



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE March 13, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on Dickinson County, Iowa.

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$21,288,795 for the year ended June 30, 2019, a 7.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$16,340,050, a 4.1% decrease from the prior year. The significant increase in the revenues is due primarily to capital contributions received from the Dickinson County Conservation Foundation.

AUDIT FINDINGS:

Sand reported nine findings related to the receipt and expenditure of taxpayer funds. They are found on pages 86 through 92 of this report. The findings address a lack of segregation of duties, adjustments needed to properly record receivables, payables, inventory and capital assets additions in the County's financial statements, disbursements exceeding budgeted amounts and deficit fund balances in two County funds. Sand provided the County with recommendations to address each of these findings.

Eight of the nine findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2019

Dickinson County



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Rob Sand
Auditor of State

March 6, 2020

Officials of Dickinson County
Spirit Lake, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Dickinson County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Dickinson County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Dickinson County

Officials

(Before January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mardi Allen	Board of Supervisors	Jan 2019
Paul Johnson	Board of Supervisors	Jan 2019
William Leupold	Board of Supervisors	Jan 2019
Tim Fairchild	Board of Supervisors	Jan 2021
Pam Jordan	Board of Supervisors	Jan 2021
Lori Pedersen	County Auditor	Jan 2021
Kris Rowley	County Treasurer	Jan 2019
Ann Ditsworth	County Recorder	Jan 2019
Gregory Baloun	County Sheriff	Jan 2021
Jon M. Martin	County Attorney	Jan 2019
Stephanie Sohn	County Assessor	Jan 2022

(After January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tim Fairchild	Board of Supervisors	Jan 2021
Pam Jordan	Board of Supervisors	Jan 2021
Steve Clark	Board of Supervisors	Jan 2023
William Leupold	Board of Supervisors	Jan 2023
Kim Wermersen	Board of Supervisors	Jan 2023
Lori Pedersen	County Auditor	Jan 2021
Kris Rowley	County Treasurer	Jan 2023
Ann Ditsworth	County Recorder	Jan 2023
Gregory Baloun	County Sheriff	Jan 2021
Jon M. Martin	County Attorney	Jan 2023
Stephanie Sohn	County Assessor	Jan 2022



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Independent Auditor's Report

To the Officials of Dickinson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2019, 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, the discretely presented component unit and the aggregate remaining fund information of Dickinson County as of June 30, 2019, 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.

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, Related Ratios and Notes on pages 8 through 15 and 62 through 71 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.

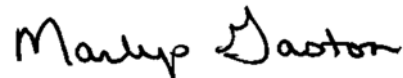
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson 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, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 6, 2020 on our consideration of Dickinson 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 solely 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 effectiveness of the County's 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 Dickinson County's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

March 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 11.2%, or approximately \$2,140,000, from fiscal year 2018 to fiscal year 2019. Capital grants, contributions and restricted interest increased approximately \$1,930,000 due primarily to the County receiving \$2,900,000 in donated capital assets from the Dickinson County Conservation Foundation.
- Program expenses of the County's governmental activities increased 1.5%, or approximately \$242,000, over fiscal year 2018. Roads and transportation expenses increased 26.8% or approximately \$1,375,000, due primarily to expenses for road maintenance and equipment operations.
- The County's governmental activities net position at June 30, 2019 increased 9.1%, or approximately \$4,949,000 over the restated June 30, 2018 balance.

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net 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 financial information on all of the 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, Secondary Roads and TIF (Tax Increment Financing) and Urban Renewal, and 3) the Debt Service 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) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net 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. Dickinson County’s combined net position increased from a restated balance of approximately \$54.4 million at June 30, 2018 to approximately \$59.4 million at June 30, 2019. The June 30, 2018 balance was restated to exclude the Conservation Foundation which was reclassified as a discretely presented component unit. The analysis that follows focuses on the changes in the net position of governmental activities after restatement.

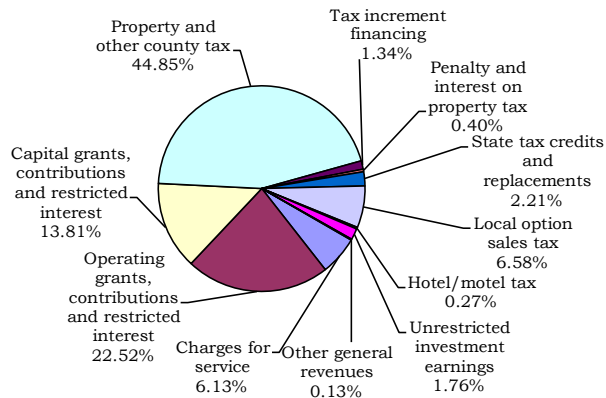
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018 (Restated)
Current and other assets	\$ 37,031	36,790
Capital assets	54,419	51,556
Total assets	91,450	88,346
Deferred outflows of resources	1,302	1,316
Long-term liabilities	22,100	24,100
Other liabilities	630	1,018
Total liabilities	22,729	25,118
Deferred inflows of resources	10,651	10,121
Net position:		
Net investment in capital assets	48,034	44,004
Restricted	8,247	7,814
Unrestricted	3,089	2,605
Total net position	\$ 59,371	54,423

The net position of Dickinson County’s governmental activities increased approximately 9.1% (approximately \$59.4 million compared to approximately \$54.4 million). A large portion of the 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 it can be used. Restricted net position increased approximately \$433,000 or 5.5%. 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 – increased from approximately \$2,605,000 at June 30, 2018 to approximately \$3,089,000 at the end of this year, an increase of 18.6%. The increase in unrestricted net position is due to an increase in the General Fund balance over the prior year balance and a decrease in the net pension liability.

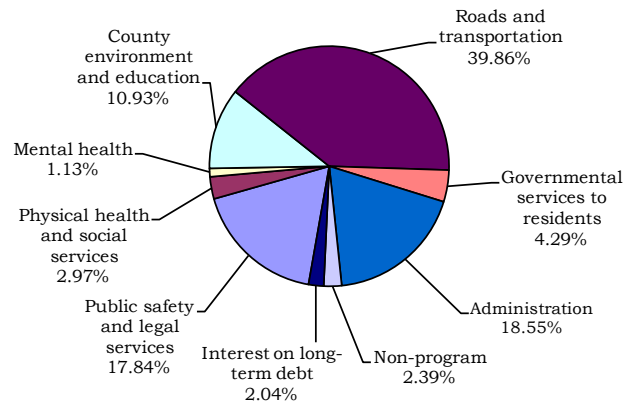
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2019	2018 (Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,305	1,211
Operating grants, contributions and restricted interest	4,795	4,386
Capital grants, contributions and restricted interest	2,939	1,009
General revenues:		
Property and other county tax	9,548	9,463
Tax increment financing	286	602
Penalty and interest on property tax	85	74
State tax credits and replacements	470	485
Local option sales tax	1,401	1,345
Hotel/motel tax	57	66
Unrestricted investment earnings	376	308
Other general revenues	28	200
Total revenues	21,289	19,149
Program expenses:		
Public safety and legal services	2,916	2,807
Physical health and social services	485	467
Mental health	185	551
County environment and education	1,786	2,225
Roads and transportation	6,512	5,137
Governmental services to residents	701	825
Administration	3,032	2,601
Non-program	390	839
Interest on long-term debt	334	646
Total expenses	16,340	16,098
Change in net position	4,949	3,051
Net position beginning of year, as restated	54,423	51,372
Net position end of year	\$ 59,371	54,423

