OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 23, 2018

Auditor of State Mary Mosiman today released an audit report on Dallas County, Iowa.

The County had local tax revenue of $200,907,093 for the year ended June 30, 2017, which included $11,574,268 in tax credits from the state. The County forwarded $177,178,482 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $23,728,611 of the local tax revenue to finance County operations, an 8.4% increase over the prior year. Other revenues included charges for service of $7,453,631, operating grants, contributions and restricted interest of $6,402,724, capital grants, contributions and restricted interest of $3,611,958, tax increment financing of $102,700, unrestricted investment earnings of $276,800, gain on disposition of capital assets of $588,450 and other general revenues of $206,323.

Expenses for County operations for the year ended June 30, 2017 totaled $37,653,021, a 2.8% increase over the prior year. Expenses included $11,185,925 for public safety and legal services, $9,331,654 for roads and transportation and $4,469,583 for county environment and education.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/1710-0025-B00F.

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DALLAS COUNTY

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

JUNE 30, 2017

1710-0025-B00F

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(Continued)

Dallas County

Officials

(Before January 2017)

Name	Title	Term Expires
Mark Hanson	Board of Supervisors	Jan 2017
Kim Chapman	Board of Supervisors	Jan 2019
Brad Golightly	Board of Supervisors	Jan 2019
Gene Krumm	County Auditor	Jan 2017
Mitchell Hambleton	County Treasurer	Jan 2019
Chad C. Airhart	County Recorder	Jan 2019
Chad Leonard	County Sheriff	Jan 2017
Wayne M. Reisetter	County Attorney	Jan 2019
Steve C. Helm	County Assessor	Jan 2022

(After January 2017)

Name	Title	Term Expires
Kim Chapman	Board of Supervisors	Jan 2019
Brad Golightly	Board of Supervisors	Jan 2019
Mark Hanson	Board of Supervisors	Jan 2021
Julia Helm	County Auditor	Jan 2021
Mitchell Hambleton	County Treasurer	Jan 2019
Chad C. Airhart	County Recorder	Jan 2019
Chad Leonard	County Sheriff	Jan 2021
Wayne M. Reisetter	County Attorney	Jan 2019
Steve C. Helm	County Assessor	Jan 2022

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Officials of Dallas County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 18, Dallas County adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability and Related Ratios on pages 9 through 15 and 58 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2018 on our consideration of Dallas County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dallas County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Dallas County

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2017. The beginning net position for governmental activities was restated by $983,469 to retroactively report the total OPEB liability as of July 1, 2016. OPEB expense for fiscal year 2016 and deferred outflows of resources at June 30, 2016 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased approximately $4,721,000 from fiscal year 2016 to fiscal year 2017, or 12.5%. Capital grants, contributions and restricted interest increased approximately $2,618,000, charges for service decreased approximately $345,000 and operating grants, contributions and restricted interest increased approximately $201,000.
- Program expenses of the County's governmental activities for fiscal year 2017 increased approximately $1,039,000, or 2.8%, over fiscal year 2016.
- The County's net position at June 30, 2017 increased 5.6%, or approximately $4,718,000, over June 30, 2016.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as the schedule of changes in total OPEB liability, related ratios and related contributions.

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

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of Dallas County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

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

   The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

   The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

   The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government–wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

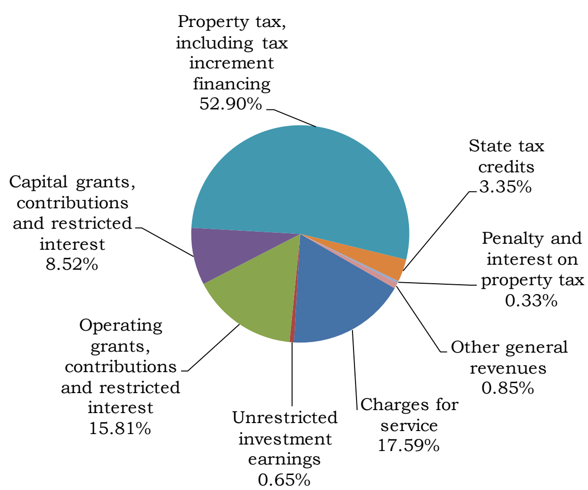
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities before restatement:

Net Position of Governmental Activities		
	June 30,	
	2017	2016 (Not Restated)
Current and other assets	$ 60,107,940	58,125,124
Capital assets	76,140,101	73,216,480
Total assets	136,248,041	131,341,604
Deferred outflows of resources	3,593,199	1,551,388
Long-term liabilities	23,469,081	21,394,582
Other liabilities	2,925,370	2,496,491
Total liabilities	26,394,451	23,891,073
Deferred inflows of resources	23,812,757	23,102,594
Net position:		
Net investment in capital assets	65,078,609	60,765,505
Restricted	13,508,523	11,056,268
Unrestricted	11,046,900	14,077,552
Total net position	$ 89,634,032	85,899,325

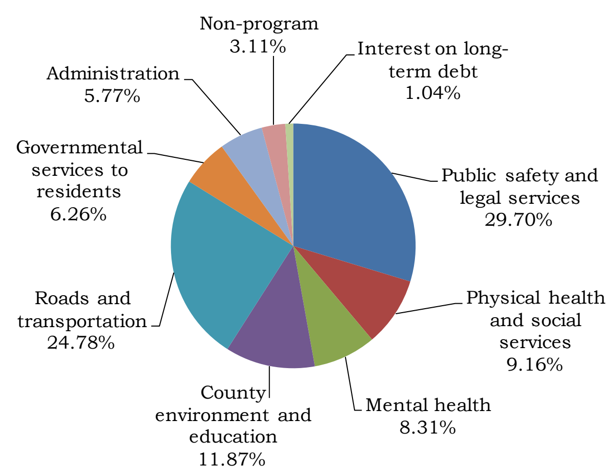
Prior to restatement, Dallas County's combined net position (which is the County's bottom line) increased $3,734,707, a 4.3% increase. The largest portion of Dallas County's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately $14,078,000 at June 30, 2016 to approximately $11,047,000 at the end of this year, a decrease of 21.5% primarily due to the implementation of GASB Statement No. 75.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2017	2016 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 7,453,631	7,798,319
Operating grants, contributions and restricted interest	6,697,424	6,201,386
Capital grants, contributions and restricted interest	3,611,958	994,406
General revenues:		
Property tax, including tax increment financing	22,412,382	20,653,743
Penalty and interest on property tax	141,142	148,348
State tax credits	1,418,929	1,331,175
Unrestricted investment earnings	276,800	174,257
Other general revenues	358,931	348,656
Total revenues	42,371,197	37,650,290
Program expenses:		
Public safety and legal services	11,185,925	11,970,286
Physical health and social services	3,448,636	3,176,077
Mental health	3,127,900	2,623,193
County environment and education	4,469,583	4,349,109
Roads and transportation	9,331,654	9,004,790
Governmental services to residents	2,355,833	2,072,986
Administration	2,171,929	1,836,087
Non-program	1,171,328	1,106,232
Interest on long-term debt	390,233	474,777
Total expenses	37,653,021	36,613,537
Change in net position	4,718,176	1,036,753
Net position beginning of year, as restated	84,915,856	84,862,572
Net position end of year	$ 89,634,032	85,899,325

Revenues by Source



Expenses by Program



For the year ended June 30, 2017, governmental activities revenues totaled $42,371,197, an increase of $4,720,907 over fiscal year 2016. Property and other county tax revenue, the County's largest revenue source, increased approximately $1,759,000, while capital grants, contributions and restricted interest increased approximately $2,618,000, primarily due to road construction funded through the Iowa Department of Transportation in the current year.

The cost of all governmental activities this year was $37,653,021 compared to $36,613,537 last year, an increase of $1,039,484. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately $19.9 million because some of the cost was paid by those directly benefitting from the programs (approximately $7.5 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately $10.3 million).

Dallas County's county-wide property tax levy rates increased from $7.81494 to $7.93887 per $1,000 of taxable valuation for fiscal year 2017. The general basic levy rate for fiscal year 2017 decreased from $3.17537 to $3.17505 per $1,000 of taxable valuation. The rural services tax levy rate for fiscal year 2017 remained at $3.95 per $1,000 of taxable valuation. The mental health levy decreased from $0.34657 to $0.32597 per $1,000 of taxable valuation. The debt service levy increased from $0.343 to $0.48785 per $1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately $279,307,600 over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of $29,764,175 which is greater than the fiscal year 2016 combined fund balance of $29,031,278.

