



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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 25, 2008

Contact: Andy Nielsen  
515/281-5834

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

The County had local tax revenue of \$102,748,819 for the year ended June 30, 2007, which included \$2,222,916 in tax credits from the state. The County forwarded \$88,153,509 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$14,595,310 of the local tax revenue to finance County operations, a 13.7 percent increase over the prior year. Other revenues included charges for service of \$5,674,627, operating grants, contributions and restricted interest of \$6,150,033, capital grants, contributions and restricted interest of \$3,448,039, unrestricted investment earnings of \$910,664 and other general revenues of \$129,981.

Expenses for County operations totaled \$25,184,188, a 2.6 percent increase over the prior year. Expenses included \$6,072,927 for roads and transportation, \$5,594,080 for public safety and legal services and \$4,006,157 for mental health.

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

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**DALLAS COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2007**

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**Dallas County**

**Officials**

**(Before January 2007)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kim Chapman	Board of Supervisors	Jan 2007
Brad Golightly	Board of Supervisors	Jan 2007
Mark Hanson	Board of Supervisors	Jan 2009
Gene Krumm	County Auditor	Jan 2009
Darrell Bauman	County Treasurer	Jan 2007
Carol Hol	County Recorder	Jan 2007
Brian Gilbert	County Sheriff	(Resigned Oct 2006)
Wayne M. Reisetter	County Attorney	Jan 2007
Steve Helm	County Assessor	Jan 2010

**(After January 2007)**

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

**Dallas County**



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

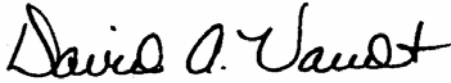
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

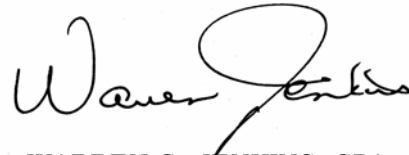
In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2008 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 50 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 5, 2008



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the County's financial statements which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities increased 14.3%, or approximately \$3.9 million, from fiscal 2006 to fiscal 2007 as compared to a 1.02% increase from fiscal 2005 to fiscal 2006. Property and other county tax increased approximately \$1.7 million and capital grants, contributions, and restricted interest increased approximately \$1.9 million.
- Program expenses of the County's governmental activities were 2.6%, or approximately \$600,000, more in fiscal 2007 than in 2006. Interest on long-term debt showed the most significant increase.
- The County's net assets increased 13%, or approximately \$5.7 million, from June 30, 2006 to June 30, 2007, as compared to 5.99% from June 30, 2005 to June 30, 2006.
- The governmental funds ending fund balances decreased from \$18,484,116 at June 30, 2006 to \$17,392,211 at June 30, 2007.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

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

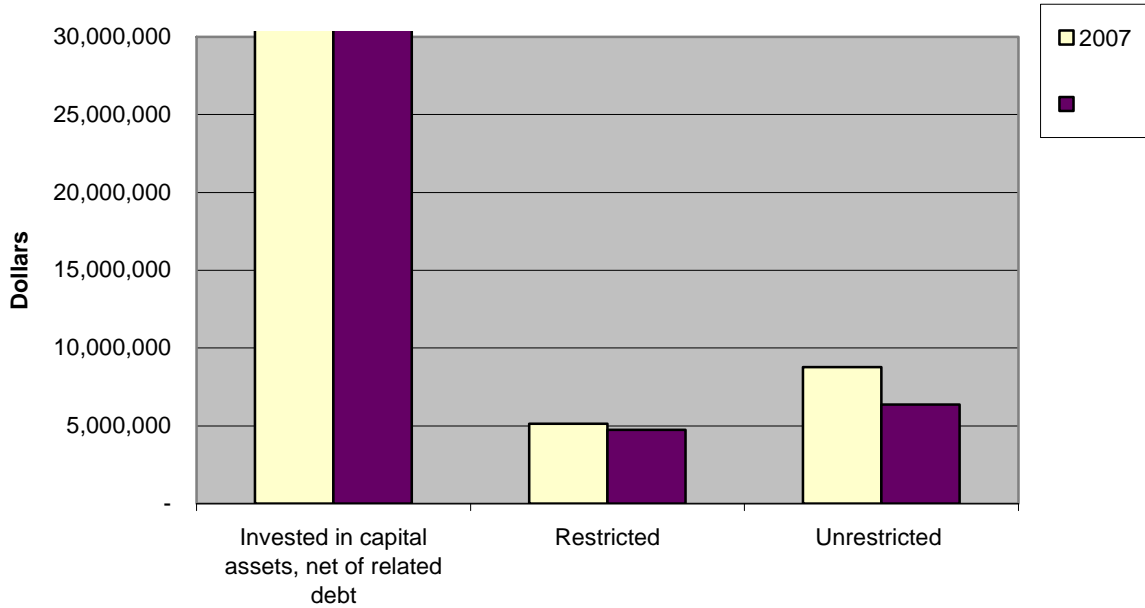
Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dallas County's combined net assets increased from a year ago, increasing from \$44.1 million to \$49.8 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