Revenues by Source



Expenses by Function



The County's taxable valuation increased approximately 4.7% and the levy rate decreased approximately 2.7%, resulting in an increase in the County's property tax revenue of approximately \$85,000 for fiscal year 2019. Based on an increase of approximately 4.2% in the taxable valuation and an increase in levy rates for fiscal year 2020, property tax is also expected to increase slightly next year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$24.1 million, an increase of approximately \$132,000 over last year's restated total of approximately \$23.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$521,000 and expenditures increased approximately \$729,000. The ending fund balance increased approximately \$227,000 over the prior year to approximately \$5.9 million. The increase in revenue was due primarily to an increase in property and other county tax as a result of an increase in taxable valuations.
- The County has continued to look for ways to effectively manage the cost of mental health services. Revenues decreased approximately \$245,000 from the prior year. Expenditures for the year totaled approximately \$180,000, a decrease of approximately \$367,000 from the prior year. The disbursement to the Northwest Iowa Care Connection Region decreased approximately \$373,000 due to a decrease in a 58.2% decrease in the mental health levy. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$4,000 from the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately \$113,000. This was primarily due to an increase in property tax revenue of approximately \$70,000. Expenditures increased approximately \$24,000 and other financing uses increased approximately \$70,000. These changes resulted in the ending fund balance decreasing approximately \$28,000 to approximately \$1,362,000 at June 30, 2019.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$233,000. Secondary Roads Fund revenues increased approximately \$490,000, primarily due to an increase in road use tax revenues and receipt of FEMA payments. The Secondary Roads Fund ending balance increased approximately \$470,000, or 10.9%.
- The Special Revenue, Drainage Districts Fund ended the year with a deficit fund balance of approximately \$683,000 compared to a deficit fund balance of approximately \$550,000 at the end of the prior year. Drainage District revenues decreased approximately \$13,000. Expenditures decreased approximately \$381,000, due primarily to more drainage projects in fiscal year 2018 compared to the current year. Stamped drainage warrants issued decreased approximately \$428,000.
- The Special Revenue, TIF and Urban Renewal Fund reported a decrease in revenues of approximately \$310,000 due to decreased TIF revenues. TIF and Urban Renewal Fund expenditures decreased approximately \$112,000. The balance in the fund at June 30, 2019 was approximately \$206,000.
- Revenues of the Debt Service Fund decreased approximately \$99,000. Expenditures decreased approximately \$239,000 or 9.5%. Debt service payments were approximately \$2.3 million in fiscal year 2019. The ending fund balance in the Debt Service Fund decreased approximately \$762,000. The fund balance is large because debt for the Lakes Regional Hospital of \$10,810,000 is not recorded as a fund liability under the modified accrual basis of accounting, however, a receivable from the hospital is recorded.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget two times. The first amendment was made on April 2, 2019 to increase the budget in the physical health and social services, county environment and education, administration and non-program functions for increased public health costs, purchase of various pieces of land for conservation, and expenses for the Francis Sites Wetland project. This resulted in an increase in budgeted disbursements of \$579,500. The second budget amendment was made on May 21, 2019 to increase the county environment and education and administration functions for increased trails administration salary expenses due to the Executive Director becoming a full-time employee and training expenses for new staff on daily and annual maintenance of the Courthouse. This resulted in an increase of budgeted disbursements of \$19,700.

The County's receipts were \$126,401 less than budgeted, a less than one percent variance. The County did fewer road projects for other governments than anticipated, and as a result, intergovernmental receipts were less than projected. However, interest revenue was more than projected.

Total disbursements were \$3,746,906 less than the amended budget. Actual disbursements for the capital projects and county environment and education and functions were approximately \$2,296,000 and \$1,200,000 respectively, less than the budgeted amount because various projects, including federal projects, were expected to begin in the current year, but actual start dates were in the next fiscal year.

Even with the budget amendment, the County exceeded the amount budgeted in the roads and transportation function for the year ended June 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Dickinson County had approximately \$54.4 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2,863,000, or 5.6%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 7,307	4,319
Buildings and improvements	16,712	17,234
Intangibles, road network	530	530
Equipment and vehicles	5,543	5,294
Construction in progress	2,544	1,482
Infrastructure	21,784	22,697
Total	\$ 54,419	51,556

The County had depreciation expense of approximately \$2,257,000 in fiscal year 2019 and total accumulated depreciation of approximately \$17.6 million at June 30, 2019.

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

Long-Term Debt

Dickinson County had approximately \$18.3 million of outstanding debt at June 30, 2019, which included approximately \$16.7 million of general obligation bonds and notes, approximately \$540,000 of general obligation capital loan notes, approximately \$386,000 of urban revitalization bonds and approximately \$758,000 of drainage warrants compared to total outstanding debt of approximately \$20.2 million at June 30, 2018.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2019	2018
General obligation bonds and notes	\$ 16,655	18,560
General obligation capital loan notes	540	532
Urban revitalization bonds	386	439
Drainage warrants	758	643
Total	\$ 18,339	20,174

Total debt decreased approximately \$1,835,000, primarily as a result of the repayment of the County's general obligation bonds.

The County continues to carry a general obligation bond rating of Aa2 (Moody's) assigned by national rating agencies to the County's debt since 1998. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$244,897,000. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.2% versus 2.3% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.7%.

The County's total cash basis fund balance is expected to decrease by the close of fiscal year 2020 from the fiscal year 2019 actual balance of approximately \$13.3 million to approximately \$10.4 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects ongoing expenses continuing to increase and replace the one-time expenses in each budget year, 3) it reflects the efforts of departments to reduce department budgets, where possible, in order to keep the tax asking as low as possible, 4) it reflects a serious concern for the economic effects on fiscal year 2019 and thereafter, and 5) it reflects an increase in expenditures for capital projects.

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

These factors were considerations for the fiscal year 2020 budget, which certified property tax as follows: (Amount certified includes utility replacement and property tax dollars.)

	2020 Dollars Certified	2019 Dollars Certified	Percentage Change
General basic levy	\$ 6,791,884	6,521,282	4.1%
Mental health levy	257,985	172,000	50.0%
Rural services levy	2,085,217	2,018,225	3.3%
Debt service levy	1,066,543	1,091,893	-2.3%
Total	<u>\$ 10,201,629</u>	<u>9,803,400</u>	<u>4.1%</u>

Levy rates (expressed per \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2020 and fiscal year 2019 are as follows:

	2020	2019	Percentage Change
General basic levy	\$ 2.45135	2.45135	0.0%
Mental health levy	0.09311	0.06465	44.0%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.35620	0.37665	-5.4%
Total	<u>\$ 4.74066</u>	<u>4.73265</u>	<u>0.2%</u>

Budgeted receipts in the fiscal year 2020 operating budget are approximately \$557,000 more than the fiscal year 2019 actual receipts of approximately \$17.9 million. Budgeted disbursements in the fiscal year 2020 operating budget are approximately \$21.4 million, which is approximately \$4.3 million more than the fiscal year 2019 actual final disbursements of approximately \$17.1 million. Total taxable valuations increased approximately \$110 million, from approximately \$2.7 billion to approximately \$2.8 billion.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dickinson County

Basic Financial Statements

Dickinson County
Statement of Net Position
June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	Conservation Foundation
Assets		
Cash, cash equivalents and pooled investments	\$ 13,351,673	\$ 1,930,125
Receivables:		
Property tax:		
Delinquent	1,277	-
Succeeding year	9,904,000	-
Succeeding year tax increment financing	266,000	-
Interest and penalty on property tax	853	-
Accounts	39,621	-
Loan to Lakes Regional Hospital	10,810,000	-
Accrued interest	9,956	-
Drainage assessments	1,441,257	-
Due from other governments	497,449	-
Inventories	695,521	-
Prepaid expenses	13,332	-
Capital assets, net of accumulated depreciation/amortization	54,419,404	-
Total assets	91,450,343	1,930,125
Deferred Outflows of Resources		
Pension related deferred outflows	1,301,552	-
Liabilities		
Accounts payable	410,065	-
Accrued interest payable	78,040	-
Salaries and benefits payable	115,639	-
Due to other governments	25,823	-
Long-term liabilities:		
Portion due or payable within one year:		
General obligation bonds/notes	1,890,000	-
General obligation capital loan notes	40,000	-
Urban revitalization bonds	54,549	-
Drainage warrants	37,144	-
Compensated absences	208,539	-
Portion due or payable after one year:		
General obligation bonds/notes	14,765,000	-
General obligation capital loan notes	500,000	-
Urban revitalization bonds	331,077	-
Drainage warrants	721,040	-
Compensated absences	137,412	-
Total OPEB liability	208,181	-
Net pension liability	3,206,760	-
Total liabilities	22,729,269	-
Deferred Inflows of Resources:		
Unavailable property tax revenue	9,904,000	-
Unavailable tax increment financing revenue	266,000	-
Pension related deferred inflows	481,355	-
Total deferred inflows of resources	10,651,355	-
Net Position		
Net investment in capital assets	48,034,404	-
Restricted for:		
Mental health purposes	130,960	-
Rural services purposes	1,361,921	-
Secondary roads purposes	4,713,157	-
Debt service	108,131	-
Other purposes	1,933,278	1,930,125
Unrestricted	3,089,420	-
Total net position	\$ 59,371,271	1,930,125

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Governmental Activities	Component Unit Conservation Foundation
Functions/Programs:						
Primary Government:						
Governmental activities:						
Public safety and legal services	\$ 2,915,626	283,600	44,755	-	(2,587,271)	
Physical health and social services	485,281	1,725	178,383	-	(305,173)	
Mental health	184,620	2,403	10,539	-	(171,678)	
County environment and education	1,785,788	258,725	994,138	2,930,364	2,397,439	
Roads and transportation	6,512,419	162,524	3,303,629	8,147	(3,038,119)	
Governmental services to residents	700,703	555,954	-	-	(144,749)	
Administration	3,031,808	10,020	22,500	-	(2,999,288)	
Non-program	390,003	29,856	-	-	(360,147)	
Interest on long-term debt	333,802	-	241,150	-	(92,652)	
Total Primary Government	\$ 16,340,050	1,304,807	4,795,094	2,938,511	(7,301,638)	
Component Unit:						
Dickinson County Conservation Foundation	\$ 4,282,120	-	2,311,490	3,000,000		1,029,370
General Revenues:						
Property and other county tax levied for:						
General purposes					8,490,234	-
Debt service					1,057,214	-
Tax increment financing					286,431	-
Penalty and interest on property tax					84,514	-
State tax credits and replacements					469,967	-
Local option sales tax					1,400,900	-
Hotel/motel tax					57,091	-
Unrestricted investment earnings					375,584	597
Miscellaneous					28,448	-
Total general revenues					12,250,383	597
Change in net position					4,948,745	1,029,967
Net position beginning of year, as restated					54,422,526	900,158
Net position end of year					\$ 59,371,271	1,930,125