The General Fund's ending fund balance increased $876,786 to $13,433,875. Of the ending fund balance, approximately $394,000 is committed for County farm and approximately $1.9 million is committed for other County purposes. The general basic levy rate decreased from $3.17537 to $3.17505 per $1,000 of taxable valuation and the general supplemental levy rate remained at zero for fiscal year 2017.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately $1,844,000, an increase of 16.0% over the prior year. Expenditures totaled approximately $2,437,000, an increase of 34.6% over the prior year. The increase is primarily due to an increase in distributions to the Mental Health Region. The Mental Health Fund balance at year end decreased approximately $594,000 from the prior year to $1,828,289 at June 30, 2017.

The Special Revenue, Rural Services Fund ended fiscal year 2017 with a $569,579 balance, an increase of $72,055 over the prior year ending balance. The rural services tax levy rate remained constant at $3.95 per $1,000 of taxable valuation while property valuations increased approximately 1.0%. The majority of the property tax is transferred to the Special Revenue, Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Special Revenue, Secondary Roads Fund ended fiscal year 2017 with a balance of $6,284,070, a 36.6% increase compared to the fiscal year 2016 balance of $4,601,541. Of the ending fund balance, $461,362 is non-spendable and $5,822,708 is restricted for road purposes. Expenditures decreased 6.7%, or approximately $536,000, from the prior year.

The Capital Projects Fund ended fiscal year 2017 with a fund balance of $4,409,982 compared to the fiscal year 2016 balance of $6,418,029, a 31.3% decrease due to costs associated with ongoing projects.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2017, Dallas County amended the operating budget two times. The first amendment was made in November 2016 to decrease budgeted disbursements approximately $90,000 and increase budgeted receipts approximately $412,000 for FEMA receipts in the Secondary Roads Fund and additional grant monies in the Conservation and Public Health departments. Budgeted disbursements decreased because of an approximately $2,854,000 reduction in budgeted mental health disbursements, as community services moved to the Heart of Iowa Community Services Region. This decrease was offset by increases in several disbursement functions as the Board of Supervisors budgeted certain previously assigned and unspent funds for equipment and salary adjustments, as well as increased disbursements for drainage districts and paving projects within the roads and transportation function. The second amendment was made in May 2017 to increase budgeted disbursements approximately $1,550,000 for various increases in services and costs made throughout the year, including an increase in capital projects.

Actual disbursements for the year totaled $36,823,219, which was $6,246,106 under budgeted disbursements. Capital projects disbursements were approximately $1.4 million under budget because the Human Services campus emergency equipment projects were not completed as planned. Public safety and legal services disbursements were approximately $1.4 under budget due to carrying forward of capital equipment purchases. Actual net receipts for fiscal year 2017 were $36,951,517, which was approximately $2,504,000 less than budget due, in part, to incorrectly budgeting the Heart of Iowa Community Services Region receipts in the County Mental Health Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Dallas County had $76,140,101 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to $73,216,480 at the end of fiscal year 2016. The County's net capital assets increased $2,923,621, or about 4.0%, over the prior year.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	June 30, 2017	June 30, 2016
Land	$ 6,115,563	6,115,563
Intangibles, road network	1,008,506	1,008,506
Construction in progress	3,105,758	7,083,802
Buildings and improvements	24,398,170	19,732,259
Equipment and vehicles	5,208,507	5,102,122
Intangibles	727,422	704,253
Infrastructure	35,576,175	33,469,975
Total	$ 76,140,101	73,216,480
This year's major additions included:		
Infrastructure		$ 3,462,489
Human services building renovation		310,173
E-911 equipment		786,859
Motor grader		319,662
County Auditor building purchase and remodel		599,068
Law enforcement center engineering		252,706
Dump truck and Secondary Roads equipment		411,153
Sheriff vehicles		296,918
Ambulance vehicles and equipment		188,706
Total		$ 6,627,734

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2017, Dallas County had $11,808,193 of outstanding debt versus $13,922,019 last year, a net decrease of $2,113,826.

Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	2017	2016
General obligation bonds	$ 5,575,000	6,755,000
General obligation capital loan notes	5,630,000	6,620,000
Drainage district warrants	603,193	547,019
Total	$ 11,808,193	13,922,019

The net change is primarily due to scheduled payments on the County's general obligation bonds and notes and an increase in drainage district warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit ($8,414,124,452 X .05 = $420,706,223). Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2018 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors is committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa. It was ranked 5th in the nation for growth between 2015 and 2016 with a 4.6% increase in population. The unemployment rate in Dallas County stands at 2.3% as of June 30, 2017, compared to last year's rate of 3.2%, the State average of 3.2% and the national average of 4.3%. Budgeted disbursements for the fiscal year 2018 operating budget are approximately $43.2 million, an increase of about $6.4 million in spending from the prior year's actual disbursements. The budget estimates a total ending fund balance of approximately $18.0 million at the close of fiscal year 2018.

In November 2017, a Local Option Sales Tax referendum passed in which the County will receive additional revenue beginning in fiscal year 2019.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dallas County

Basic Financial Statements

Dallas County

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	$ 33,825,543
Receivables:	
Property tax:	
Delinquent	13,627
Succeeding year	23,529,000
Interest and penalty on property tax	10,893
Succeeding year tax increment financing	44,000
Accounts	488,484
Accrued interest	8,275
Drainage assessments	604,205
Due from other governments	888,569
Inventories	423,610
Prepaid items	271,734
Capital assets, net of accumulated depreciation/amortization	76,140,101
Total assets	136,248,041
Deferred Outflows of Resources	
Pension related deferred outflows	3,400,034
OPEB related deferred outflows	193,165
Total deferred outflows of resources	3,593,199
Liabilities	
Accounts payable	1,429,308
Accrued interest payable	27,134
Salaries and benefits payable	768,311
Due to other governments	700,617
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	1,330,000
General obligation capital loan notes	820,000
Drainage district warrants	468,798
Compensated absences	565,663
Portion due or payable after one year:	
General obligation bonds	4,245,000
General obligation capital loan notes	4,810,000
Drainage district warrants	134,395
Compensated absences	737,280
Net pension liability	8,884,510
Total OPEB liability	1,473,435
Total liabilities	26,394,451
Deferred Inflows of Resources:	
Unavailable property tax revenue	23,529,000
Unavailable tax increment financing revenue	44,000
Pension related deferred inflows	239,757
Total deferred inflows of resources	23,812,757
Net Position	
Net investment in capital assets	65,078,609
Restricted for:	
Supplemental levy purposes	655,829
Mental health	1,883,368
Rural services purposes	570,679
Secondary roads purposes	5,883,764
Drainage district purposes	75,577
Debt service	158,220
Capital projects	924,804
Other purposes	3,356,282
Unrestricted	11,046,900
Total net position	$ 89,634,032

See notes to financial statements.

Dallas County

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 11,185,925	1,415,853	304,310	-	(9,465,762)
Physical health and social services	3,448,636	1,483,143	687,560	-	(1,277,933)
Mental health	3,127,900	344,538	354,366	-	(2,428,996)
County environment and education	4,469,583	467,531	773,963	149,469	(3,078,620)
Roads and transportation	9,331,654	105,786	4,572,611	3,462,489	(1,190,768)
Governmental services to residents	2,355,833	2,189,424	1,324	-	(165,085)
Administration	2,171,929	185,498	2,195	-	(1,984,236)
Non-program	1,171,328	1,261,858	-	-	90,530
Interest on long-term debt	390,233	-	1,095	-	(389,138)
Total	$ 37,653,021	7,453,631	6,697,424	3,611,958	(19,890,008)
General Revenues:					
Property and other county tax levied for:					
General purposes					19,824,394
Debt service					2,485,288
Tax increment financing					102,700
Penalty and interest on property tax					141,142
State tax credits					1,418,929
Unrestricted investment earnings					276,800
Gain on disposition of capital assets					293,750
Miscellaneous					65,181
Total general revenues					24,608,184
Change in net position					4,718,176
Net position beginning of year, as restated					84,915,856
Net position end of year					$ 89,634,032

See notes to financial statements.