Net Assets of Governmental Activities		
	June 30,	
	2007	2006
Current and other assets	\$ 37,098,182	35,458,555
Capital assets	48,769,201	42,646,901
Total assets	<u>85,867,383</u>	<u>78,105,456</u>
Long-term liabilities	17,231,247	17,568,643
Other liabilities	18,785,515	16,410,658
Total liabilities	<u>36,016,762</u>	<u>33,979,301</u>
Net assets:		
Invested in capital assets, net of related debt	35,949,063	33,014,944
Restricted	5,129,587	4,750,382
Unrestricted	8,771,971	6,360,829
Total net assets	<u>\$ 49,850,621</u>	<u>44,126,155</u>

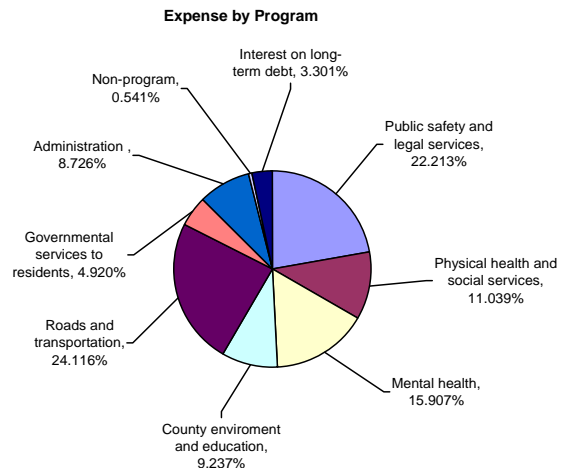
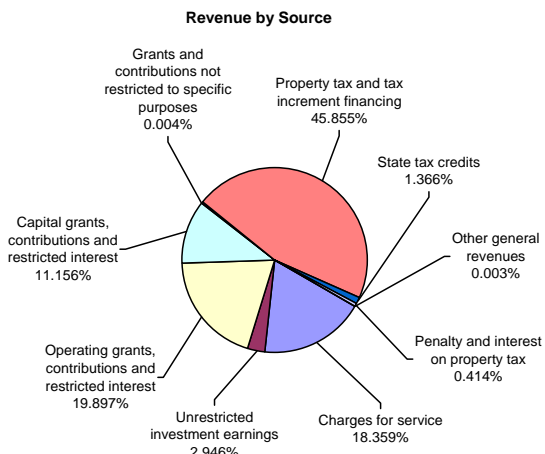
### Comparison of Net Assets



Dallas County's combined net assets (which is the County's bottom line) increased \$5,724,466 (a 13% increase), compared to \$2,494,472 in fiscal 2006. \$2.9 million of this increase was due to the Courthouse renovation and various road projects. The remaining increase is due to funds for special projects, for both the Board of Supervisors and Conservation, still in the planning phase. The largest portion of Dallas County's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$6,360,829 at June 30, 2006 to \$8,771,971 at the end of this year, an increase of 38%, or a \$2.4 million increase over fiscal year 2006.

**Changes in Net Assets of Governmental Activities**

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 5,674,627	6,178,355
Operating grants, contributions and restricted interest	6,150,033	5,779,154
Capital grants, contributions and restricted interest	3,448,039	1,531,531
General revenues:		
Property tax and tax increment financing	14,173,050	12,431,110
Penalty and interest on property tax	128,027	146,827
State tax credits	422,260	402,474
Grants and contributions not restricted to specific purposes	1,139	1,192
Unrestricted investment earnings	910,664	571,528
Other general revenues	815	763
Total revenues	<u>30,908,654</u>	<u>27,042,934</u>
Program expenses:		
Public safety and legal services	5,594,080	5,467,357
Physical health and social services	2,780,205	2,475,758
Mental health	4,006,157	4,103,759
County environment and education	2,326,350	2,162,950
Roads and transportation	6,072,927	6,348,803
Governmental services to residents	1,239,112	1,168,165
Administration	2,197,692	2,110,871
Non-program	136,222	255,337
Interest on long-term debt	831,443	455,462
Total expenses	<u>25,184,188</u>	<u>24,548,462</u>
Increase in net assets	5,724,466	2,494,472
Net assets beginning of year	44,126,155	41,631,683
Net assets end of year	<u>\$ 49,850,621</u>	<u>44,126,155</u>