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2019

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 5,227,182	151,912	1,281,679
Receivables:			
Property tax:			
Delinquent	730	19	411
Succeeding year	6,591,000	250,000	2,031,000
Succeeding year tax increment financing	-	-	-
Interest and penalty on property tax	853	-	-
Accounts	29,922	-	-
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	9,954	-	-
Drainage assessments	-	-	-
Advances to other funds	25,898	-	-
Due from other funds	662,922	-	-
Due from other governments	117,502	10,539	84,451
Inventories	-	-	-
Prepaid expenditures	13,332	-	-
Total assets	12,679,295	412,470	3,397,541
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 94,203	-	3,589
Salaries and benefits payable	80,107	2,114	1,031
Due to other funds	-	-	-
Due to other governments	14,563	10,539	-
Advances from other funds	-	-	-
Total liabilities	188,873	12,653	4,620
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,591,000	250,000	2,031,000
Succeeding year tax increment financing	-	-	-
Other	17,147	10,558	411
Total deferred inflows of resources	6,608,147	260,558	2,031,411
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	25,898	-	-
Prepaid expenditures	13,332	-	-
Restricted for:			
Mental health purposes	-	139,259	-
Rural services purposes	-	-	1,361,510
Secondary roads purposes	-	-	-
Conservation purposes	7,338	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned for:			
Buildings and grounds	858,205	-	-
Revolving loans	94,381	-	-
Unassigned	4,883,121	-	-
Total fund balances	5,882,275	139,259	1,361,510
Total liabilities, deferred inflows of resources and fund balances	\$ 12,679,295	412,470	3,397,541

See notes to financial statements.

Revenue						
Secondary Roads	Drainage Districts	TIF and Urban Renewal	Debt Service	Nonmajor	Total	
4,144,188	-	197,721	122,960	1,501,233	12,626,875	
-	-	-	117	-	1,277	
-	-	-	1,032,000	-	9,904,000	
-	-	266,000	-	-	266,000	
-	-	-	-	-	853	
7,128	-	-	-	1,345	38,395	
-	-	-	10,810,000	-	10,810,000	
-	-	-	-	2	9,956	
-	1,441,257	-	-	-	1,441,257	
-	-	-	-	-	25,898	
-	-	-	-	-	662,922	
276,544	-	7,908	-	505	497,449	
695,521	-	-	-	-	695,521	
-	-	-	-	-	13,332	
5,123,381	1,441,257	471,629	11,965,077	1,503,085	36,993,735	
252,283	20,150	-	-	17,092	387,317	
32,387	-	-	-	-	115,639	
-	662,922	-	-	-	662,922	
685	-	-	-	36	25,823	
-	-	-	-	25,898	25,898	
285,355	683,072	-	-	43,026	1,217,599	
-	-	-	1,032,000	-	9,904,000	
-	-	266,000	-	-	266,000	
60,169	1,441,257	-	117	-	1,529,659	
60,169	1,441,257	266,000	1,032,117	-	11,699,659	
695,521	-	-	-	-	695,521	
-	-	-	-	-	25,898	
-	-	-	-	-	13,332	
-	-	-	-	-	139,259	
-	-	-	-	-	1,361,510	
4,082,336	-	-	-	-	4,082,336	
-	-	-	-	832,872	840,210	
-	-	-	10,932,960	-	10,932,960	
-	-	205,629	-	643,450	849,079	
-	-	-	-	-	858,205	
-	-	-	-	-	94,381	
-	(683,072)	-	-	(16,263)	4,183,786	
4,777,857	(683,072)	205,629	10,932,960	1,460,059	24,076,477	
5,123,381	1,441,257	471,629	11,965,077	1,503,085	36,993,735	

Dickinson County

Dickinson County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Position

June 30, 2019

Total governmental fund balances (page 21) \$ 24,076,477

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 assets is \$72,057,017 and the accumulated depreciation is \$17,637,613. 54,419,404

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. 1,529,659

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 703,276

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	1,301,552	
Deferred inflows of resources	<u>(481,355)</u>	820,197

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, drainage warrants, compensated absences, 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. (22,177,742)

Net position of governmental activities (page 18) \$ 59,371,271

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2019

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 6,409,929	168,267	1,969,763
Tax increment financing	-	-	-
Local option sales tax	350,225	-	1,050,675
Interest and penalty on property tax	83,661	-	-
Intergovernmental	995,902	8,471	87,794
Licenses and permits	25,532	-	-
Charges for service	710,745	-	-
Use of money and property	333,056	-	-
Miscellaneous	229,251	-	-
Total revenues	9,138,301	176,738	3,108,232
Expenditures:			
Operating:			
Public safety and legal services	2,872,645	-	7,749
Physical health and social services	481,245	-	-
Mental health	2,317	180,396	-
County environment and education	1,771,256	-	463,002
Roads and transportation	-	-	-
Governmental services to residents	804,917	-	-
Administration	2,522,095	-	-
Non-program	86,282	-	-
Debt service	-	-	-
Capital projects	82,549	-	-
Total expenditures	8,623,306	180,396	470,751
Excess (deficiency) of revenues over (under) expenditures	514,995	(3,658)	2,637,481
Other financing sources (uses):			
Sale of capital assets	148,041	-	-
Transfers in	-	-	-
Transfers out	(482,822)	-	(2,665,302)
General obligation capital loan notes issued	47,001	-	-
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(287,780)	-	(2,665,302)
Change in fund balances	227,215	(3,658)	(27,821)
Fund balances beginning of year, as restated	5,655,060	142,917	1,389,331
Fund balances end of year	\$ 5,882,275	139,259	1,361,510

See notes to financial statements.

Revenue					
Secondary Roads	Drainage Districts	TIF and Urban Renewal	Debt Service	Nonmajor	Total
-	-	-	1,057,335	-	9,605,294
-	-	286,431	-	-	286,431
-	-	-	-	-	1,400,900
-	-	-	-	-	83,661
3,022,936	-	27,060	297,705	524,361	4,964,229
59,125	-	-	-	-	84,657
5	-	-	-	134,064	844,814
37,967	-	5,134	-	17,944	394,101
286,853	12,017	-	-	121,441	649,562
3,406,886	12,017	318,625	1,355,040	797,810	18,313,649
-	-	-	-	3,629	2,884,023
-	-	-	-	-	481,245
-	-	-	-	-	182,713
-	-	138,304	-	643,324	3,015,886
5,402,303	-	-	-	-	5,402,303
-	-	-	-	2,973	807,890
-	-	-	-	-	2,522,095
-	259,637	-	-	-	345,919
-	7,609	65,786	2,288,963	-	2,362,358
412,543	-	-	-	-	495,092
5,814,846	267,246	204,090	2,288,963	649,926	18,499,524
(2,407,960)	(255,229)	114,535	(933,923)	147,884	(185,875)
-	-	-	-	-	148,041
2,878,124	-	-	171,950	270,000	3,320,074
-	-	(171,950)	-	-	(3,320,074)
-	-	-	-	-	47,001
-	122,619	-	-	-	122,619
2,878,124	122,619	(171,950)	171,950	270,000	317,661
470,164	(132,610)	(57,415)	(761,973)	417,884	131,786
4,307,693	(550,462)	263,044	11,694,933	1,042,175	23,944,691
4,777,857	(683,072)	205,629	10,932,960	1,460,059	24,076,477

Dickinson County

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

Year ended June 30, 2019

Change in fund balances - Total governmental funds (page 25) \$ 131,786

**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 exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 2,800,239	
Capital assets contributed by the Iowa Department of Transportation	6,348	
Capital assets contributed by the Dickinson County Conservation Foundation	2,900,000	
Depreciation/amortization expense	<u>(2,257,058)</u>	3,449,529

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

(585,716)

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, as follows:

Property tax	(755)	
Other	<u>26,266</u>	25,511

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	(169,620)	
Repaid	<u>2,003,925</u>	1,834,305

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.

501,688

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	(44,317)	
Interest on long-term debt	24,631	
Pension expense	(462,915)	
OPEB expense	<u>(3,267)</u>	(485,868)

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

77,510

Change in net position of governmental activities (page 19) \$ 4,948,745

See notes to financial statements.

Dickinson County
 Statement of Net Position
 Proprietary Fund

June 30, 2019

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	\$ 724,798
Accounts receivable	1,226
Total assets	<u>726,024</u>
Liabilities	
Accounts payable	<u>22,748</u>
Net Position	
Unrestricted	<u>\$ 703,276</u>

See notes to financial statements.