Dallas County

Balance Sheet
Governmental Funds

June 30, 2017

			Special
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	$ 13,924,973	2,043,815	583,744
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	9,992	943	1,135
Succeeding year	15,622,000	1,474,000	4,031,000
Interest and penalty on property tax	10,893	-	-
Succeeding year tax increment financing	-	-	-
Accounts, net of allowance for doubtful ambulance accounts of $163,501	321,490	-	-
Accrued interest	7,895	-	-
Drainage assessments	-	-	-
Due from other funds	392,754	-	-
Due from other governments	381,008	88,393	87
Inventories	-	-	-
Prepaid items	134,464	122	-
Total assets	$ 30,805,469	3,607,273	4,615,966

Special Revenue Secondary Roads	Capital Projects	Nonmajor	Total
5,775,472	4,600,821	2,791,833	29,720,658
-	-	443,984	443,984
-	-	1,557	13,627
-	-	2,402,000	23,529,000
-	-	-	10,893
-	-	44,000	44,000
4,851	1,001	1,101	328,443
-	-	378	8,273
-	-	604,205	604,205
-	-	-	392,754
407,875	10,980	-	888,343
423,610	-	-	423,610
37,752	-	1,456	173,794
6,649,560	4,612,802	6,290,514	56,581,584

(Continued on next page)

Dallas County

Balance Sheet
Governmental Funds
(continued)
June 30, 2017

	General	Mental Health	Special Rural Services
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 316,113	1,837	14,287
Salaries and benefits payable	555,776	13,843	-
Due to other governments	493,480	200,000	-
Total liabilities	1,365,369	215,680	14,287
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	15,622,000	1,474,000	4,031,000
Succeeding year tax increment financing	-	-	-
Other	384,225	89,304	1,100
Total deferred inflows of resources	16,006,225	1,563,304	4,032,100
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid items	134,464	122	-
Restricted for:			
Supplemental levy purposes	581,695	-	-
Mental health purposes	-	1,828,167	-
Rural services purposes	-	-	569,579
Secondary roads purposes	-	-	-
Drainage district purposes	-	-	-
Conservation land acquisition/capital improvements	127,771	-	-
Debt service	-	-	-
Capital projects	-	-	-
Forfeitures	-	-	-
Wetland bank maintenance	-	-	-
Other purposes	248,499	-	-
Committed for:			
County conservation	343,126	-	-
Public health	1,209,759	-	-
County farm	393,958	-	-
County care facility	181,147	-	-
Jail commissary	124,595	-	-
Assigned for:			
Capital projects	-	-	-
Departmental purposes	740,868	-	-
Equipment	802,548	-	-
Law Enforcement Center project	1,000,000	-	-
Unassigned	7,545,445	-	-
Total fund balances	13,433,875	1,828,289	569,579
Total liabilities, deferred inflows of resources and fund balances	$ 30,805,469	3,607,273	4,615,966

See notes to financial statements.

Special Revenue Secondary Roads	Capital Projects	Nonmajor	Total
211,623	191,840	378	736,078
142,809	-	-	712,428
2,894	-	-	696,374
357,326	191,840	378	2,144,880
-	-	2,402,000	23,529,000
-	-	44,000	44,000
8,164	10,980	605,756	1,099,529
8,164	10,980	3,051,756	24,672,529
423,610	-	-	423,610
37,752	-	1,456	173,794
-	-	-	581,695
-	-	-	1,828,167
-	-	-	569,579
5,822,708	-	-	5,822,708
-	-	74,565	74,565
-	-	1,038,948	1,166,719
-	-	183,843	183,843
-	1,068,311	-	1,068,311
-	-	221,809	221,809
-	-	1,048,748	1,048,748
-	-	669,011	917,510
-	-	-	343,126
-	-	-	1,209,759
-	-	-	393,958
-	-	-	181,147
-	-	-	124,595
-	3,341,671	-	3,341,671
-	-	-	740,868
-	-	-	802,548
-	-	-	1,000,000
-	-	-	7,545,445
6,284,070	4,409,982	3,238,380	29,764,175
6,649,560	4,612,802	6,290,514	56,581,584

Dallas County

Dallas County

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

June 30, 2017

Total governmental fund balances (page 23)		$ 29,764,175
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets, excluding Internal Service Funds, is $122,433,138 and the accumulated depreciation/amortization is $46,692,480.		75,740,658
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		1,099,529
The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.		2,664,874
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	3,377,607	
Deferred inflows of resources	(225,372)	3,152,235
Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, drainage district warrants payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		(22,787,439)
Net position of governmental activities (page 18)		$ 89,634,032

See notes to financial statements.

Dallas County

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

Year ended June 30, 2017

		Special	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 14,378,754	1,476,206	3,967,463
Interest and penalty on property tax	138,110	-	-
Tax increment financing	-	-	-
Intergovernmental	3,954,433	366,455	167,457
Licenses and permits	216,592	-	-
Charges for service	3,419,153	-	-
Use of money and property	353,029	-	-
Miscellaneous	381,146	914	-
Total revenues	22,841,217	1,843,575	4,134,920
Expenditures:			
Operating:			
Public safety and legal services	10,335,067	-	-
Physical health and social services	3,332,045	-	-
Mental health	555,784	2,437,202	-
County environment and education	3,452,312	-	286,830
Roads and transportation	-	-	51,600
Governmental services to residents	2,095,427	-	-
Administration	1,596,818	-	-
Non-program	3,340	-	-
Debt service	-	-	-
Capital projects	3,786	-	-
Total expenditures	21,374,579	2,437,202	338,430
Excess (deficiency) of revenues over (under) expenditures	1,466,638	(593,627)	3,796,490
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	58,957	-	-
Transfers out	(648,809)	-	(3,724,435)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(589,852)	-	(3,724,435)
Change in fund balances	876,786	(593,627)	72,055
Fund balances beginning of year	12,557,089	2,421,916	497,524
Fund balances end of year	$ 13,433,875	1,828,289	569,579

See notes to financial statements.

Revenue Secondary Roads	Capital Projects	Nonmajor	Total
-	-	2,485,161	22,307,584
-	-	-	138,110
-	-	102,700	102,700
4,600,699	91,661	496,825	9,677,530
310	-	-	216,902
10	134,766	24,162	3,578,091
788	3,439	29,173	386,429
76,136	67,128	329,797	855,121
4,677,943	296,994	3,467,818	37,262,467
-	-	34,881	10,369,948
-	-	-	3,332,045
-	-	-	2,992,986
-	-	100,527	3,839,669
6,901,872	-	-	6,953,472
-	-	48,085	2,143,512
-	-	-	1,596,818
-	-	-	3,340
-	-	2,571,032	2,571,032
621,786	2,264,324	53,085	2,942,981
7,523,658	2,264,324	2,807,610	36,745,803
(2,845,715)	(1,967,330)	660,208	516,664
155,000	-	-	155,000
4,373,244	11,300	-	4,443,501
-	(52,017)	(18,240)	(4,443,501)
-	-	61,233	61,233
4,528,244	(40,717)	42,993	216,233
1,682,529	(2,008,047)	703,201	732,897
4,601,541	6,418,029	2,535,179	29,031,278
6,284,070	4,409,982	3,238,380	29,764,175

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, 2017

Change in fund balances - Total governmental funds (page 27)		$ 732,897
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed assets exceeded depreciation/amortization expense in the current year, as follows:		
Expenditures for capital assets	$ 3,330,925	
Capital assets contributed by the Iowa Department of Transportation	3,462,489	
Depreciation/amortization expense	(3,997,974)	2,795,440
In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds reports the proceeds from the disposition as an increase in financial resources.		110,549
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds.		118,633
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:		
Issued	(61,233)	
Repaid	2,175,059	2,113,826
The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		1,143,480
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	(368,257)	
Interest on long-term debt	5,288	
Pension expense	(1,207,441)	
OPEB expense	(48,411)	(1,618,821)
The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The decrease in net position of the Internal Service Funds is included in governmental activities in the Statement of Net Position.		(677,828)
Change in net position of governmental activities (page 19)		$ 4,718,176

See notes to financial statements.

Dallas County

Statement of Net Position
Proprietary Funds

June 30, 2017

	Internal Service
Assets	
Cash and cash equivalents	$ 3,660,901
Receivables:	
Accounts	160,041
Accrued interest	2
Due from other governments	226
Prepaid insurance	97,940
Capital assets, net of accumulated depreciation	399,443
Total assets	4,318,553
Deferred Outflows of Resources	
Pension related deferred outflows	204,002
OPEB related deferred outflows	11,590
Total deferred outflows	215,592
Liabilities	
Accounts payable	693,230
Salaries and benefits payable	55,883
Due to other funds	392,754
Due to other governments	4,243
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	34,750
Portion due or payable after one year:	
Compensated absences	52,549
Net pension liability	533,071
Total OPEB liability	88,406
Total liabilities	1,854,886
Deferred Inflows of Resources	
Unavailable revenues:	
Pension related deferred inflows	14,385
Net Position	
Net investment in capital assets	399,443
Unrestricted	2,265,431
Total net position	$ 2,664,874

See notes to financial statements.