For the fiscal year ended June 30, 2007, governmental activities revenues totaled \$30,908,654, an increase of \$3,865,720 over fiscal 2006. Property and other county tax revenue, the County's largest revenue source, increased approximately \$1.7 million, while capital grants, contributions and restricted interest increased approximately \$1.9 million. The expenses for governmental activities totaled \$25,184,188, an increase over fiscal year 2006 of \$635,726.

The cost of all governmental activities this year was about \$25.2 million compared to \$24.5 million last year. However, as shown in the Statement of Activities on page 17, the amounts taxpayers ultimately financed for these activities was only \$9.9 million because some of the cost was paid by those directly benefited from the programs (\$5.7 million), or by other governments and organizations that subsidized certain programs with grants and contributions (\$9.6 million).

Dallas County's county-wide property tax levy rates remain relatively unchanged at \$8.90106 per \$1,000 of taxable valuation for FY07. The rural tax levy rate for FY07 also remained relatively unchanged from the prior year at \$3.20122 per \$1,000 of taxable valuation. The Mental Health levy increased to the maximum allowable, from \$.61904 to \$.70451 per \$1,000 of taxable valuation. The debt service levy increased from \$.33216 to \$.46173 per \$1,000 of taxable valuation and the general supplemental levy decreased approximately \$.15 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$267 million over the prior year.

#### **MAJOR FUND ANALYSIS AND HIGHLIGHTS**

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$17,392,211, which is lower than the fiscal year 2006 combined fund balance of \$18,484,116.

The General Fund's ending fund balance of \$9,080,962 increased approximately \$1.8 million. Of that ending fund balance, \$944,359 is reserved, \$2,500,235 is unreserved/designated for special projects and the remainder is unreserved/undesignated. The increase in fund balance was primarily due to an increase in revenue over expenditures. The general basic levy remained unchanged for fiscal year 2007, while the general supplemental levy decreased \$.15 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$267 million over the prior year.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$3.9 million. The Mental Health Fund's ending balance of \$509,811 compares to a beginning fund balance of (\$8,615) on July 1, 2006.

The Rural Services Fund ended fiscal year 2007 with a \$179,655 balance, a decrease of \$82,050 from the prior year ending balance. The rural services tax levy decreased \$.06 per \$1,000 of taxable valuation.

The Secondary Roads Fund ended fiscal year 2007 with a balance of \$1,751,077, only a slight increase compared to a fiscal year 2006 balance of \$1,727,724. Expenditures for fiscal 2007 were \$5,041,320, or \$416,511 less than fiscal 2006.

The Capital Projects Fund ended the 2007 year with a fund balance of \$3,588,328 compared to the 2006 balance of \$7,171,046. This decrease is a result of work completed on the Courthouse Renovation Project anticipated to be completed in fiscal year 2008.

#### **BUDGETARY HIGHLIGHTS**

Over the course of fiscal year 2007, Dallas County amended the operating budget two times. The first amendment was made in January 2007 to finance additional disbursements, including Sheriff, Environmental Health, Conservation, Mental Health, Elections and the

Courthouse Renovation Project, and various designated funds from FY 05-06. The second amendment in May 2007 increased budgeted revenues by approximately \$1.2 million and disbursements by \$272,437.

Actual net disbursements for the year totaled \$27,880,965, which was \$6,206,116 under budgeted disbursements. The major reason was administrative expenditures of \$1.4 million for Board of Supervisors Special Projects which did not occur and cash flow requirements under Capital Projects were less than anticipated due to delays. Actual net receipts for fiscal year 2007 were \$26,666,360, which was approximately \$400,000 more than budgeted, due in part to an increase in Use of Money and Property revenues caused by delays in the Courthouse Renovation Project as well as a larger General Fund balance resulting in more funds invested than originally planned. Interest rates on investments were higher than anticipated as well.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, Dallas County had \$48,769,201, net of accumulated depreciation of \$23,232,608, invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compared to \$42,646,901 for fiscal year 2006, and \$39,624,986 for fiscal 2005. The County's net capital assets increased \$6,122,300, or about 14%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2007	2006
Land	\$ 4,711,839	3,746,059
Construction in progress	6,838,211	2,735,559
Buildings and improvements	9,559,464	9,839,914
Equipment and vehicles	4,832,753	4,951,082
Infrastructure	22,826,934	21,374,287
Total	<u>\$ 48,769,201</u>	<u>42,646,901</u>
This year's major additions included:		
Various capital road projects		\$ 2,989,308
Motorgrader for Secondary Roads Department		220,415
Motorgrader for Secondary Roads Department		200,301
Mobile digital video recorder for Sheriff's vehicles		161,080
Ambulance		117,377
Anderson land acquisition		248,193
Hurst land acquisition		410,161
Wagner land acquisition		98,996
Cory property land donation		199,826
Courthouse renovation		<u>3,693,852</u>
Total		<u>\$ 8,339,509</u>