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

Year ended June 30, 2019

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 237,742
Reimbursements from others		<u>4,096</u>
Total operating revenues		241,838
Operating expenses:		
Medical claims	\$ 171,109	
Administrative fees	<u>6,650</u>	<u>177,759</u>
Operating income		64,079
Non-operating revenues:		
Interest income		<u>13,431</u>
Net income		77,510
Net position beginning of year		<u>625,766</u>
Net position end of year		<u>\$ 703,276</u>

See notes to financial statements.

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2019

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 237,742
Cash received from others	2,871
Cash paid to suppliers for services	(185,870)
Net cash provided by operating activities	54,743
Cash flows from investing activities:	
Interest on investments	13,431
Net increase in cash and cash equivalents	68,174
Cash and cash equivalents beginning of year	656,624
Cash and cash equivalents end of year	\$ 724,798
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 64,079
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(1,226)
Decrease in accounts payable	(8,110)
Net cash provided by operating activities	\$ 54,743

See notes to financial statements.

Dickinson County

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,864,468
Other County officials	212,074
Receivables:	
Property tax:	
Delinquent	5,684
Succeeding year	48,740,000
Accounts	12,515
Special assessments	119,461
Succeeding year drainage assessments	140,446
Due from other governments	84,969
Total assets	51,179,617
Liabilities	
Accounts payable	29,208
Salaries and benefits payable	6,785
Due to other governments	51,031,015
Trusts payable	78,531
Compensated absences	34,078
Total liabilities	51,179,617
Net position	\$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

Discretely Presented Component Unit – The Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Dickinson County Conservation Board. These donations are to be used to purchase items not included in the County's budget. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

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

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

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

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 the following 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.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The County reports the following major governmental funds:

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

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, 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 Drainage Districts Fund is used to account for the drainage assessment revenue and for the payment of construction, repairs and maintenance for a district's drains.

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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 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 and tax increment financing receivables represent 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 and tax increment financing receivables have been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which they are 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in no 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.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a nonspendable fund balance which indicates they do not constitute expendable available financial resources and, therefore, are not available to liquidate current obligations.

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, 2019, 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 if purchased or constructed. 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Intangibles	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 and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment and vehicles	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 expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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 compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the 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, 2019. 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 attributed to governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the Dickinson County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB 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. Although certain revenues are measurable, they are not available. 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 in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables which will not be recognized until the year for which they are levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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.

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 future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the roads and transportation function and disbursements in one department exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2019 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.

At June 30, 2019, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Bank (FHLB)	\$ 100,000	December 2020
Federal Home Loan Bank (FHLB)	150,000	April 2021
Federal Home Loan Bank (FHLB)	340,000	July 2021
Federal Home Loan Bank (FHLB)	500,000	October 2021
Federal Home Loan Bank (FHLB)	200,000	May 2024
Total	\$ 1,290,000	

At June 30, 2019, the Conservation Foundation, a discretely presented component unit, had the following investments:

Investment	Fair Value	Maturity
Mutual funds	<u>\$ 1,315,639</u>	N/A

The County and the Conservation Foundation use the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements for the FHLB securities of \$1,290,000 and the mutual funds of \$1,315,639 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$167. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

Credit risk – The FHLB investments at June 30, 2019 are rated Aaa by Moody's Investors Service.

Concentration of credit risk and custodial risk – No more than 5% of the portfolio may be invested in the securities of a single issuer unless the issuer is a United States Government sponsored enterprise security and no more than 10% of the portfolio may be invested in each of the following categories of securities: prime bankers' acceptances and commercial paper or other short-term corporate debt. The investments of the County are in a United States Government sponsored enterprise security.

Disclosure of concentration of credit risk and interest rate risk do not apply to the Conservation Foundation's investments.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Drainage Districts	<u>\$ 662,922</u>

(4) Advances To and From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue:	
	Resource Enhancement and Protection	<u>\$ 25,898</u>

During fiscal year 2011, the County approved an advance from the General Fund to the Special Revenue, Resource Enhancement and Protection Fund. The advance was made to finance the completion of the Nature Center project.

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 212,822
	Special Revenue:	
	Rural Services	<u>2,665,302</u>
		<u>2,878,124</u>
Dickinson County Trails	General	100,000
Trails Maintenance	General	170,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	<u>171,950</u>
Total		<u>\$ 3,320,074</u>

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

(6) Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 4,319,011	2,987,783	-	7,306,794
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	-	276,704	-	276,704
Construction in progress	<u>1,481,866</u>	<u>1,099,171</u>	<u>(313,998)</u>	<u>2,267,039</u>
Total capital assets not being depreciated/amortized	<u>6,330,777</u>	<u>4,363,658</u>	<u>(313,998)</u>	<u>10,380,437</u>
Capital assets being depreciated/amortized:				
Buildings	20,679,543	422,500	(805,830)	20,296,213
Improvements other than buildings	303,124	-	(166,495)	136,629
Equipment and vehicles	9,422,409	950,381	(412,953)	9,959,837
Infrastructure, road network	22,423,326	-	-	22,423,326
Infrastructure, other	<u>8,546,577</u>	<u>313,998</u>	<u>-</u>	<u>8,860,575</u>
Total capital assets being depreciated/amortized	<u>61,374,979</u>	<u>1,686,879</u>	<u>(1,385,278)</u>	<u>61,676,580</u>
Less accumulated depreciation/amortized for:				
Buildings	3,698,816	423,498	(421,762)	3,700,552
Improvements other than buildings	49,850	6,992	(36,629)	20,213
Equipment and vehicles	4,128,478	599,385	(311,219)	4,416,644
Infrastructure, road network	6,691,449	905,957	-	7,597,406
Infrastructure, other	<u>1,581,572</u>	<u>321,226</u>	<u>-</u>	<u>1,902,798</u>
Total accumulated depreciation/amortized	<u>16,150,165</u>	<u>2,257,058</u>	<u>(769,610)</u>	<u>17,637,613</u>
Total capital assets being depreciated/amortized, net	<u>45,224,814</u>	<u>(570,179)</u>	<u>(615,668)</u>	<u>44,038,967</u>
Governmental activities capital assets, net	<u>\$ 51,555,591</u>	<u>3,793,479</u>	<u>(929,666)</u>	<u>54,419,404</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 63,569
Physical health and social services		782
County environment and education		280,159
Roads and transportation		1,517,793
Governmental services to residents		17,603
Administration		<u>377,152</u>
Total depreciation/amortization expense - governmental activities		<u>\$ 2,257,058</u>

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	\$ 14,563
Special Revenue:		
Mental Health	Services	10,539
Secondary Roads	Services	685
Waste Management Reduction	Services	<u>36</u>
Total for governmental funds		<u>\$ 25,823</u>
Agency:		
County Offices	Collections	\$ 212,074
Agricultural Extension Education		246,909
County Assessor		537,364
Schools		24,454,161
Community Colleges		2,903,538
Corporations		14,254,688
Townships		453,261
Auto License, Use Tax and Drivers' License		516,808
All other		<u>7,452,212</u>
Total for agency funds		<u>\$ 51,031,015</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revitalization Bonds	Drainage Warrants	Compensated Absences	Total OPEB Liability	Net Pension Liability	Total
Balance beginning of year	\$ 18,560,000	531,999	438,564	642,552	301,634	204,914	3,420,491	24,100,154
Increases	-	47,001	-	122,619	299,296	3,267	-	472,183
Decreases	1,905,000	39,000	52,938	6,987	254,979	-	213,731	2,472,635
Balance end of year	<u>\$ 16,655,000</u>	<u>540,000</u>	<u>385,626</u>	<u>758,184</u>	<u>345,951</u>	<u>208,181</u>	<u>3,206,760</u>	<u>22,099,702</u>
Due within one year	\$ 1,890,000	40,000	54,549	37,144	208,539	-	-	2,230,232

General Obligation Bonds/Notes

A summary of the County's June 30, 2019 general obligation indebtedness is as follows:

Year Ending June 30,	General Obligation Bonds/Notes					
	Hospital Urban Renewal Issued Aug 22, 2012			Hospital Urban Renewal Issued Feb 21, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2020	2.00%	\$ -	218,050	1.50%	\$ 740,000	12,150
2021	2.00	680,000	218,050	1.50	70,000	1,050
2022	2.00	765,000	204,450	-	-	-
2023	2.00	780,000	189,150	-	-	-
2024	2.00	795,000	173,550	-	-	-
2025-2029	2.00-2.38	4,215,000	618,900	-	-	-
2030-2033	2.38-2.50	2,765,000	135,950	-	-	-
Total		<u>\$ 10,000,000</u>	<u>1,758,100</u>		<u>\$ 810,000</u>	<u>13,200</u>