Dallas County

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

Year ended June 30, 2017

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		$ 4,750,778
Reimbursements from employees and others		552,568
Insurance reimbursements		323,236
Miscellaneous		100,568
Total operating revenues		5,727,150
Operating expenses:		
Medical claims	$ 3,101,393	
Administrative and other fees	411,823	
Central services	672,279	
Information technology	1,418,052	
Operations administration	319,465	
Human resources	305,833	
Depreciation	138,784	6,367,629
Operating loss		(640,479)
Non-operating revenues (expenses):		
Interest income		12,994
Loss on disposal of capital assets		(50,343)
Net non-operating revenues (expenses):		(37,349)
Net loss		(677,828)
Net position beginning of year, as restated		3,342,702
Net position end of year		$ 2,664,874

See notes to financial statements.

Dallas County

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2017

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	$ 5,327,731
Cash received from insurance reimbursements	251,938
Cash paid for personal services	(2,839,016)
Cash paid to suppliers for services	(3,425,238)
Net cash used by operating activities	(684,585)
Cash flows from non-capital financing activities:	
Deficit cash elimination from the General Fund	392,754
Cash flows from capital and related financing activities:	
Purchase of equipment	(206,759)
Cash flows from investing activities:	
Interest on investments	13,012
Net decrease in cash and cash equivalents	(485,578)
Cash and cash equivalents beginning of year	4,146,479
Cash and cash equivalents end of year	$ 3,660,901
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (640,479)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	138,784
Changes in assets and liabilities:	
(Increase) in accounts receivable and due from other governments	(147,481)
(Increase) in prepaid insurance	(97,699)
(Increase) in deferred outflows of resources	(122,509)
Increase in accounts payable and due to other governments	5,175
Increase in salaries and benefits payable	8,536
Increase in compensated absences	41,407
Increase in pension liability	153,032
(Decrease) in deferred inflows of resources	(38,031)
Increase in net OPEB liability	14,680
Net cash used by operating activities	$ (684,585)

See notes to financial statements.

Dallas County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	$ 5,181,850
Other County officials	216,702
Receivables:	
Property tax:	
Delinquent	108,778
Succeeding year	167,167,000
Accounts	29,386
Accrued interest	95
Special assessments	849,001
Due from other governments	288,736
Prepaid insurance	330
Total assets	173,841,878
Liabilities	
Accounts payable	264,723
Salaries and benefits payable	51,354
Due to other governments	173,139,736
Trusts payable	283,125
Compensated absences	102,940
Total liabilities	173,841,878
Net Position	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

The County also participates in the North Dallas Regional Solid Waste Planning Commission and the Dallas County Housing Trust, jointly governed organizations established pursuant to Chapters 28E and 504A, respectively, of the Code of Iowa.

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable 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 recognized as deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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

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

Special Assessments Receivable – Special assessments receivable represent amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from 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, 2017, 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 consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, contributions from the County after the measurement date but before the end of the County's reporting period and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax which will not be recognized until the year for which they are levied and the unrecognized items not yet charged to pension expense.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements during the year ended June 30, 2017 exceeded the amount budgeted in the debt service function.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $759,124 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restriction on withdrawals for the IPAIT investments. The investment in the IPAIT is unrated for credit risk purposes.

At June 30, 2017, the County had investments in drainage warrants of $603,137.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Internal Service:	
	Professional Services	$ 392,754

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Conservation Foundation	$ 6,940
	Capital Projects	52,017
		58,957
Special Revenue:		
Secondary Roads	General	648,809
	Special Revenue:	
	Rural Services	3,724,435
		4,373,244
Capital Projects	Special Revenue:	
	Conservation Foundation	11,300
Total		$ 4,443,501

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 6,115,563	-	-	6,115,563
Intangibles, road network	1,008,506	-	-	1,008,506
Construction in progress	7,083,802	5,367,318	(9,345,362)	3,105,758
Total capital assets not being depreciated/amortized	14,207,871	5,367,318	(9,345,362)	10,229,827
Capital assets being depreciated/amortized:				
Buildings	29,225,620	5,386,000	-	34,611,620
Improvements other than buildings	1,008,554	-	-	1,008,554
Equipment and vehicles	12,520,337	1,405,353	(1,183,902)	12,741,788
Equipment and vehicles - internal service	1,153,860	331,461	(353,740)	1,131,581
Intangibles	888,386	124,702	-	1,013,088
Infrastructure, road network and other	58,925,445	3,902,816	-	62,828,261
Total capital assets being depreciated/amortized	103,722,202	11,150,332	(1,537,642)	113,334,892
Less accumulated depreciation/amortization for:				
Buildings	10,241,982	669,719	-	10,911,701
Improvements other than buildings	259,933	50,370	-	310,303
Equipment and vehicles	7,800,026	1,379,736	(1,247,038)	7,932,724
Equipment and vehicles - internal service	772,049	138,784	(178,695)	732,138
Intangibles	184,133	101,533	-	285,666
Infrastructure, road network and other	25,455,470	1,796,616	-	27,252,086
Total accumulated depreciation/amortization	44,713,593	4,136,758	(1,425,733)	47,424,618
Total capital assets being depreciated/amortized, net	59,008,609	7,013,574	(111,909)	65,910,274
Governmental activities capital assets, net	$ 73,216,480	12,380,892	(9,457,271)	76,140,101

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 851,898
Physical health and social services	19,598
Mental health	77,392
County environment and education	561,341
Roads and transportation	2,235,136
Governmental services to residents	51,084
Administration	340,309
Total depreciation/amortization expense - governmental activities	$ 4,136,758

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2017 is as follows:

Fund	Description	Amount
General	Services	$ 493,480
Special Revenue:		
Mental Health	Services	200,000
Secondary Roads	Services	2,894
Total for governmental funds		$ 696,374
Agency:		
Heart of Iowa Mental Health Region	Collections	$ 289,094
County Assessor		2,205,913
Schools		92,375,141
Community Colleges		3,333,272
Corporations		65,232,406
City Special Assessments		874,655
Auto License and Use Tax		2,735,607
All other		6,093,648
Total for agency funds		$ 173,139,736

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	General Obligation Bonds	General Obligation Capital Loan Notes	Drainage District Warrants	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	$ 6,755,000	6,620,000	547,019	893,279	6,333,984	1,228,769	22,378,051
Increases	-	-	61,233	1,026,688	2,550,526	244,666	3,883,113
Decreases	1,180,000	990,000	5,059	617,024	-	-	2,792,083
Balance end of year	$ 5,575,000	5,630,000	603,193	1,302,943	8,884,510	1,473,435	23,469,081
Due within one year	$ 1,330,000	820,000	468,798	565,663	-	-	3,184,461

Drainage Warrants

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

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

General Obligation Bonds

A summary of the County's June 30, 2017 general obligation bonded indebtedness is as follows:

	Courthouse Improvements			Courthouse, Jail and Administrative Offices		
Year	Issued December 28, 2005			Issued June 1, 2008		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	3.80%	$ 1,215,000	155,480	4.00%	$ 115,000	62,055
2019	3.85	1,340,000	109,310	4.00	115,000	57,455
2020	3.90	1,480,000	57,720	4.00	120,000	52,855
2021		-	-	4.00	130,000	48,055
2022		-	-	4.00	135,000	42,855
2023-2027		-	-	4.00-4.10	755,000	129,398
2028		-	-	4.125	170,000	7,013
Total		$ 4,035,000	322,510		$ 1,540,000	399,686

Year Ending June 30,	Principal	Total Interest	Total
2018	$ 1,330,000	217,535	1,547,535
2019	1,455,000	166,765	1,621,765
2020	1,600,000	110,575	1,710,575
2021	130,000	48,055	178,055
2022	135,000	42,855	177,855
2023-2027	755,000	129,398	884,398
2028	170,000	7,013	177,013
Total	$ 5,575,000	722,196	6,297,196

During the year ended June 30, 2017, the County retired $1,180,000 of general obligation bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2017 general obligation capital loan note indebtedness is as follows:

	Communication Equipment and Refunding			
	Issued November 17, 2015			
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2018	2.00%	$ 820,000	112,600	932,600
2019	2.00	850,000	96,200	946,200
2020	2.00	850,000	79,200	929,200
2021	2.00	495,000	62,200	557,200
2022	2.00	500,000	52,300	552,300
2023-2026	2.00	2,115,000	106,900	2,221,900
Total		$ 5,630,000	509,400	6,139,400

During the year ended June 30, 2017, the County retired $990,000 of general obligation capital loan notes.

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

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

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

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

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 totaled $1,216,468.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of $8,884,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the County's proportion was 0.141174%, which was an increase of 0.012968% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $1,284,511. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,909	193,821
Changes of assumptions	125,861	35,633
Net difference between projected and actual earnings on IPERS' investments	1,704,515	-
Changes in proportion and differences between County contributions and its proportionate share of contributions	280,281	10,303
County contributions subsequent to the measurement date	1,216,468	-
Total	$ 3,400,034	239,757

$1,216,468 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2018	$ 239,803
2019	239,803
2020	920,429
2021	540,083
2022	3,691
Total	$ 1,943,809

There were no non-employer contributing entities to IPERS.