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

## Long-Term Debt

At June 30, 2007, Dallas County had \$16,537,434 in outstanding debt versus \$16,936,559 last year, a net change of \$399,125.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2007	2006
Capital lease purchase agreements	\$ -	33,536
General obligation bonds	9,027,751	9,029,886
General obligation capital loan notes	7,190,000	7,770,000
Installment purchase agreements	271,054	56,100
Drainage warrants and improvement certificates	48,629	47,037
Total	\$ 16,537,434	16,936,559

The net change is a result of the retirement of \$580,000 of notes, an increase of approximately \$215,000 of installment purchase agreements, a decrease in capital leases of \$33,536 and a slight increase in drainage warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the actual value of all taxable property within the County's corporate limits ( $\$4,094,796,276 \times .05 = \$204,739,814$ ). Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit. Additional information about the County's long term debt is presented in Note 7 to the financial statements.

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

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2008 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors are committed to limiting expenditure increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa, and ranks 33 out of the top 100 in the nation for growth. Its population in 2000 was 40,750 compared to 47,846 in 2004, to a present day total of over 54,525. The unemployment rate in Dallas County stands at 3.4% as of December 2007 compared to last year's rate of 2.9%. Budgeted disbursements for the fiscal year 2008 operating budget are approximately \$39.2 million, as amended November of 2007, an increase of about \$2.8 million in spending from the prior year appropriations. This is mainly due to the renovation of the County Courthouse. The adopted 2008 budget (as amended) shows a deficiency of receipts and other sources under disbursements and other uses of (\$7,689,579). The budget estimates a total ending fund balance of approximately \$9.9 million at the close of fiscal year 2008.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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



## **Basic Financial Statements**

**Exhibit A**

Dallas County  
Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 18,879,471
Receivables:	
Property tax:	
Delinquent	44,875
Succeeding year	16,327,000
Interest and penalty on property tax	91,174
Succeeding year tax increment financing	118,000
Accounts	105,650
Accrued interest	138,576
Drainage assessments:	
Delinquent	6,413
Succeeding year	30,446
Economic development loans	6,156
Due from other governments (net)	779,049
Inventories	347,495
Prepaid insurance	143,538
Capital assets (net of accumulated depreciation)	48,769,201
Deferred charges - unamortized bond issue costs	80,339
	<u>85,867,383</u>
<b>Total assets</b>	
<b>Liabilities</b>	
Accounts payable	1,049,080
Accrued interest payable	84,287
Salaries and benefits payable	509,187
Due to other governments	697,961
Deferred revenue:	
Succeeding year property tax	16,327,000
Succeeding year tax increment financing	118,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	65,000
General obligation capital loan notes	605,000
Drainage district warrants payable	48,629
Compensated absences	350,910
Portion due or payable after one year:	
General obligation bonds	8,962,751
General obligation capital loan notes	6,585,000
Installment purchase agreements	271,054
Compensated absences	342,903
	<u>36,016,762</u>
<b>Total liabilities</b>	
<b>Net Assets</b>	
Invested in capital assets, net of related debt	35,949,063
Restricted for:	
Supplemental levy purposes	819,561
Secondary roads purposes	1,538,545
Economic development loans	362,606
Debt service	424,668
Other purposes	1,984,207
Unrestricted	8,771,971
	<u>49,850,621</u>
<b>Total net assets</b>	<u>\$ 49,850,621</u>

See notes to financial statements.