Year Ending June 30,	General Obligation Bonds/Notes					
	East Okoboji Beach Urban Renewal Refunding Bonds Issued Oct 11, 2016			Courthouse Construction Urban Renewal Refunding Bonds Issued Oct 11, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2020	1.50%	\$ 140,000	29,350	1.00%	\$ 1,010,000	46,043
2021	1.50	150,000	27,250	1.05	1,010,000	35,943
2022	1.50	150,000	25,000	1.15	1,100,000	25,338
2023	1.50	150,000	22,750	1.25	1,015,000	12,688
2024	1.50	150,000	20,500	-	-	-
2025-2029	1.75-2.00	795,000	64,076	-	-	-
2030-2033	2.00	175,000	3,500	-	-	-
Total		<u>\$ 1,710,000</u>	<u>192,426</u>		<u>\$ 4,135,000</u>	<u>120,012</u>

Year Ending June 30,	General Obligation Bonds/Notes Total		
	Principal	Interest	Total
2020	\$ 1,890,000	305,593	2,195,593
2021	1,910,000	282,293	2,192,293
2022	2,015,000	254,788	2,269,788
2023	1,945,000	224,588	2,169,588
2024	945,000	194,050	1,139,050
2025-2029	5,010,000	682,976	5,692,976
2030-2033	2,940,000	139,450	3,079,450
Total	<u>\$ 16,655,000</u>	<u>2,083,738</u>	<u>18,738,738</u>

General Obligation Hospital Urban Renewal Bonds

On August 22, 2012, the County issued \$10,000,000 of general obligation hospital urban renewal bonds for an expansion project at Lakes Regional Hospital. The bonds bear interest payable semi-annually on the first of June and December each year at rates ranging from 2.00% to 2.50% per annum. Per the bond agreement, the County will make interest only payments through December 1, 2020.

On February 21, 2013, the County issued \$5,000,000 of general obligation hospital urban renewal bonds for an expansion project at Lakes Regional Hospital. The bonds bear interest payable semi-annually on the first of June and December each year at 1.50% per annum.

The County loaned the proceeds of both general obligation hospital urban renewal bonds issued during fiscal year 2013 to Lakes Regional Hospital. Under the loan agreement, Lakes Regional Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation urban renewal bonds. The payments received from Lakes Regional Hospital are credited to the Debt Service Fund.

General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to \$929,000 to pay for expenditures incurred in conjunction with one or more urban renewal projects in the East Okoboji Beach Urban Renewal Area. Projects include the construction of roads, water, sewer and storm sewer improvements. The total amount drawn was \$829,749. The capital loan notes bear interest at 1.75% per annum with final maturity on June 1, 2029. The first payment on the capital loan notes was due May 1, 2010. During the year ended June 30, 2019, the County paid principal and interest of \$39,000 and \$14,970, respectively, on the capital loan notes.

On May 22, 2018, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to \$80,000 to pay for costs on an interim basis incurred in conjunction with the Francis Sites Wetland Project. The project includes the costs for the planning and the works and facilities used for the collection and disposal of surface waters and streams on East Okoboji Lake. The total amount drawn to date and outstanding at June 30, 2019 is \$80,000. The capital loan note is non-interest bearing and is due in full at maturity on June 8, 2021.

A summary of the County’s June 30, 2019 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	General Obligation Capital Loan Notes			
	East Okoboji Beach Urban Renewal Area			
	Issued May 6, 2009			
	Interest Rates	Principal	Interest	
2020	1.75%	\$ 40,000	8,050	
2021	1.75	41,000	7,350	
2022	1.75	43,000	6,633	
2023	1.75	44,000	5,880	
2024	1.75	45,000	5,110	
2025-2029	1.75	247,000	13,195	
Total		\$ 460,000	46,218	

Urban Revitalization Bonds

The County issued \$790,000 of urban revitalization bonds in November 2005 for the purpose of carrying out an urban renewal project, including funding a \$700,000 forgivable loan to B.V. Building L.L.C. The bonds are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the Dickinson County/Spirit Lake urban renewal area and credited to the Special Revenue, TIF and Urban Renewal Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban revitalization bonds shall be expended only for purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

On August 28, 2012, the Board of Supervisors approved an amendment to the loan agreement providing for the reissuance of \$630,000 of urban revitalization bonds plus \$91,793 of delinquent principal, as well as amending the repayment schedule and interest rate. Principal and interest remaining on the bonds of \$427,607 is payable through December 2025. For the current year, principal and interest paid on the urban revitalization bonds were \$52,938 and \$12,848, respectively.

A summary of the County's June 30, 2019 urban revitalization bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2020	3.02%	\$ 54,549	11,237	65,786
2021	3.02	56,208	9,577	65,785
2022	3.02	57,919	7,867	65,786
2023	3.02	59,681	6,105	65,786
2024	3.02	61,497	4,289	65,786
2025-2026	3.02	95,772	2,907	98,679
Total		\$ 385,626	41,982	427,608

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid due to 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.

(9) Lakes Regional Hospital Loan Receivable

As detailed in Note 8 of the Notes to Financial Statements, the County loaned bond proceeds to Lakes Regional Hospital. Under the loan agreement, Lakes Regional Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation hospital urban renewal bonds.

(10) 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 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 or 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 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County’s contributions to IPERS for the year ended June 30, 2019 totaled \$501,688.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$3,206,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the County’s proportion was 0.050674%, which was a decrease of 0.000675% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$462,915. At June 30, 2019, 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	\$ 29,717	98,781
Changes of assumptions	600,606	118,909
Net difference between projected and actual earnings on IPERS' investments	-	126,769
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	169,541	136,896
County contributions subsequent to the measurement date	501,688	-
Total	<u>\$ 1,301,552</u>	<u>481,355</u>

\$501,688 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, 2019. 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
2020	\$ 243,988
2021	140,962
2022	(52,063)
2023	(10,516)
2024	(3,862)
Total	<u>\$ 318,509</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 6,229,095	3,206,760	672,180

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, 2019.

(11) Other Postemployment Benefits (OPEB)

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental 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 Dickinson 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>89</u>
Total	<u>91</u>

Total OPEB Liability – The County’s total OPEB liability of \$208,181 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	3.00% per annum.
Rates of salary increase (effective June 30, 2019)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	5% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% 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 2014 United State Life Tables.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 204,914
Changes for the year:	
Service cost	14,312
Interest	8,114
Benefit payments	<u>(19,159)</u>
Net changes	<u>3,267</u>
Total OPEB liability end of year	<u>\$ 208,181</u>

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 (2.87%) or 1% higher (4.87%) than the current discount rate.

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB liability	\$ 222,568	208,181	194,121

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 healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (4.0%)</u>	<u>Healthcare Cost Trend Rate (5.0%)</u>	<u>1% Increase (6.0%)</u>
Total OPEB liability	\$ 187,667	208,181	232,363

OPEB Expense – For the year ended June 30, 2019, the County recognized OPEB expense of \$3,267.

(12) Revolving Loan Account

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2019.

(13) 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 778 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 property 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. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the 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, 2019 were \$269,817.

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, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, settled claims have not exceeded the Pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. 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 \$50,000, 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.

(14) Public Health

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

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of the County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, effective July 1, 2011, the County and the Board agreed to reimburse the Hospital up to \$146,000 per year for public health services, including reimbursement for indigent fees.

(15) Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Secure Benefits Systems. The agreement with Secure Benefits Systems is renewable on an annual basis. After an eligible employee with single coverage has paid \$500 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$1,000 of the applicable deductible amount under the contract during a calendar year, the County will pay directly or reimburse any eligible employee for 60% (80% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance shall be \$1,000 with respect to single coverage and \$2,000 with respect to family coverage. After an employee has made the maximum prescribed payments, the County will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, up to \$5,350 for single coverage and \$10,700 for family coverage.

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 Secure Benefits Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2019 was \$237,742.

The amounts payable from the Employee Group Health Fund at June 30, 2019 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion. These amounts are not expected to be material to the financial statements. The County is exempt from the requirements of Chapter 509A.15 of the Code of Iowa due to claims being less than 2% of the General Fund budget.