<u>Actuarial Assumptions</u> – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

<u>Discount Rate</u> – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	$ 16,044,506	8,884,510	2,880,931

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Dallas County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	279
Total	293

Total OPEB Liability – The County's total OPEB liability of $1,473,435 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective June 30, 2017)	4.00% per annum.
Rates of salary increase (effective June 30, 2017)	4.00% per year, including inflation, plus merit/productivity increases.
Discount rate (effective June 30, 2017)	3.56% compounded annually.
Healthcare cost trend rate effective June 30, 2017)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used the measure the total OPEB liability was 3.56% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	$ 1,228,769
Changes for the year:	
Service cost	42,557
Interest	34,944
Differences between expected and actual experiences	224,545
Changes in assumptions	7,253
Benefit payments	(64,633)
Net changes	244,666
Total OPEB liability end of year	$ 1,473,435

Changes of assumptions reflect a change in the discount rate from 2.92% in fiscal year 2016 to 3.56% in fiscal year 2017.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.56%) or 1% higher (4.56%) than the current discount rate.

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	$ 1,579,381	1,473,435	1,373,439

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.0%) or 1% higher (10.0%) than the current healthcare cost trend rate.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB Liability	$ 1,320,672	1,473,435	1,654,554

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2017, the County recognized OPEB expense of $116,134. At June 30, 2017, the County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 187,121
Changes of assumptions	6,044
Total	$ 193,165

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

Year ending June 30,	Amount
2018	$ 38,633
2019	38,633
2020	38,633
2021	38,633
2022	38,633
Total	$ 193,165

(10) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were $335,333.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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 for the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2017 was $2,867,993.

Amounts payable from the Employee Group Health Fund at June 30, 2017 total $602,414, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was $3,131,965 at June 30, 2017 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	$ 514,336
Incurred claims (including claims incurred but not reported at June 30, 2017)	3,101,393
Payments on claims during the fiscal year	(3,013,315)
Unpaid claims end of year	$ 602,414

(12) YMCA Revenue Bond

In November 2008, the County issued $7,000,000 of revenue bonds for the purpose of lending the proceeds to the Young Men's Christian Association (YMCA) of Greater Des Moines, Iowa. The proceeds were used for constructing, improving and equipping a new YMCA facility in Waukee, Iowa. The bonds are payable solely from YMCA revenues and do not constitute a liability of the County.

(13) Economic Development Agreements

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in financing an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began in fiscal year 2009 and continues through fiscal year 2019. Payments totaling $461,756 were made from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2017. The cumulative amount paid to the City at June 30, 2017 was $3,731,220.

In April 2010, the County amended the agreement dated October 2008 with the City of West Des Moines to financially participate in the financing of an economic development project. The County agreed to pay $307,875, or one half, of the initial costs previously incurred by the City associated with the Microsoft Corporation data center. Beginning with the fiscal year immediately following Microsoft Corporation's announcement to begin construction of a data center, the County will make semi-annual payments of $220,000 in January and June of each year for the next nine fiscal years. A final payment of $132,125 will be made in January of the following fiscal year. During fiscal year 2017, the County paid $440,000 from the General Fund to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2017 was $3,829,453.

(14) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Adel	Urban renewal and economic development projects	$ 74,539
City of Dallas Center	Urban renewal and economic development projects	2,256
City of De Soto	Urban renewal and economic development projects	3,246
City of Perry	Urban renewal and economic development projects	26,752
City of Van Meter	Urban renewal and economic development projects	17,684
City of Waukee	Urban renewal and economic development projects	49,590
City of West Des Moines	Urban renewal and economic development projects	155,349

(15) Pending Litigation

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

(16) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2017, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive $57,040 in land and building rent annually.

(17) Deficit Fund Balance

The Internal Service, Professional Services Fund has a deficit fund balance of $467,091 at June 30, 2017. The deficit will be eliminated through adjusting the reimbursement procedures from other funds.

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

Heart of Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa includes the following member counties: Audubon County, Dallas County, Greene County and Guthrie County. The financial activity of the County's Special Revenue, Mental Health Fund is included in the Heart of Iowa Mental Health Region for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		$ 1,476,206
Intergovernmental revenues:		
State tax credits	$ 100,977	
Payments from regional fiscal agent	265,433	
Other	45	366,455
Miscellaneous		914
Total revenues		1,843,575
Expenditures:		
Services to persons with:		
Mental illness	22,914	
Intellectual disabilities	83,941	
Other developmental disabilities	420	
Brain injury	19,235	126,510
General administration:		
Direct administration	230,307	
Distribution to regional fiscal agent	2,080,385	2,310,692
Total expenditures		2,437,202
Excess of expenditures over revenues		(593,627)
Fund balance beginning of the year		2,421,916
Fund balance end of the year		$ 1,828,289

(19) New Accounting Pronouncement

The County adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the County.

(20) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2017. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During this transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and the Internal Service, Professional Services Fund were restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Internal Service - Professional Services
Net position June 30, 2016, as previously reported	$ 85,899,325	514,179
Net OPEB obligation measured under previous standards	245,300	13,859
Total OPEB liability at June 30, 2016	(1,228,769)	(73,726)
Net position July 1, 2016, as restated	$ 84,915,856	454,312

(21) Subsequent Events

In May 2017, the voters of Dallas County approved a referendum for the issuance of general obligation bonds up to $22.9 million for the construction of a law enforcement center and jail.

In October 2017, the County approved a contract for a portion of the law enforcement center project for $162,000.

In November 2017, the County approved the issuance of $8,180,000 of general obligation capital loan notes for partial funding of the construction of the law enforcement center and jail.

In November 2017, the County approved the issuance of $1,570,000 and $3,995,000 of general obligation refunding capital loan notes to refund outstanding indebtedness of the County.

In December 2017, the County approved various contracts totaling approximately $15,876,000 for the construction of the law enforcement center and jail.

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, 2017

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	$ 22,410,906	-	22,410,906
Interest and penalty on property tax	137,731	-	137,731
Intergovernmental	9,513,840	-	9,513,840
Licenses and permits	218,115	-	218,115
Charges for service	3,529,559	-	3,529,559
Use of money and property	384,185	1,099	383,086
Miscellaneous	1,083,322	325,042	758,280
Total receipts	37,277,658	326,141	36,951,517
Disbursements:			
Public safety and legal services	10,347,045	-	10,347,045
Physical health and social services	3,331,930	-	3,331,930
Mental health	2,811,345	-	2,811,345
County environment and education	3,372,836	100,527	3,272,309
Roads and transportation	6,648,636	-	6,648,636
Governmental services to residents	2,155,798	-	2,155,798
Administration	1,604,051	-	1,604,051
Non-program	3,340	-	3,340
Debt service	2,570,580	4,607	2,565,973
Capital projects	4,082,792	-	4,082,792
Total disbursements	36,928,353	105,134	36,823,219
Excess (deficiency) of receipts over (under) disbursements	349,305	221,007	128,298
Other financing sources, net	529,479	42,993	486,486
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	878,784	264,000	614,784
Balance beginning of year	29,285,858	254,549	29,031,309
Balance end of year	$ 30,164,642	518,549	29,646,093

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
22,694,080	22,694,080	(283,174)
154,000	154,000	(16,269)
11,774,568	12,175,049	(2,661,209)
193,350	193,350	24,765
2,647,925	2,821,675	707,884
239,975	237,575	145,511
425,463	1,179,485	(421,205)
38,129,361	39,455,214	(2,503,697)
10,973,347	11,760,658	1,413,613
3,459,932	3,675,523	343,593
5,788,275	2,934,303	122,958
3,417,370	3,562,804	290,495
7,758,592	8,564,805	1,916,169
2,272,560	2,597,950	442,152
1,567,666	1,848,053	244,002
50,500	334,198	330,858
2,565,973	2,297,990	(267,983)
3,755,000	5,493,041	1,410,249
41,609,215	43,069,325	6,246,106
(3,479,854)	(3,614,111)	3,742,409
405,000	561,699	(75,213)
(3,074,854)	(3,052,412)	3,667,196
25,280,204	24,992,339	4,038,970
22,205,350	21,939,927	7,706,166

Dallas County

Dallas County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	$ 37,277,658	(15,191)	37,262,467
Expenditures	36,928,353	(182,550)	36,745,803
Net	349,305	167,359	516,664
Other financing sources, net	529,479	(313,246)	216,233
Beginning fund balances	29,285,858	(254,580)	29,031,278
Ending fund balances	$ 30,164,642	(400,467)	29,764,175

See accompanying independent auditor's report.