Dallas County  
Statement of Activities  
Year ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 5,594,080	1,179,934	85,014	-	(4,329,132)
Physical health and social services	2,780,205	1,226,767	486,266	-	(1,067,172)
Mental health	4,006,157	737,014	2,188,474	-	(1,080,669)
County environment and education	2,326,350	223,434	142,994	388,488	(1,571,434)
Roads and transportation	6,072,927	60,850	2,918,170	2,989,308	(104,599)
Governmental services to residents	1,239,112	1,377,232	1,655	-	139,775
Administration	2,197,692	641,963	287,318	-	(1,268,411)
Non-program	136,222	227,433	-	70,243	161,454
Interest on long-term debt	831,443	-	40,142	-	(791,301)
<b>Total</b>	<b>\$ 25,184,188</b>	<b>5,674,627</b>	<b>6,150,033</b>	<b>3,448,039</b>	<b>(9,911,489)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					12,961,908
Debt service					1,139,227
Tax increment financing					71,915
Penalty and interest on property tax					128,027
State tax credits					422,260
Grants and contributions not restricted to specific purpose					1,139
Unrestricted investment earnings					910,664
Miscellaneous					815
<b>Total general revenues</b>					<b>15,635,955</b>
Change in net assets					5,724,466
Net assets beginning of year					44,126,155
Net assets end of year					<b>\$ 49,850,621</b>

See notes to financial statements.

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ 9,023,930	1,183,710	172,489	1,395,379
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	25,286	3,281	14,374	-
Succeeding year	11,423,000	1,482,000	2,382,000	-
Interest and penalty on property tax	91,174	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	71,628	495	-	469
Accrued interest	106,761	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Economic development loans	-	-	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$149,470)	540,619	-	124	238,184
Inventories	-	-	-	347,495
Prepaid insurance	95,450	782	-	42,456
<b>Total assets</b>	<b>\$ 21,377,848</b>	<b>2,670,268</b>	<b>2,568,987</b>	<b>2,023,983</b>

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Capital Projects	Nonmajor	Total
3,903,241	2,167,180	17,845,929
-	117,956	117,956
-	1,934	44,875
-	1,040,000	16,327,000
-	-	91,174
-	118,000	118,000
-	2,919	75,511
13,446	4,481	124,688
-	6,413	6,413
-	30,446	30,446
-	6,156	6,156
-	-	778,927
-	-	347,495
-	4,850	143,538
<u>3,916,687</u>	<u>3,500,335</u>	<u>36,058,108</u>

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 183,807	62,359	992	155,712
Salaries and benefits payable	337,052	23,186	1,374	111,579
Due to other governments	95,861	591,644	2,000	5,615
Deferred revenue:				
Succeeding year property tax	11,423,000	1,482,000	2,382,000	-
Succeeding year tax increment financing	-	-	-	-
Other	257,166	1,268	2,966	-
<b>Total liabilities</b>	<b>12,296,886</b>	<b>2,160,457</b>	<b>2,389,332</b>	<b>272,906</b>
Fund balances:				
Reserved for:				
Supplemental levy purposes	869,450	-	-	-
Room and board fees	74,909	-	-	-
Drainage projects	-	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for special projects	2,500,235	-	3,170	-
Undesignated, reported in:				
General fund	5,636,368	-	-	-
Special revenue funds	-	509,811	176,485	1,751,077
Capital projects fund	-	-	-	-
<b>Total fund balances</b>	<b>9,080,962</b>	<b>509,811</b>	<b>179,655</b>	<b>1,751,077</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,377,848</b>	<b>2,670,268</b>	<b>2,568,987</b>	<b>2,023,983</b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
328,359	14,510	745,739
-	-	473,191
-	1,680	696,800
-	1,040,000	16,327,000
-	118,000	118,000
-	43,767	305,167
328,359	1,217,957	18,665,897
-	-	869,450
-	-	74,909
-	18,355	18,355
-	489,070	489,070
2,000,000	-	4,503,405
-	-	5,636,368
-	1,774,953	4,212,326
1,588,328	-	1,588,328
3,588,328	2,282,378	17,392,211
3,916,687	3,500,335	36,058,108

**Dallas County**



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

June 30, 2007

**Total governmental fund balances (page 21)** \$ 17,392,211

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets, excluding Internal Service Funds, is \$71,563,304 and the accumulated depreciation is \$22,888,080. 48,675,224

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 305,167

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

Capital assets of \$438,505 less accumulated depreciation of \$344,528	\$ 93,977	
Compensated absences	(57,052)	
Other net assets	<u>619,237</u>	656,162

Bond issue costs are reported as current expenditures in the funds. However, bond issue costs are amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets. 80,339

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, installment purchase agreements payable, drainage district warrants payable, compensated absences payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (17,258,482)

**Net assets of governmental activities (page 16)** \$ 49,850,621

See notes to financial statements.