(16) 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

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Lake Park	Urban renewal and economic development projects	\$ 1,333
City of Milford	Urban renewal and economic development projects	35,851
City of Terril	Urban renewal and economic development projects	7,087

(17) Jointly Governed Organization

The County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2019:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
Iowa Department of Natural Resources	37,734	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Wahpeton	16,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	237,934

Interest on investments 4,938

Total additions 242,872

Deductions:

Milford Municipal Utilities	36,900	
Ducks Unlimited, Inc.	32,249	
Historic Arnolds Park, Inc.	31,334	
Dickinson County Soil and Wather Conservation District	30,000	
Okoboji Protective Association	25,000	
Meneyata Park Association	24,057	
Silver Lake Park Improvement Association	23,000	
Okoboji Homeowner's Association	6,282	
Miscellaneous	135	208,957

Net 33,915

Balance beginning of year 182,684

Balance end of year \$ 216,599

(18) Development Agreements

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

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The project involves two primary components, which are the extension of the City’s sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing (TIF) to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. In the prior year, the balance of LMI funds, \$540,940, was paid to the Lake Park Housing Authority to be used to provide housing assistance to low and moderate income families. The developer’s project involves the establishment of a 33-acre lakeshore residential subdivision. The first \$650,000 of TIF revenue was granted to the developer. After the developer had received a total of \$650,000, the TIF revenue generated for the district was allocated one-half to the developer and one-half to the City until the developer received a total of \$800,000. The developer received the total of \$800,000 as of June 30, 2017. The collection of incremental property tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental property tax shall be limited to twenty (20) years. During the year ended June 30, 2019, \$8,660 was rebated to the City and the cumulative amount rebated at June 30, 2019 was \$1,461,999. No property tax was levied for fiscal year 2020.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developers in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developers. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2019, \$65,786 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2020 totals \$45,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated to be between \$400,000 and \$500,000. The County is going to use TIF revenue to support this residential development. Under the plan, 37% of the TIF revenue generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2019 in the Special Revenue, Low and Moderate Income Fund was \$72,127. No property tax has been levied for fiscal year 2020.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in a new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is using tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. For this urban renewal area, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2019 in the Special Revenue, Low and Moderate Income Fund was \$371,619. The estimated costs will be the City's cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. No property tax has been levied for fiscal year 2020.

(19) Deficit Fund Balances

The Special Revenue, Resource Enhancement and Protection and Drainage Districts Maintenance Funds had deficit unassigned fund balances of \$16,263 and \$683,072, respectively, at June 30, 2019. The deficit balances will be eliminated through the future collection of the County's REAP allocation from the State and future drainage assessments.

(20) Dickinson County Financial Information Included as part of the Northwest Iowa Care Connection Region

Northwest Iowa Care Connection Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial activity of Dickinson County's Special Revenue, Mental Health Fund is included as part of the Northwest Iowa Care Connection Region for the year ended June 30, 2019 as follows:

Revenues:		
Property and other county tax		\$ 168,267
Intergovernmental revenues:		
State tax credits	\$ 8,309	
Other intergovernmental revenues	<u>162</u>	<u>8,471</u>
Total revenues		<u>176,738</u>
Expenditures:		
Services to persons with		
Mental illness		93,917
General administration:		
Direct administration	48,808	
Distribution to regional fiscal agent	<u>37,671</u>	<u>86,479</u>
Total expenditures		<u>180,396</u>
Excess of expenditures over revenues		(3,658)
Fund balance beginning of the year		<u>142,917</u>
Fund balance end of the year		<u>\$ 139,259</u>

(21) Restatement

In accordance with Governmental Accounting Standards Board criteria, the Dickinson County Conservation Foundation was reclassified from a blended component unit to a discretely presented component unit. The effect on beginning balances of Governmental Activities, Special Revenue, Conservation Foundation and Discretely Presented Component Unit are as follows:

	Governmental Activities	Special Revenue Conservation Foundation	Discretely Presented Component Unit
Net position, June 30, 2018, as previously reported	\$ 55,322,684	900,158	-
Reclassify as discretely presented component unit	(900,158)	(900,158)	900,158
Net position, July 1, 2018, as restated	\$ 54,422,526	-	900,158

(22) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Dickinson County

Required Supplementary Information

Dickinson County

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

Required Supplementary Information

Year ended June 30, 2019

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 11,312,639	-	11,312,639
Interest and penalty on property tax	83,677	-	83,677
Intergovernmental	4,693,769	-	4,693,769
Licenses and permits	85,452	-	85,452
Charges for service	885,854	-	885,854
Use of money and property	394,086	-	394,086
Miscellaneous	428,744	12,017	416,727
Total receipts	17,884,221	12,017	17,872,204
Disbursements:			
Public safety and legal services	2,847,245	-	2,847,245
Physical health and social services	500,561	-	500,561
Mental health	171,843	-	171,843
County environment and education	3,383,961	-	3,383,961
Roads and transportation	4,868,736	-	4,868,736
Governmental services to residents	875,355	-	875,355
Administration	2,537,334	-	2,537,334
Non-program	328,542	242,276	86,266
Debt service	1,424,101	7,609	1,416,492
Capital projects	454,414	-	454,414
Total disbursements	17,392,092	249,885	17,142,207
Excess (deficiency) of receipts over (under) disbursements	492,129	(237,868)	729,997
Other financing sources, net	329,735	122,619	207,116
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	821,864	(115,249)	937,113
Balance beginning of year, as restated	11,805,011	(547,673)	12,352,684
Balance end of year	\$ 12,626,875	(662,922)	13,289,797

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		Final to Net Variance
Original	Final	
11,264,048	11,264,048	48,591
42,400	42,400	41,277
4,800,239	5,142,026	(448,257)
73,600	73,600	11,852
674,095	674,095	211,759
181,551	181,551	212,535
545,885	620,885	(204,158)
<u>17,581,818</u>	<u>17,998,605</u>	<u>(126,401)</u>
2,901,759	2,901,759	54,514
568,558	593,058	92,497
319,868	319,868	148,025
4,166,752	4,583,952	1,199,991
4,598,580	4,598,580	(270,156)
912,902	912,902	37,547
2,506,702	2,589,202	51,868
147,600	222,600	136,334
1,416,492	1,416,492	-
2,750,700	2,750,700	2,296,286
<u>20,289,913</u>	<u>20,889,113</u>	<u>3,746,906</u>
(2,708,095)	(2,890,508)	3,620,505
1,000	60,075	147,041
(2,707,095)	(2,830,433)	3,767,546
<u>10,343,053</u>	<u>10,343,053</u>	<u>2,009,631</u>
<u>7,635,958</u>	<u>7,512,620</u>	<u>5,777,177</u>

Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 17,884,221	429,428	18,313,649
Expenditures	17,392,092	1,107,432	18,499,524
Net	492,129	(678,004)	(185,875)
Other financing sources (uses), net	329,735	(12,074)	317,661
Beginning fund balances, as restated	11,805,011	12,139,680	23,944,691
Ending fund balances	<u>\$ 12,626,875</u>	<u>11,449,602</u>	<u>24,076,477</u>

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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

Formal and legal budgetary control is based upon 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 and the Debt Service 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 \$599,200. 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 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2019, disbursements exceed the amount budgeted in the roads and transportation function and disbursements in one department exceeded the amount appropriated.

Dickinson County

Dickinson County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.050674%	0.051349%	0.053328%	0.048162%	0.049831%
County's proportionate share of the net pension liability	\$ 3,207	3,420	3,356	2,379	1,976
County's covered payroll	\$ 4,937	4,625	4,634	4,301	4,226
County's proportionate share of the net pension liability as a percentage of its covered payroll	64.96%	73.95%	72.42%	55.31%	46.76%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	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.

Dickinson County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 502	449	422	424
Contributions in relation to the statutorily required contribution	<u>(502)</u>	<u>(449)</u>	<u>(422)</u>	<u>(424)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 5,240	4,937	4,625	4,634
Contributions as a percentage of covered payroll	9.58%	9.09%	9.12%	9.15%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
395	386	372	335	292	273
(395)	(386)	(372)	(335)	(292)	(273)
-	-	-	-	-	-
4,301	4,226	4,194	4,007	4,002	3,986
9.18%	9.13%	8.87%	8.36%	7.30%	6.85%

Dickinson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

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.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.

Dickinson County

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

For the Last Two Years
Required Supplementary Information

	2019	2018
Service cost	\$ 14,312	8,994
Interest cost	8,114	5,974
Difference between expected and actual experiences	-	48,842
Changes in assumptions	-	23,432
Benefit payments	(19,159)	(12,175)
Net change in total OPEB liability	3,267	75,067
Total OPEB liability beginning of year	204,914	129,847
Total OPEB liability end of year	\$ 208,181	204,914
Covered-employee payroll	\$ 4,590,957	4,457,240
Total OPEB liability as a percentage of covered-employee payroll	4.53%	4.60%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in 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, 2019 3.87%
Year ended June 30, 2018 3.87%
Year ended June 30, 2017 4.50%

Dickinson County

Supplementary Information

Dickinson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2019

	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhancement and Protection	Special Confiscated Property Fees
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ 112,486	5,285	9,635	8,943
Conservation Foundation	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Accrued Interest	-	-	-	-
Due from other governments	-	-	-	505
Total assets	\$ 112,486	5,285	9,635	9,448
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	25,898	-
Total liabilities	-	-	25,898	-
Fund balances:				
Restricted for:				
Conservation purposes	-	-	-	-
Other purposes	112,486	5,285	-	9,448
Unassigned	-	-	(16,263)	-
Total fund balances	112,486	5,285	(16,263)	9,448
Total Liabilities and Fund Balances	\$ 112,486	5,285	9,635	9,448

See accompanying independent auditor's report.