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $1,460,110. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2017, disbursements exceed the amount budgeted in the debt service function.

Dallas County

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

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

Required Supplementary Information

		2017	2016	2015
County's proportion of the net pension liability		0.141174%	0.128206%	0.119569%
County's proportionate share of the net pension liability	$	8,885	6,334	4,742
County's covered-employee payroll	$	12,784	11,788	11,318
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		69.50%	53.73%	41.90%
IPERS' net position as a percentage of the total pension liability		81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Dallas County

Schedule of County Contributions

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

Required Supplementary Information

	2017	2016	2015	2014
Statutorily required contribution	$ 1,216	1,152	1,081	1,041
Contributions in relation to the statutorily required contribution	(1,216)	(1,152)	(1,081)	(1,041)
Contribution deficiency (excess)	$ -	-	-	-
County's covered-employee payroll	$ 13,369	12,784	11,788	11,318
Contributions as a percentage of covered-employee payroll	9.10%	9.01%	9.17%	9.20%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
973	933	802	731	669	589
(973)	(933)	(802)	(731)	(669)	(589)
-	-	-	-	-	-
10,776	10,951	10,630	10,376	9,954	9,481
9.03%	8.52%	7.54%	7.05%	6.72%	6.21%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Dallas County

Schedule of Changes in the County's
Total OPEB Liability and Related Ratios

For the Current Year
Required Supplementary Information

	2017
Service cost	$ 42,557
Interest cost	34,944
Differences between expected and actual experiences	224,545
Changes in assumptions	7,253
Benefit payments	(64,633)
Net change in total OPEB liability	244,666
Total OPEB liability beginning of year, as restated	1,228,769
Total OPEB liability end of year	$ 1,473,435
Covered-employee payroll	$ 13,512,392
Total OPEB Liability has a percentage of covered-employee payroll	10.90%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2017: 3.56%
Year ended June 30, 2016: 2.92%

See accompanying independent auditor's report.

Dallas County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	Special				
	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ 112,480	1,048,748	173,882	24,397	22,847
Conservation Foundation	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Succeeding year tax increment financing	44,000	-	-	-	-
Accounts	-	-	-	-	1,101
Accrued interest	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Prepaid items	-	-	1,456	-	-
Total assets	$ 156,480	1,048,748	175,338	24,397	23,948
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ -	-	378	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	-	-	-	-
Succeeding year tax increment financing	44,000	-	-	-	-
Other	-	-	-	-	40
Total deferred inflows of resources	44,000	-	-	-	40
Fund balances:					
Nonspendable:					
Prepaid items	-	-	1,456	-	-
Restricted for:					
Drainage district purposes	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Debt service	-	-	-	-	-
Forfeitures	-	-	173,504	24,397	23,908
Wetland bank maintenance	-	1,048,748	-	-	-
Other purposes	112,480	-	-	-	-
Total fund balances	112,480	1,048,748	174,960	24,397	23,908
Total liabilities, deferred inflows of resources and fund balances	$ 156,480	1,048,748	175,338	24,397	23,948

See accompanying independent auditor's report.

Revenue								
Courthouse Restoration	County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total
3,379	13,238	137	95,792	1,038,571	74,565	-	183,797	2,791,833
-	-	-	-	-	-	443,984	-	443,984
-	-	-	-	-	-	-	1,557	1,557
-	-	-	-	-	-	-	2,402,000	2,402,000
							-	
-	-	-	-	-	-	-	-	44,000
-	-	-	-	-	-	-	-	1,101
-	1	-	-	377	-	-	-	378
-	-	-	-	-	604,205	-	-	604,205
-	-	-	-	-	-	-	-	1,456
3,379	13,239	137	95,792	1,038,948	678,770	443,984	2,587,354	6,290,514
-	-	-	-	-	-	-	-	378
-	-	-	-	-	-	-	2,402,000	2,402,000
-	-	-	-	-	-	-	-	44,000
-	-	-	-	-	604,205	-	1,511	605,756
-	-	-	-	-	604,205	-	2,403,511	3,051,756
-	-	-	-	-	-	-	-	1,456
-	-	-	-	-	74,565	-	-	74,565
-	-	-	-	1,038,948	-	-	-	1,038,948
-	-	-	-	-	-	-	183,843	183,843
-	-	-	-	-	-	-	-	221,809
-	-	-	-	-	-	-	-	1,048,748
3,379	13,239	137	95,792	-	-	443,984	-	669,011
3,379	13,239	137	95,792	1,038,948	74,565	443,984	183,843	3,238,380
3,379	13,239	137	95,792	1,038,948	678,770	443,984	2,587,354	6,290,514

Dallas County

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

Year ended June 30, 2017

	Special					
	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Revenues:						
Property and other county tax	$ -	-	-	-	-	-
Tax increment financing	102,700	-	-	-	-	-
Intergovernmental	9,780	294,700	-	2,466	-	-
Charges for service	-	-	-	-	-	-
Use of money and property	-	14,032	-	-	-	-
Miscellaneous	-	-	-	-	4,303	-
Total revenues	112,480	308,732	-	2,466	4,303	-
Expenditures:						
Operating:						
Public safety and legal services	-	-	34,881	-	-	-
County environment and education	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	-	-	34,881	-	-	-
Excess (deficiency) of revenues over (under) expenditures	112,480	308,732	(34,881)	2,466	4,303	-
Other financing sources (uses):						
Transfers out	-	-	-	-	-	-
Drainage warrants issued	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Change in fund balances	112,480	308,732	(34,881)	2,466	4,303	-
Fund balances beginning of year	-	740,016	209,841	21,931	19,605	3,379
Fund balances end of year	$ 112,480	1,048,748	174,960	24,397	23,908	3,379

See accompanying independent auditor's report.

Revenue							
County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	2,485,161	2,485,161
-	-	-	-	-	-	-	102,700
-	-	30,992	-	-	-	158,887	496,825
24,162	-	-	-	-	-	-	24,162
25	-	58	12,864	-	1,099	1,095	29,173
-	-	-	-	15,742	309,752	-	329,797
24,187	-	31,050	12,864	15,742	310,851	2,645,143	3,467,818
-	-	-	-	-	-	-	34,881
-	-	-	-	74,915	25,612	-	100,527
48,085	-	-	-	-	-	-	48,085
-	-	-	-	5,059	-	2,565,973	2,571,032
-	-	53,085	-	-	-	-	53,085
48,085	-	53,085	-	79,974	25,612	2,565,973	2,807,610
(23,898)	-	(22,035)	12,864	(64,232)	285,239	79,170	660,208
-	-	-	-	-	(18,240)	-	(18,240)
-	-	-	-	61,233	-	-	61,233
-	-	-	-	61,233	(18,240)	-	42,993
(23,898)	-	(22,035)	12,864	(2,999)	266,999	79,170	703,201
37,137	137	117,827	1,026,084	77,564	176,985	104,673	2,535,179
13,239	137	95,792	1,038,948	74,565	443,984	183,843	3,238,380

Dallas County

Dallas County

Combining Schedule of Net Position
Internal Service Funds

June 30, 2017

	Professional Services	Employee Group Health	Total
Assets			
Cash and cash equivalents	$ -	3,660,901	3,660,901
Receivables:			
Accounts	86,565	73,476	160,041
Accrued interest	-	2	2
Due from other governments	226	-	226
Prepaid insurance	97,940	-	97,940
Capital assets, net of accumulated depreciation/amortization	399,443	-	399,443
Total assets	584,174	3,734,379	4,318,553
Deferred Outflows of Resources			
OPEB related deferred outflows	11,590	-	11,590
Pension related deferred outflows	204,002	-	204,002
Total deferred outflows of resources	215,592	-	215,592
Liabilities			
Accounts payable	90,816	602,414	693,230
Salaries and benefits payable	55,883	-	55,883
Due to other funds	392,754	-	392,754
Due to other governments	4,243	-	4,243
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	34,750	-	34,750
Portion due or payable after one year:			
Compensated absences	52,549	-	52,549
Net pension liability	533,071	-	533,071
Total OPEB liability	88,406	-	88,406
Total liabilities	1,252,472	602,414	1,854,886
Deferred Inflows of Resources			
Unavailable revenues:			
Pension related deferred inflows	14,385	-	14,385
Net Position			
Net investment in capital assets	399,443	-	399,443
Unrestricted	(866,534)	3,131,965	2,265,431
Total net position	$ (467,091)	3,131,965	2,664,874

See accompanying independent auditor's report.

