposited timely.

Conclusion – Response accepted.

- II-C-03 Jail Commissary – During the year ended June 30, 2003, jail commissary profits of \$3,000 were remitted by the Sheriff to the County Treasurer and credited to the Special Revenue, Jail Commissary Fund. The fund was established for jail commissary profits and the subsequent expenditure of funds for items for the jail.

However, during the year ended June 30, 2003, expenditures other than for commissary resale items were made from the Sheriff’s commissary bank account, but were not charged against the budget.

Recommendation – Commissary profits should be deposited into and expended from a Special Revenue Fund to ensure purchases are properly budgeted and reflected in the County’s accounting system.

Response – Expenditures other than commissary resale items will be charged against the budget.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- II-D-03 Disaster Recovery – The County does not have a written disaster recovery plan for the County’s information system.

Recommendation – A written disaster recovery plan should be developed.

Response – A disaster recovery plan is still being developed and will be available as soon as all the necessary procedures are in place.

Conclusion – Response accepted.

- II-E-03 Public Health Nurse Receivables – Although monthly accounts receivable reconciliations were prepared, variances were not properly identified and resolved in a timely manner. In addition, an independent person does not review the reconciliations for propriety.

Recommendation – Variances in the monthly accounts receivable reconciliations should be identified and resolved in a timely manner and an independent person should review and verify the accuracy of the reconciliation.

Response – In addition to business personnel, the administrator of the agency will review the accounts receivable reconciliation for proper resolution of variances on a monthly basis.

Conclusion – Response accepted.

- II-F-03 County Auditor – Certain invoices and supporting documentation were not marked paid to help prevent duplicate payment. Certain claims generated by other departments did not include evidence of departmental approval of the claims.

Recommendation – All invoices and supporting documents should be properly canceled to help prevent reuse. All claims should include the proper departmental signatures.

Response – We have taken steps to properly mark all supporting documents as paid and canceled. We are watching the approval by department on claims to be paid.

Conclusion – Response accepted.

- II-G-03 Capital Assets – Written authorization is not required prior to deleting items from the capital asset record and deletions are not recorded until after the end of the year. A physical observation of capital assets has not been performed periodically by an employee having no responsibility for the assets. The County has not established a written policy for capital asset capitalization threshold levels and useful lives.

Recommendation – The County should adopt a policy to require written authorization for all capital asset disposals, whether by trade, sale or other method, and deletions should be recorded as they occur. The policy should also include capitalization thresholds and useful lives for each type of capital asset. Capital assets should be observed periodically by an employee having no responsibility for the assets.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Response – A draft policy, including forms for disposal and established capitalization thresholds and useful lives, is currently being reviewed by the Board of Supervisors. The asset policy also sets forth an annual inventory process.

Conclusion – Response accepted.

- II-H-03 Compensated Absences – Vacation and sick leave usage are entered into the payroll system from leave recap sheets rather than directly from employee timesheets. The recap sheets are prepared by each department but are not always signed by the department heads. The accuracy of the recap sheets is not verified by comparing them to the employee timesheets.

Recommendation – Vacation and sick leave would more appropriately be recorded directly from authorized timesheets. If the use of the leave recap sheets is continued, they should be signed by the department head and should be compared to the employee timesheets for accuracy.

Response – Sick and vacation leave is being reconciled to the time sheets. We will also make sure they are signed by the appropriate department head.

Conclusion – Response accepted.

- II-I-03 County Farm Livestock Inventory – An independent person does not reconcile the sale of livestock per the inventory count sheets to the revenue records. In addition, an independent person does not periodically perform test counts of the inventory.

Recommendation – In order to verify the accuracy of sales revenue and inventory counts, an independent person should review and reconcile the sales and revenue records and perform surprise test counts of quantities on hand.

Response – We will designate an independent person to perform these reconciliations and counts.

Conclusion – Response accepted.

- II-J-03 Change Orders – Approval of change orders for construction projects was not always included in the Board of Supervisor minutes. In addition, three signed change order forms could not be located.

Recommendation – The Board of Supervisors should approve and sign all change orders and the action should be included in the minutes. All change order forms should be retained.

Response – We will make sure that any change orders needed for construction projects are placed on the agenda and that signed copies are retained by the Board of Supervisors.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

II-K-03 Sales Tax Refund – Sales tax refunds for the West Wing Third Floor remodeling project and General County Office Building project were not applied for. Claims for refund must be filed with the Department of Revenue within twelve months after the completion of a project.

Recommendation – The County should timely apply for all sales tax refunds available.

Response – We will make every attempt to file for refunds within the time limits.

Conclusion – Response accepted.

II-L-03 Gravel Inventory – The quantity on hand per the County’s gravel inventory records varied significantly from the calculated quantities on hand based on year-end surveys performed. The County’s perpetual inventory records are not periodically adjusted to agree with actual quantities on hand. The financial statements were adjusted to record proper year end inventory balances.

Recommendation – The County should annually adjust the gravel inventory records to agree with the quantities from the inventory counts. The County should monitor the variances and, if significant, identify the reasons for the variances.

Response – We acknowledge the problem with our gravel inventory and will annually monitor the pits and adjust the records as per the recommendation.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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



Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

IV-B-03 Certified Budget – During the year ended June 30, 2003, disbursements exceeded the amount budgeted in the debt service function.