Revenue							
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Courthouse Memorial		Total
443,746	80,690	3	765,404	74,852	189		1,501,233
-	-	-	-	-	-		-
-	1,345	-	-	-	-		1,345
-	-	-	-	-	2		2
-	-	-	-	-	-		505
443,746	82,035	3	765,404	74,852	191		1,503,085
-	9,708	-	7,216	168	-		17,092
-	36	-	-	-	-		36
-	-	-	-	-	-		25,898
-	9,744	-	7,216	168	-		43,026
-	-	-	758,188	74,684	-		832,872
443,746	72,291	3	-	-	191		643,450
-	-	-	-	-	-		(16,263)
443,746	72,291	3	758,188	74,684	191		1,460,059
443,746	82,035	3	765,404	74,852	191		1,503,085

Dickinson County

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

Year ended June 30, 2019

	Special			
	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhancement and Protection	Confiscated Property Fees
Revenues:				
Intergovernmental	\$ -	-	9,409	-
Charges for service	6,634	-	-	-
Use of money and property	2,102	108	105	-
Miscellaneous	-	-	-	3,867
Total revenues	<u>8,736</u>	<u>108</u>	<u>9,514</u>	<u>3,867</u>
Expenditures:				
Operating:				
Public safety and legal services	-	703	-	2,926
County environment and education	-	-	-	-
Government services to residents	2,973	-	-	-
Total expenditures	<u>2,973</u>	<u>703</u>	<u>-</u>	<u>2,926</u>
Excess (deficiency) of revenues over (under) expenditures	5,763	(595)	9,514	941
Other financing sources (uses):				
Transfers in	-	-	-	-
Change in fund balances	5,763	(595)	9,514	941
Fund balances beginning of year, as restated	106,723	5,880	(25,777)	8,507
Fund balances end of year	<u>\$ 112,486</u>	<u>5,285</u>	<u>(16,263)</u>	<u>9,448</u>

See accompanying independent auditor's report.

Revenue							
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Courthouse Memorial		Total
-	-	-	514,952	-	-		524,361
-	127,430	-	-	-	-		134,064
-	-	-	15,623	-	6		17,944
-	-	-	117,574	-	-		121,441
-	127,430	-	648,149	-	6		797,810
-	-	-	-	-	-		3,629
-	139,934	-	429,160	74,230	-		643,324
-	-	-	-	-	-		2,973
-	139,934	-	429,160	74,230	-		649,926
-	(12,504)	-	218,989	(74,230)	6		147,884
-	-	-	100,000	170,000	-		270,000
-	(12,504)	-	318,989	95,770	6		417,884
443,746	84,795	3	439,199	(21,086)	185		1,042,175
443,746	72,291	3	758,188	74,684	191		1,460,059

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,882	155,674	176,578
Other County officials	212,074	-	-	-
Receivables:				
Property tax:				
Delinquent	-	27	53	2,583
Succeeding year	-	245,000	412,000	24,275,000
Accounts	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 212,074	246,909	567,727	24,454,161
Liabilities				
Accounts payable	\$ -	-	1,486	-
Salaries and benefits payable	-	-	5,517	-
Due to other governments	212,074	246,909	537,364	24,454,161
Trusts payable	-	-	-	-
Compensated absences	-	-	23,360	-
Total liabilities	\$ 212,074	246,909	567,727	24,454,161

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
20,203	140,193	4,171	516,808	848,959	1,864,468
-	-	-	-	-	212,074
335	2,162	90	-	434	5,684
2,883,000	14,027,000	449,000	-	6,449,000	48,740,000
-	-	-	-	12,515	12,515
-	85,333	-	-	34,128	119,461
-	-	-	-	140,446	140,446
-	-	-	-	84,969	84,969
2,903,538	14,254,688	453,261	516,808	7,570,451	51,179,617
-	-	-	-	27,722	29,208
-	-	-	-	1,268	6,785
2,903,538	14,254,688	453,261	516,808	7,452,212	51,031,015
-	-	-	-	78,531	78,531
-	-	-	-	10,718	34,078
2,903,538	14,254,688	453,261	516,808	7,570,451	51,179,617

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2019

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 194,101	239,366	639,675	23,131,482
Additions:				
Property and other county tax	-	245,672	414,025	24,369,739
911 surcharges	-	-	-	-
State tax credits	-	11,837	22,708	1,166,128
Office fees and collections	1,345,586	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	351,139	-	-	-
Miscellaneous	-	231	443	23,031
Total additions	1,696,725	257,740	437,176	25,558,898
Deductions:				
Agency remittances:				
To other funds	462,617	-	-	-
To other governments	879,150	250,197	509,124	24,236,219
Trusts paid out	336,985	-	-	-
Total deductions	1,678,752	250,197	509,124	24,236,219
Balances end of year	\$ 212,074	246,909	567,727	24,454,161

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
2,935,652	13,961,331	502,794	587,654	8,154,689	50,346,744
2,893,075	14,082,334	450,428	-	6,759,761	49,215,034
-	-	-	-	232,228	232,228
146,566	1,089,969	26,629	-	285,511	2,749,348
-	-	-	-	-	1,345,586
-	-	-	7,084,542	-	7,084,542
-	-	-	-	89,634	89,634
-	-	-	-	178,360	529,499
2,800	-	1,210	-	391,105	418,820
3,042,441	15,172,303	478,267	7,084,542	7,936,599	61,664,691
-	-	-	268,440	-	731,057
3,074,555	14,878,946	527,800	6,886,948	8,415,506	59,658,445
-	-	-	-	105,331	442,316
3,074,555	14,878,946	527,800	7,155,388	8,520,837	60,831,818
2,903,538	14,254,688	453,261	516,808	7,570,451	51,179,617

Dickinson County

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

For the Last Ten Years

	2019	2018	2017	Modified 2016
Revenues:				
Property and other county tax	\$ 9,605,294	9,463,844	9,099,276	8,865,585
Tax increment financing	286,431	601,549	541,217	629,123
Local option sales tax	1,400,900	1,410,783	1,281,417	1,284,840
Interest and penalty on property tax	83,661	73,665	76,083	80,917
Intergovernmental	4,964,229	4,885,702	5,083,104	4,085,560
Licenses and permits	84,657	103,541	99,746	24,665
Charges for service	844,814	805,373	788,311	780,456
Use of money and property	394,101	377,341	338,272	276,670
Miscellaneous	649,562	1,117,298	962,951	427,438
Total	\$ 18,313,649	18,839,096	18,270,377	16,455,254
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,884,023	2,757,067	2,676,797	2,500,229
Physical health and social services	481,245	462,989	445,684	465,906
Mental health	182,713	548,587	410,525	814,722
County environment and education	3,015,886	4,370,300	2,844,517	1,958,135
Roads and transportation	5,402,303	4,618,240	5,026,580	4,679,053
Governmental services to residents	807,890	925,437	791,858	736,362
Administration	2,522,095	2,268,278	2,262,930	1,960,764
Non-program	345,919	813,610	545,652	316,688
Debt service	2,362,358	2,611,656	3,119,316	2,695,810
Capital projects	495,092	1,157,283	947,989	983,771
Total	\$ 18,499,524	20,533,447	19,071,848	17,111,440

See accompanying independent auditor's report.

Accrual Basis					
2015	2014	2013	2012	2011	2010
8,745,388	8,520,932	8,172,638	7,641,275	7,637,937	6,634,100
601,203	623,530	613,089	755,022	902,236	810,056
1,284,712	1,070,286	1,211,552	1,112,969	1,128,037	976,690
70,657	71,953	77,837	81,622	102,332	109,867
3,898,652	4,603,348	3,492,114	3,974,019	4,723,680	4,539,983
27,475	31,398	29,192	26,438	21,003	21,852
831,957	746,058	750,598	783,089	811,289	702,101
254,292	218,678	155,768	242,015	350,878	315,118
572,372	968,175	598,411	1,301,687	1,174,143	1,721,288
16,286,708	16,854,358	15,101,199	15,918,136	16,851,535	15,831,055
2,469,254	2,309,002	2,297,986	2,144,921	2,075,000	2,100,461
441,405	488,597	531,217	496,257	503,091	504,145
569,695	458,537	483,324	1,907,359	1,567,038	1,459,058
1,981,743	2,654,821	2,717,185	2,130,823	1,822,520	2,544,159
3,417,401	3,610,183	3,777,499	3,006,073	3,596,528	2,907,392
715,146	711,827	680,024	648,715	546,284	573,635
1,904,593	1,962,582	1,855,411	1,886,325	1,749,855	1,682,226
494,081	336,776	550,946	212,090	162,512	337,982
3,042,341	2,666,176	1,999,826	1,403,790	2,040,341	2,111,933
1,414,329	1,879,197	1,582,433	468,040	2,167,881	5,509,379
16,449,988	17,077,698	16,475,851	14,304,393	16,231,050	19,730,370



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

To the Officials of Dickinson County:

We have audited 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 Dickinson County, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson 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 Dickinson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson 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, we have identified certain 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 the accompanying Schedule of Findings as items (A) through (C) 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 deficiencies described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dickinson County's Responses to the Findings

Dickinson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Dickinson 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 Dickinson County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Marlys K. Gaston, CPA
Deputy Auditor of State

March 6, 2020

Dickinson County
 Schedule of Findings
 Year ended June 30, 2019

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) 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 offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	County Recorder, County Treasurer, County Sheriff, Ag Extension and Recycling Center
(2) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. For the Sheriff only, an initial listing is not completed and compared to receipt records by an independent person.	County Recorder, County Treasurer and County Sheriff
(3) Bank reconciliations are not prepared by an independent person and are not independently reviewed.	County Sheriff

Cause – The County offices noted above have 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 office’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 – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Dickinson County

Schedule of Findings

Year ended June 30, 2019

Responses –

Ag Extension – We are a small office with three full time staff and two part-time. All have access to receipting income and petty cash. We have an off-site bookkeeper who prepares reports and a nine-person elected council which reviews financials on a monthly basis.