Dallas County

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

Year ended June 30, 2017

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	$ 1,882,785	2,867,993	4,750,778
Reimbursements from employees and others	-	552,568	552,568
Insurance reimbursements	-	323,236	323,236
Miscellaneous	100,568	-	100,568
Total operating revenues	1,983,353	3,743,797	5,727,150
Operating expenses:			
Medical claims	-	3,101,393	3,101,393
Administrative and other fees	-	411,823	411,823
Central services	672,279	-	672,279
Information technology	1,418,052	-	1,418,052
Operations administration	319,465	-	319,465
Human resources	305,833	-	305,833
Depreciation	138,784	-	138,784
Total operating expenses	2,854,413	3,513,216	6,367,629
Operating income (loss)	(871,060)	230,581	(640,479)
Non-operating revenues (expenses):			
Interest income	-	12,994	12,994
Loss on disposal of capital assets	(50,343)	-	(50,343)
Net non-operating revenues (expenses):	(50,343)	12,994	(37,349)
Net income (loss)	(921,403)	243,575	(677,828)
Net position beginning of year, as restated	454,312	2,888,390	3,342,702
Net position end of year	$ (467,091)	3,131,965	2,664,874

See accompanying independent auditor’s report.

Dallas County

Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2017

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	$ 1,896,562	3,431,169	5,327,731
Cash received from insurance reimbursements	-	251,938	251,938
Cash paid for personal services	(2,839,016)	-	(2,839,016)
Cash paid to suppliers for services	-	(3,425,238)	(3,425,238)
Net cash provided (used) by operating activities	(942,454)	257,869	(684,585)
Cash flows from non-capital financing activities:			
Deficit cash elimination from the General Fund	392,754	-	392,754
Cash flows from capital and related financing activities:			
Purchase of equipment	(206,759)	-	(206,759)
Cash flows from investing activities:			
Interest on investments	-	13,012	13,012
Increase (decrease) in cash and cash equivalents	(756,459)	270,881	(485,578)
Cash and cash equivalents beginning of year	756,459	3,390,020	4,146,479
Cash and cash equivalents end of year	$ -	3,660,901	3,660,901
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (871,060)	230,581	(640,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	138,784	-	138,784
Changes in assets and liabilities:			
(Increase) in accounts receivable and due from other governments	(86,791)	(60,690)	(147,481)
(Increase) in prepaid insurance	(97,699)	-	(97,699)
(Increase) in deferred outflows of resources	(122,509)	-	(122,509)
Increase (decrease) in accounts payable and due to other governments	(82,803)	87,978	5,175
Increase in salaries and benefits payable	8,536	-	8,536
Increase in compensated absences	41,407	-	41,407
Increase in pension liability	153,032	-	153,032
(Decrease) in deferred inflows of resources	(38,031)	-	(38,031)
Increase in total OPEB liability	14,680	-	14,680
Net cash provided (used) by operating activities	$ (942,454)	257,869	(684,585)

See accompanying independent auditor's report.

Dallas County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	$ -	204,786	1,101	1,003,027	266,505
Other County officials	216,702	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	39	860	52,636
Succeeding year	-	-	344,000	1,345,000	92,056,000
Accounts	9,959	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	283,378	-	-	-
Prepaid insurance	-	-	-	-	-
Total assets	$ 226,661	488,164	345,140	2,348,887	92,375,141
Liabilities					
Accounts payable	$ -	196,775	-	16,628	-
Salaries and benefits payable	-	2,295	-	45,014	-
Due to other governments	166,261	289,094	345,140	2,205,913	92,375,141
Trusts payable	60,400	-	-	-	-
Compensated absences	-	-	-	81,332	-
Total liabilities	$ 226,661	488,164	345,140	2,348,887	92,375,141

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
10,524	145,296	3,052	25,654	2,735,607	786,298	5,181,850
-	-	-	-	-	-	216,702
1,748	53,110	10	-	-	375	108,778
3,321,000	65,034,000	494,000	-	-	4,573,000	167,167,000
-	-	-	-	-	19,427	29,386
-	-	-	-	-	95	95
-	-	-	849,001	-	-	849,001
-	-	-	-	-	5,358	288,736
-	-	-	-	-	330	330
3,333,272	65,232,406	497,062	874,655	2,735,607	5,384,883	173,841,878
-	-	-	-	-	51,320	264,723
-	-	-	-	-	4,045	51,354
3,333,272	65,232,406	497,062	874,655	2,735,607	5,085,185	173,139,736
-	-	-	-	-	222,725	283,125
-	-	-	-	-	21,608	102,940
3,333,272	65,232,406	497,062	874,655	2,735,607	5,384,883	173,841,878

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2017

	County Offices	Heart of Iowa Mental Health Region	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities					
Balances beginning of year	$ 225,133	268,256	343,427	2,353,668	83,589,698
Additions:					
Property and other county tax	-	-	344,816	1,349,435	92,251,339
E-911 surcharge	-	-	-	-	-
State tax credits	-	-	23,448	99,352	5,614,131
Drivers license fees	-	-	-	-	-
Office fees and collections	2,939,064	-	-	17	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	2,466,512	-	-	-	-
Miscellaneous	-	2,891,360	-	45	2,623
Total additions	5,405,576	2,891,360	368,264	1,448,849	97,868,093
Deductions:					
Agency remittances:					
To other funds	1,308,318	-	-	-	-
To other governments	1,656,304	2,671,452	366,551	1,453,630	89,082,650
Trusts paid out	2,439,426	-	-	-	-
Total deductions	5,404,048	2,671,452	366,551	1,453,630	89,082,650
Balances end of year	$ 226,661	488,164	345,140	2,348,887	92,375,141

See accompanying independent auditor’s report.

	Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
	3,279,050	59,693,396	525,063	762,376	2,635,063	5,221,568	158,896,698
	3,331,562	64,652,643	510,043	-	-	4,583,305	167,023,143
	-	-	-	-	-	318,819	318,819
	224,073	3,869,895	22,647	-	-	301,793	10,155,339
	-	-	-	-	344,763	-	344,763
	-	-	-	-	-	-	2,939,081
	-	-	-	-	31,818,381	-	31,818,381
	-	-	-	308,082	-	-	308,082
	-	-	-	-	-	774,651	3,241,163
	101	2,416	-	-	-	192,367	3,088,912
	3,555,736	68,524,954	532,690	308,082	32,163,144	6,170,935	219,237,683
	-	-	-	-	1,087,166	-	2,395,484
	3,501,514	62,985,944	560,691	195,803	30,975,434	5,239,521	198,689,494
	-	-	-	-	-	768,099	3,207,525
	3,501,514	62,985,944	560,691	195,803	32,062,600	6,007,620	204,292,503
	3,333,272	65,232,406	497,062	874,655	2,735,607	5,384,883	173,841,878

Dallas County

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

For the Last Ten Years

	2017	2016	2015	Modified 2014
Revenues:				
Property and other county tax	$ 22,307,584	20,557,779	19,297,992	18,774,955
Interest and penalty on property tax	138,110	147,056	146,484	152,944
Tax increment financing	102,700	97,087	100,956	98,441
Intergovernmental	9,677,530	9,646,964	10,884,066	9,555,277
Licenses and permits	216,902	195,827	177,553	171,694
Charges for service	3,578,091	3,246,569	2,894,320	2,688,187
Use of money and property	386,429	301,534	315,240	318,975
Miscellaneous	855,121	836,507	652,133	691,317
Total	$ 37,262,467	35,029,323	34,468,744	32,451,790
Expenditures:				
Operating:				
Public safety and legal services	$ 10,369,948	9,801,775	9,420,387	8,362,939
Physical health and social services	3,332,045	3,183,651	3,014,152	2,889,683
Mental health	2,992,986	2,596,836	3,294,070	2,373,144
County environment and education	3,839,669	3,824,009	3,514,414	3,038,226
Roads and transportation	6,953,472	6,672,732	6,490,035	7,738,509
Governmental services to residents	2,143,512	1,984,473	2,298,557	1,842,953
Administration	1,596,818	1,670,842	1,863,375	1,551,918
Non-program	3,340	14,298	11,249	17,363
Debt service	2,571,032	2,110,476	1,887,573	1,815,875
Capital projects	2,942,981	9,371,884	3,076,076	396,233
Total	$ 36,745,803	41,230,976	34,869,888	30,026,843