Dallas County

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

Year ended June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 9,536,640	1,481,562	1,972,468	-
Interest and penalty on property tax	120,212	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,435,685	2,936,364	75,299	2,924,094
Licenses and permits	154,202	-	-	13,560
Charges for service	1,978,652	-	-	188
Use of money and property	853,226	-	-	2,921
Miscellaneous	167,201	31,362	-	39,396
Total revenues	15,245,818	4,449,288	2,047,767	2,980,159
Expenditures:				
Operating:				
Public safety and legal services	5,433,894	-	-	-
Physical health and social services	2,793,106	-	-	-
Mental health	-	3,930,862	-	-
County environment and education	1,975,903	-	199,589	-
Roads and transportation	-	-	48,797	5,032,177
Governmental services to residents	1,195,264	-	-	-
Administration	1,635,563	-	-	-
Non-program	127	-	-	-
Debt service	171,730	-	-	-
Capital projects	18,862	-	-	9,143
Total expenditures	13,224,449	3,930,862	248,386	5,041,320
Excess (deficiency) of revenues over (under) expenditures	2,021,369	518,426	1,799,381	(2,061,161)
Other financing sources (uses):				
Operating transfers in	171	-	-	2,084,514
Operating transfers out	(202,395)	-	(1,881,431)	-
Installment purchase agreement proceeds	-	-	-	-
Drainage district warrants issued	-	-	-	-
Total other financing sources (uses)	(202,224)	-	(1,881,431)	2,084,514
Net change in fund balances	1,819,145	518,426	(82,050)	23,353
Fund balances beginning of year	7,261,817	(8,615)	261,705	1,727,724
Fund balances end of year	\$ 9,080,962	509,811	179,655	1,751,077

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	1,141,094	14,131,764
-	-	120,212
-	71,915	71,915
-	449,594	8,821,036
-	-	167,762
18,786	35,818	2,033,444
273,379	223,154	1,352,680
-	345,018	582,977
292,165	2,266,593	27,281,790
-	124,045	5,557,939
-	717	2,793,823
-	-	3,930,862
13,046	58,072	2,246,610
-	-	5,080,974
-	6,560	1,201,824
-	16,784	1,652,347
-	35,076	35,203
-	1,258,142	1,429,872
3,861,837	919,563	4,809,405
3,874,883	2,418,959	28,738,859
(3,582,718)	(152,366)	(1,457,069)
-	71,055	2,155,740
-	(71,914)	(2,155,740)
-	339,054	339,054
-	26,110	26,110
-	364,305	365,164
(3,582,718)	211,939	(1,091,905)
7,171,046	2,070,439	18,484,116
3,588,328	2,282,378	17,392,211

Dallas County

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

Year ended June 30, 2007

**Net change in fund balances - Total governmental funds (page 25)** \$ (1,091,905)

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

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

Expenditures for capital assets	\$ 5,347,686	
Capital assets contributed by the Iowa Department of Transportation	2,989,308	
Depreciation expense	<u>(2,151,974)</u>	6,185,020

In the Statement of Activities, the loss on the sale of capital assets is reported, whereas the proceeds from the sale increase financial resources in the governmental funds. (20,172)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	60,545	
Other	<u>(80,417)</u>	(19,872)

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

Issued	(365,164)	
Repaid	<u>762,154</u>	396,990

Dallas County

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

Year ended June 30, 2007

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	(51,724)	
Interest on long-term debt	18,429	
Amortization of bond issuance premium	2,135	
Amortization of bond issue costs	(6,180)	(37,340)

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

311,745

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

\$ 5,724,466

See notes to financial statements

Dallas County  
Statement of Net Assets  
Proprietary Fund  
June 30, 2007

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 915,586
Receivables:	
Accounts	30,139
Accrued interest	13,888
Due from other governments	122
Capital assets, net of accumulated depreciation	<u>93,977</u>
<b>Total assets</b>	<u><u>1,053,712</u></u>
<b>Liabilities</b>	
Accounts payable	303,341
Salaries and benefits payable	35,996
Due to other governments	1,161
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	27,633
Portion due or payable after one year:	
Compensated absences	<u>29,419</u>
<b>Total liabilities</b>	<u><u>397,550</u></u>
<b>Net Assets</b>	
Invested in capital assets	93,977
Unrestricted	<u>562,185</u>
<b>Total net assets</b>	<u><u>\$ 656,162</u></u>

See notes to financial statements.