Disbursements in two departments exceeded the amounts appropriated. Also, disbursements in certain departments exceeded the appropriations prior to the Board approving an appropriation amendment.

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

The Board of Supervisors should ensure appropriation amendments are made before disbursements are allowed to exceed the appropriation.

Response – We will develop internal controls to monitor appropriations as well as all disbursements to ensure they do not exceed budgeted amounts.

Conclusion – Response accepted.

IV-C-03 Questionable Expenditures – We noted certain expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These expenditures are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Flowers by Trent	Flowers for funeral	\$ 33

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – The Board of Supervisors will implement the proper education as well as policy and procedure regarding what is considered “public purpose”.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-E-03 Business Transactions – No transactions between the County and County officials or employees were noted.
- IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not, except as follows:

The County Board of Supervisors went into closed session on September 13, 2002. However, the roll call vote to go into closed session was not documented in accordance with Chapter 21.5 of the Code of Iowa. In addition, a closed session was held on October 7, 2002, but the minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa.

Although minutes of the Board proceedings were published, certain minutes were not published within the time period required by Chapter 349.18 of the Code of Iowa.

Minutes of certain Board meetings were not signed.

Recommendation – Closed meetings should be held in compliance with Chapter 21.5 of the Code of Iowa. The County should ensure the minutes are published as required. The minutes should be signed to authenticate the record.

Response – We will more closely monitor the minutes, time frames and signature.

Conclusion – Response accepted.

- IV-H-03 Deposits and Investments – Except as noted below, 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.

Certain proceeds from the Series 2002C General Obligation Capital Loan Notes credited to the Capital Projects, Bike Trail Extension Fund did not receive interest as required by Chapter 12C.9(2) of the Code of Iowa. Interest earned on certificate of deposit number 23600 was incorrectly credited to the General Fund.

Recommendation – Interest earned on capital loan note proceeds should be credited to the appropriate Capital Projects Fund as required.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Response – Deposits of interest for the Bike Trail were not made because our Office was instructed by the Budget Office the funds would be immediately expended per documentation. We will make any adjustments necessary if provided with the correct information. Deposits of interest for the 2002C Bond Capital Project were credited as we were instructed by the Budget Office per documentation. We will make any adjustment necessary if we are provided with the correct information.

Conclusion – Response accepted.

IV-I-03 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-03 Sheriff Disbursement of Fees – Sheriff's fees were not remitted to the County Treasurer at least quarterly in accordance with Chapter 331.902(3) of the Code of Iowa.

Recommendation – Sheriff's fees should be remitted to the County Treasurer at least quarterly as required by Chapter 331.902(3) of the Code of Iowa.

Response – Fees will be remitted to the Treasurer quarterly.

Conclusion – Response accepted.

IV-K-03 County Conservation Board Minutes – Minutes of the County Conservation Board were not signed.

Recommendation – The minutes should be signed to authenticate the record.

Response – We will add signatures to Board minutes beginning in March 2004.

Conclusion – Response accepted.

IV-L-03 Compensation to Employees – Two County employees received compensation through County claim rather than through payroll for certain work performed outside their normal duties. The compensation was not subject to withholding and was not included as wages on the Internal Revenue Service (IRS) Form W-2.

Recommendation – The County should include all compensation paid to employees in payroll in accordance with IRS regulations.

Response – We will make every effort to monitor these claims in the future.

Conclusion – Response accepted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-M-03 Tax Increment Financing (TIF) – The County maintains one fund for TIF revenues and expenditures although multiple TIF projects exist.

Recommendation – To properly account for the balances of each TIF project, the County should establish a separate fund for each project.

Response –TIF funds for individual projects have been set-up and transfers will be made to distribute the dollars to the appropriate fund.

Conclusion – Response accepted.

IV-N-03 County Assessor Claims – Certain mileage claims of the County Assessor's office were not properly itemized to document the destinations and mileage for each day. Chapter 331.504(8) of the Code of Iowa states in part that claims, before being audited or paid, shall be itemized to clearly show the basis of the claim.

Recommendation – The County Assessor should ensure claims are sufficiently itemized and proper documentation accompanies all claims before they are paid.

Response – We will make changes to comply with the State Auditor's request.

Conclusion – Response accepted.

IV-O-03 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, 2003 for the County Extension Office did not exceed the amount budgeted.

IV-P-03 Unspent Loan Proceeds – During the year ended June 30, 2001, the County issued \$1,890,000 of general obligation capital loan notes for the purpose of financing infrastructure improvements in the Ortonville Business Park. At June 30, 2003, the projects are complete. However, the Capital Project, Ortonville Industrial Park Fund has a balance of \$404,372.

Recommendation – The County should consult legal counsel to determine the proper disposition of the remaining loan proceeds.

Response – The Board of Supervisors will be meeting with Bond Counsel as soon as possible to discuss the disposition of the remaining loan proceeds.

Conclusion – Response accepted.

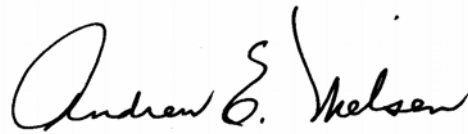
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Dallas County

Staff

This audit was performed by:

Cynthia L. Weber, CPA, Manager  
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Kimberly M. Knight, CPA, Senior Auditor  
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Ryan J. Johnson, Assistant Auditor  
Brad T. Holtan, Assistant Auditor  
Greg A. Prather, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State