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
19,141,260	18,439,134	19,118,842	19,030,273	17,705,482	16,435,190
152,413	201,385	199,956	239,000	267,434	200,150
109,529	128,211	115,087	113,173	124,508	118,668
8,483,422	10,356,247	8,966,703	11,527,229	11,669,174	9,267,818
142,434	124,719	108,069	111,223	114,954	165,210
2,895,612	2,537,582	2,414,405	2,341,986	2,171,847	2,220,105
299,663	625,957	521,825	516,572	758,573	1,214,811
647,448	679,094	513,084	1,389,911	454,448	471,613
31,871,781	33,092,329	31,957,971	35,269,367	33,266,420	30,093,565
7,635,590	7,535,107	7,642,460	6,992,046	6,503,733	6,394,696
2,872,561	2,791,212	2,879,816	2,803,326	2,839,385	2,725,731
2,490,442	4,803,000	4,535,343	4,182,996	4,131,844	4,165,304
2,837,183	3,179,353	3,079,502	3,126,025	3,410,286	2,797,350
7,615,842	6,867,019	6,381,300	6,030,594	6,642,798	5,681,840
1,749,461	1,748,738	1,614,275	1,516,940	1,474,652	1,350,487
1,512,103	1,671,751	1,582,888	1,531,994	1,459,195	1,504,643
111,511	45,728	92,612	149,498	81,993	82,364
1,748,125	1,701,369	1,659,657	1,624,943	1,957,792	1,374,999
2,402,316	1,880,891	1,424,486	1,942,638	5,709,783	4,599,429
30,975,134	32,224,168	30,892,339	29,901,000	34,211,461	30,676,843

Dallas County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226	FY17	$ 2,093
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY17	21,860
Iowa Department of Public Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5887NU51	443
			22,303
Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	NRT-CO25(95)-9G-25	39,720
Iowa Department of Public Safety			
State and Community Highway Safety	20.600	16-402-M0AL, Task 04-00-00	4,884
State and Community Highway Safety	20.600	17-405d-M60T, Task 13-00-00	13,151
			18,035
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT425	12,461
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5887BT13	37,048
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5887BT211	2,382
			51,891
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU-2017-TB05	1,959
Immunization Cooperative Agreements	93.268	5886I422	1,779
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	5887NB29	14,106
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5886I422	12,078
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	5888I422	2,765
			14,843

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Social Services:			
Iowa Department of Public Health:			
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	5887SIM10	191,415
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	5888SIM10	25,478
			216,893
Assistance Programs for Chronic Disease Prevention and Control	93.945	5887CD40	3,189
National Association of County and City Health Officials:			
Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations-financed in part by Prevention and Public Health Funds (PPHF)	93.524	2015-110301	5,280
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	FY17	73
Foster Care Title IV-E	93.658	FY17	8,166
Adoption Assistance	93.659	FY17	2,515
Social Services Block Grant	93.667	FY17	6,459
State Children's Insurance Program	93.767	FY17	177
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FY17	6,401
Medicaid Cluster:			
Medical Assistance Program	93.778	FY17	38,428
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4234-DR-IA	271,152
Emergency Management Performance Grants	97.042	EMPG-16-PT-25	9,750
Emergency Management Performance Grants	97.042	EMPG-17-PT-25	29,250
			39,000
Total Indirect:			762,369
Total			$ 764,462

See accompanying independent auditor's report.

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Dallas County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dallas County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Dallas County.

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

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

See accompanying independent auditor's report.

Dallas County

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Auditor of State

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

To the Officials of Dallas County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-17 through II-C-17 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-D-17 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in 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, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dallas County's Responses to the Findings

Dallas County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Dallas County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Dallas County:

Report on Compliance for Each Major Federal Program

We have audited Dallas County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2017. Dallas County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, Dallas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

March 20, 2018

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

Part I: Summary of Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.

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

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

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

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

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

(g) The major programs were CFDA Number 93.624 – ACA – State Innovation Models: Funding for Model Design and Model Testing Assistance and CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters).

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

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-17 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the Sheriff's office may have control over commissary disbursement claims processing, check writing, check signing and final approval.

Cause – The County Sheriff's office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County Sheriff's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Sheriff should review the operating procedures for the commissary to obtain the maximum internal control possible under the circumstances. The County Sheriff should utilize current personnel, including personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons and should be documented by the signature or initials of the reviewer and the date of the review.

Response – At this time there is not a resolution for this issue. Because of the amount of staff on each shift, it is not possible to segregate this duty. However, jailers are restricted in the software program and the Jail Sergeants and Jail Lieutenants are the only ones that are able to make changes and or override a check.

Conclusion – Response acknowledged. The County Sheriff should continue to review operating procedures to obtain the maximum internal control possible.

II-B-17 Segregation of Duties – Conservation Foundation – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – For the Conservation Foundation, the responsibilities for collection, deposit preparation, cash disbursement and bank reconciliation functions are not properly segregated and there is no independent review of these duties. In addition, there is no independent review of bank reconciliations.

Cause – The Conservation Foundation has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Conservation Foundation's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Conservation Foundation should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

Response – At this time there is not a resolution for this issue. All transactions are reviewed annually by the Dallas County Conservation Foundation (DCCF) Board, which is not the same as the Dallas County Conservation Board (DCCB) which is the Board that governs the DCCB department within the framework of Dallas County, Iowa. The checks and balances review of the DCCF Board managing the Foundation expenses and revenues have worked great for many years. The funds in the DCCF are not County funds anyway. The DCCF voluntarily allows the State Auditor to review the ledger. There are no employees of the DCCF. To have additional "employees" participate in the administration of the Foundation would not work because then the non-exempt "county government employees" would have to be paid by the DCCF. The DCCF has no authority over the use of any County Conservation Board government employed staff member. The DCCF does not have funds that could be allocated for such administration work anyway. It is the intent of the Executive Director of the DCCF to be timelier in reconciling the DCCF ledger.

Conclusion – Response acknowledged. Although the funds held by the Foundation are not County funds, the Foundation is part of the County's reporting entity because the organization exists to support the County's Conservation Department. Proper internal controls should be in place to safeguard the donations and other assets the Foundation is entrusted with. The Foundation should continue to review operating procedures to obtain the maximum internal control possible, including using Board members more frequently than just annually to review transactions and reconciliations. This would help strengthen internal controls and allow for more timely resolution if errors or discrepancies are identified.

II-C-17 Financial Reporting

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

Condition – Material amounts of receivables and salaries payable were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly record these amounts in the financial statements.

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

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

Recommendation – The County should implement procedures to ensure all receivables and payables are identified and recorded in the County's financial statements.

Response – The Operations Department has a procedure in place to review all revenues and expenditures during the accrual time period. We will add another layer of review to our procedure to ensure we catch any errors submitted by department heads.

Conclusion – Response accepted.

II-D-17 County Sheriff Commissary Account

Criteria – An effective internal control system provides for internal controls related to ensuring bank and book balances are reconciled monthly.

Condition – Bank to book reconciliations are not performed for the commissary account.

Cause – Procedures have not been designed and implemented to ensure the commissary account is reconciled monthly.

Effect – Lack of bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The County Sheriff should establish procedures to ensure monthly bank reconciliations are performed for the commissary account.

Response – We are unsure if our software will allow us to reconcile in this manner. We will to work with the State Auditor to resolve this issue in the future.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-17 Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amount budgeted in the debt service function.

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.

Response – This particular issue arose to correct an issue from FY15. The entry should have been processed as a transfer and not an amendment reducing expenditures. The County will appropriately code changes to the budget going forward.

Conclusion – Response accepted.

IV-B-17 Questionable Expenditures – An expenditure we believe 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 were noted. The expenditure is detailed as follows:

Paid to	Purpose	Amount
Hy-Vee	Food and supplies for retirement party	$72

According to the opinion, it is possible for disbursements 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 County should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – It was the intention of the Sheriff's Office to reimburse this charge to the County. For unknown reasons this did not occur. In the future the procurement card will not be used for this type of function.

Conclusion – Response accepted.

IV-C-17 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-17 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-17 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-17 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-17 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-17 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-17 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, 2017 for the County Extension Office did not exceed the amount budgeted.

IV-J-17 Financial Condition – At June 30, 2017, the Internal Service, Professional Services fund had a deficit fund balance of $467,091.

Recommendation – The County should investigate alternatives to eliminate and prevent future deficit fund balances.

Response – Working with the County's Auditor, we have changed how we bill departments for the Internal Service, Professional Services Fund. Previously, we billed actual expenses from two years prior. Going forward we will bill the current year budgeted amounts, with a correcting billing at the end of the year to match as close as possible to current year actual expenses. We have also put a plan in place to recapture the negative fund balance from departments over a three year period.

Conclusion – Response accepted.

IV-K-17 Urban Renewal Annual Report – The Annual Urban Renewal Report was not certified to the Iowa Department of Management on or before December 1.

Recommendation – The County should ensure the Annual Urban Renewal Report is certified to the Iowa Department of Management on or before December 1.

Response – The County will submit the Annual Urban Renewal Report prior to December 1 going forward.

Conclusion – Response accepted.

Staff

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