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

Year ended June 30, 2007

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 2,993,162
Reimbursements from employees and others		310,859
Insurance reimbursements		68,499
Miscellaneous		183,597
Total operating revenues		3,556,117
Operating expenses:		
Medical claims	\$ 1,648,892	
Administrative and other fees	203,781	
Central services	362,907	
Information technology	581,727	
Operations administration	227,288	
Human resources	235,656	3,260,251
Operating income		295,866
Non-operating revenues (expenses):		
Interest income	26,279	
(Loss) on sale of asset	(10,400)	15,879
Net income		311,745
Net assets beginning of year		344,417
Net assets end of year		\$ 656,162

See notes to financial statements.

**Exhibit I**

Dallas County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2007

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 3,475,957
Cash received from insurance reimbursements	60,739
Cash paid to suppliers for services	<u>(3,239,748)</u>
Net cash provided by operating activities	296,948
Cash flows from investing activities:	
Interest on investments	<u>25,142</u>
Net increase in cash and cash equivalents	322,090
Cash and cash equivalents beginning of year	<u>593,496</u>
Cash and cash equivalents end of year	<u><u>\$ 915,586</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 295,866
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	32,148
Changes in assets and liabilities:	
(Increase) in accounts receivable	(19,423)
(Decrease) in accounts payable and due to other governments	(25,615)
Increase in salaries and benefits payable	3,971
(Decrease) in due to other funds	(4)
Increase in compensated absences	<u>10,005</u>
Net cash provided by operating activities	<u><u>\$ 296,948</u></u>

See notes to financial statements.



Dallas County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2007

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 3,012,259
Other County officials	982,859
Receivables:	
Property tax:	
Delinquent	128,242
Succeeding year	86,759,000
Accounts	91,361
Accrued interest	3,870
Special assessments	1,567,000
Due from other funds	1,878
Due from other governments	12,204
Prepaid insurance	4,863
<b>Total assets</b>	<b>92,563,536</b>

**Liabilities**

Accounts payable	28,403
Salaries and benefits payable	30,507
Due to other funds	1,878
Due to other governments	91,407,243
Trusts payable	1,030,925
Compensated absences	64,580
<b>Total liabilities</b>	<b>92,563,536</b>

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

Dallas County

Notes to Financial Statements

June 30, 2007

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

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

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

A. Reporting Entity

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

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

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

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

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

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

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

#### B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants,

contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2006.

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2007, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in one department exceeded the amount appropriated. Disbursements in three other departments exceeded the appropriations prior to amendment.



**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$7,436,173 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

**(3) Economic Development Loans**

During prior years, the County loaned \$48,656 to a local business. The loan balance due at June 30, 2007 totaled \$6,156.

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Tax Increment Financing	\$ 171
Special Revenue: Secondary Roads	General Special Revenue: Rural Services Tax Increment Financing	202,395 1,881,431 688
Debt Service	Special Revenue: Tax Increment Financing	71,055
Total		<u>\$ 2,155,740</u>

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

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,746,059	965,780	-	4,711,839
Construction in progress	2,735,559	6,739,665	(2,637,013)	6,838,211
Total capital assets not being depreciated	6,481,618	7,705,445	(2,637,013)	11,550,050
Capital assets being depreciated:				
Buildings	15,176,216	-	-	15,176,216
Improvements other than buildings	161,488	-	-	161,488
Equipment and vehicles	8,964,251	1,029,736	(602,903)	9,391,084
Infrastructure, road network and other	33,232,394	2,490,577	-	35,722,971
Total capital assets being depreciated	57,534,349	3,520,313	(602,903)	60,451,759
Less accumulated depreciation for:				
Buildings	5,483,374	275,836	-	5,759,210
Improvements other than buildings	14,416	4,614	-	19,030
Equipment and vehicles	4,013,169	865,742	(320,580)	4,558,331
Infrastructure, road network and other	11,858,107	1,037,930	-	12,896,037
Total accumulated depreciation	21,369,066	2,184,122	(320,580)	23,232,608
Total capital assets being depreciated, net	36,165,283	1,336,191	(282,323)	37,219,151
Governmental activities capital assets, net	\$ 42,646,901	9,041,636	(2,919,336)	48,769,201

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 372,296
Physical health and social services	19,827
Mental health	83,482
County environment and education	184,921
Roads and transportation	1,339,162
Governmental services to residents	59,387
Administration	125,047
Total depreciation expense - governmental activities	<u>\$ 2,184,122</u>