We will strive to segregate duties to the best of our abilities and continue financial reporting/reviewing by offsite staff, County staff, regional staff and our elected officials.

County Sheriff – We will give every attempt to further segregate duties.

County Recorder – The Dickinson County Recorder's office works diligently to segregate duties, including monthly financial reviews by staff in Dickinson County Treasurer's office.

County Treasurer – We will continue to try to segregate duties as much as possible to ensure responsibilities for collection, deposit preparation, and reconciliation functions are segregated from those for recording and accounting for cash receipts. The clerks in the office do the bulk of the receipting in from customers, including cash receipts. The deputies do the majority of the daily balancing. The Treasurer continues to look over the receipts at minimum, monthly, to ensure all is proper. The Treasurer utilizes staff to open the mail that do not have access to the financial programs.

County Recycling Center – We will do our diligence on attempting to segregate duties when collecting and depositing or funds.

Conclusions – Responses acknowledged. The officials should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

(B) 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 inventory, receivables and payables were not properly recorded in the County's financial statements. In addition, a FEMA reimbursement was classified as miscellaneous rather than intergovernmental. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Dickinson County

Schedule of Findings

Year ended June 30, 2019

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 inventories, receivables, payables and FEMA revenues are identified and properly included in the County’s financial statements.

Response – Every attempt will be made to properly include and record receivables and payables within the same guidelines, so that they are reflected in the financial statement and will ensure FEMA revenues are properly recorded. We will continue to collaborate with all Departments to ensure these requirements are met, reducing these omissions in the Financial Report.

Conclusion – Response accepted.

(C) Capital Assets

Criteria – An effective internal control system provides for internal controls related to the proper accounting for capital assets by maintaining appropriate accounting records.

Condition – Certain additions and deletions were not properly recorded on the asset listing. Adjustments were subsequently made by the County to properly record material asset additions and deletions.

Cause – While the County has developed a form for departments to communicate capital asset addition and deletion information to the County Auditor, the forms were not prepared or were not prepared timely to properly report capital asset additions and deletions.

Effect – Lack of following established procedures resulted errors in the capital asset listing.

Recommendation – The capital asset forms should be completed by the departments for all asset additions and deletions and returned to the County Auditor timely to facilitate maintained a complete and accurate capital asset listing.

Response – The County staff has now formed a better understanding as to how the financial program works. With help from the Auditor of State’s Office, we have a deeper understanding as to the requirements needed for the audit. Additionally, the County will strive to develop a capital asset policy that will ensure that deletions, additions, and values are updated in a timely manner. We will develop a two-step verification going forward and place more burden on individual offices.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2019

(D) Overtime Policy

Criteria – The County’s overtime policy allows non-exempt employees to receive overtime pay at a rate of one and one half times the hourly rate for any hours in excess of 40 hours per week including hours of pay for vacation, holidays and sick leave. Employees have the option of either being paid out for overtime compensation or banking the hours to be used for compensation time off.

Additionally, the policy states hours which are not used by June 15th are to be paid for in cash in the last paycheck or fifty percent of the compensation time balance may be carried over to July 1st at the employee’s request. The maximum number of hours which can be accumulated and used during the year is 64 hours.

Condition – Non-exempt and exempt employees are receiving compensation time. Five employees had compensation time balances greater than 64 hours at June 30, 2019 and 19 employees used more than 64 hours of compensation time during the year.

Cause – The overtime policy refers to employees and non-exempt employees. However, the policy is not clear if it applies to both non-exempt and exempt employees. In addition, the overtime policy does not specify if the maximum of 64 hours which can be accumulated and used include compensation hours rolled forward from the previous fiscal year. Also, the County is not following the overtime policy regarding compensation time used.

Effect – Employees may be accruing and using more compensation time hours than allowed by the policy. In addition, because the policy is not clear on exempt and non-exempt employees, it is not clear who is eligible to earn and use compensation time. Accordingly, the County may be allowing employees to earn or be paid for compensation time they are not eligible to receive. This would result in an additional liability or expense to the County.

Recommendation – The County should review the overtime policy to ensure employees covered and hours accumulated are clearly defined. The County should follow their policy and ensure employees are not using more compensation time hours than allowed.

Response – The County will schedule a Department Head/Supervisor meeting in the upcoming future to address the inconsistencies with the policy language regarding overtime and compensation time as it is not clearly stated nor understood. Additionally, we will engage with legal counsel regarding the language in the policy as it stands today, and its lack of clarity and definition of exempt and non-exempt employees and those that are eligible for overtime and compensation time. After the language is better clarified, we will meet with the departments to further explain the policy change.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County

Schedule of Findings

Year ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the roads and transportation function. In addition, non-departmental disbursements exceeded the amount appropriated.

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

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

Response – The County will make every effort to comply with Iowa Code Chapters 331.434(6) and 331.435 by not allowing disbursements to exceed the amount budgeted prior to an amendment. We understand that the board, by passing a resolution, may increase or decrease departmental appropriations as long as the function does not go over the budgeted amount. As we have now become more familiar with our new financial software and reporting system, we will be diligent during the payable process to check balances prior to the items posting to the general ledger.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Frank Franek Jr., Secondary Roads employee	Mowing	\$ 600
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs LLC	Vehicle equipment installs/uninstalls	2,880

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transaction with Franek Jr. does not appear to represent a conflict of interest since the transaction was less than \$1,500 during the fiscal year. In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transaction with 911 Installs LLC may represent a conflict of interest since the total transactions were more than \$1,500 during the year and the transactions were not competitively bid.

Dickinson County

Schedule of Findings

Year ended June 30, 2019

Recommendation – The County should consult legal counsel to determine the proper disposition of this matter.

Response – Beginning in fiscal year 2020, we have put these services out for bid.

Conclusion – Response accepted.

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

(6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, certain Board minutes were not signed.

Recommendation – The County should ensure all minutes are properly signed to authenticate the actions taken.

Response – The County Auditor will ensure that all Board minute proceedings are properly and fully signed by the Board chair, or vice-chair, and the County Auditor.

Conclusion – Response accepted.

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

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

(9) 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, 2019 for the County Extension Office did not exceed the amount budgeted.

(10) Annual Urban Renewal Report – The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management by December 1 and no exceptions were noted.

(11) Financial Condition – The Special Revenue, Drainage District Fund had a deficit cash balance of \$662,922 at June 30, 2019. This appears to violate Chapter 331.476 of the Code of Iowa.

In addition, the Special Revenue, Resource Enhancement and Protection (REAP) and Drainage District funds had deficit fund balances of \$16,263 and \$683,072, respectively, at June 30, 2019.

Dickinson County

Schedule of Findings

Year ended June 30, 2019

Recommendation – Claims should not be approved for payment when funds are not available unless the debt authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other County funds or other formal short-term debt instruments or obligations.

The County should investigate alternatives to eliminate the deficit fund balances to return the funds to a sound financial position.

Response – The REAP Fund deficit balance is the result of an advance from the General Fund, which in time will be paid off as the REAP funds are collected. The Special Revenue, Drainage Districts Fund deficit will be eliminated from the collection of future assessments. The drainage deficit was a result of a large claim which was to have been paid by stamped warrants and in fiscal year 2019 several other drainage districts added to the deficit. The districts are all old and in a position that all need reclassification prior to the districts being billed out. The largest deficit is joint with three other counties and will not be assessed until September 2020.

Conclusion – Response accepted.

- (12) Tax Increment Financing (TIF) Indebtedness Certification – Chapter 403.19 of the Code of Iowa provides a municipality shall certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness and, as such, the County Auditor shall provide available incremental property tax in subsequent fiscal years without further certification until the amount of certified indebtedness is paid. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal and interest on the certified indebtedness.

The County Auditor has not prepared a reconciliation of tax increment financing revenues (TIF) remitted to the amount of debt certified for the urban renewal areas of the cities within the County. This reconciliation helps ensure the TIF revenues remitted to the cities does not exceed the TIF debt certified by the cities.

Recommendation – The County Auditor should annually prepare a reconciliation of tax increment financing remitted to the amount of debt certified for all urban renewal areas within the County.

Response – With the help of the area cities, the County Auditor will work to prepare annual reconciliations of tax increment financing for each city.

Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

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