**(6) Due to Other Governments**

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

Fund	Description	Amount
General	Services	\$ 95,861
Special Revenue:		
Mental Health	Services	591,644
Rural Services		2,000
Secondary Roads		5,615
County Sheriff Forfeiture		1,680
		<u>600,939</u>
Total for governmental funds		<u>\$ 696,800</u>
Agency:		
County Assessor	Collections	\$ 1,253,345
Schools		44,749,670
Community Colleges		1,457,126
Corporations		37,781,074
City Special Assessments		1,582,960
Auto License and Use Tax		1,163,672
All other		3,419,396
Total for agency funds		<u>\$ 91,407,243</u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds (1)	General Obligation Capital Loan Notes	Installment Purchase Agreements	Drainage District Warrants	Compensated Absences	Total
Balance beginning of year	\$ 33,536	9,029,886	7,770,000	56,100	47,037	632,084	17,568,643
Increases	-	-	-	339,054	26,110	570,186	935,350
Decreases	33,536	2,135	580,000	124,100	24,518	508,457	1,272,746
Balance end of year	\$ -	9,027,751	7,190,000	271,054	48,629	693,813	17,231,247
Due within one year	\$ -	65,000	605,000	-	48,629	350,910	1,069,539

(1) The unamortized premium on the bonds was \$27,751 at June 30, 2007.

Capital Lease Purchase Agreement

The County entered into a capital lease purchase agreement to lease a phone system. The lease included interest at 9.66% per annum and was paid off in fiscal year 2007.

The book value of assets acquired under capital leases totaled \$19,945. Payments under the capital lease purchase agreement paid in full during the year ended June 30, 2007 totaled \$35,348.

General Obligation Bonds

A summary of the County's June 30, 2007 general obligation bonds is as follows:

Year Ending June 30,	Series 2005B			
	Issued December 28, 2005			
	Interest Rates	Principal	Interest	Total
2008	3.75%	\$ 65,000	341,668	406,668
2009	3.75	115,000	339,230	454,230
2010	3.75	175,000	334,917	509,917
2011	3.75	230,000	328,355	558,355
2012	3.75	300,000	319,730	619,730
2013-2017	3.75	4,080,000	1,293,745	5,373,745
2018-2020	3.80-3.90	4,035,000	322,510	4,357,510
Total		9,000,000	3,280,155	12,280,155
Unamortized premium		27,751		
Bonds payable		\$ 9,027,751		

General Obligation Capital Loan Notes

A summary of the County's June 30, 2007 general obligation capital loan notes is as follows:

Year Ending June 30,	Series 2000A			Series 2002A		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008		\$ -	98,808	4.25%	\$ 235,000	106,050
2009	5.00%	45,000	98,808	4.25	200,000	96,062
2010	5.00	65,000	96,557	4.25	195,000	87,563
2011	5.00	80,000	93,307	4.25	190,000	79,275
2012	5.00	115,000	89,307	4.50	170,000	71,200
2013-2017	5.00-5.30	885,000	334,845	4.75	780,000	245,075
2018-2020	5.35-5.40	700,000	77,382	5.00	530,000	53,250
Total		\$ 1,890,000	889,014		\$ 2,300,000	738,475

Year Ending June 30,	Series 2002B			Series 2002C		
	Issued April 1, 2002			Issued December 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	4.00%	\$ 110,000	62,440	3.05%	\$ 260,000	58,873
2009	4.15	115,000	58,040	3.30	270,000	50,942
2010	4.30	120,000	53,268	3.50	275,000	42,033
2011	4.45	125,000	48,107	3.70	290,000	32,407
2012	4.60	130,000	42,545	3.80	295,000	21,678
2013-2017	4.70-5.00	745,000	114,535	3.95	265,000	10,467
2018-2020		-	-		-	-
Total		\$ 1,345,000	378,935		\$ 1,655,000	216,400

Year Ending June 30,	Total		
	Principal	Interest	Total
2008	\$ 605,000	326,171	931,171
2009	630,000	303,852	933,852
2010	655,000	279,421	934,421
2011	685,000	253,096	938,096
2012	710,000	224,730	934,730
2013-2017	2,675,000	704,922	3,379,922
2018-2020	1,230,000	130,632	1,360,632
Total	\$ 7,190,000	2,222,824	9,412,824

During the year ended June 30, 2007, the County retired \$580,000 of general obligation capital loan notes.

#### Installment Purchase Agreements

During a prior year, the County entered into an installment purchase agreement with the Iowa Natural Heritage Foundation to purchase 20 acres of timber at a price of \$66,000 with a down payment of \$9,900 being made during the year ended June 30, 2006. The remaining balance of \$56,100 was paid during the year ended June 30, 2007.

During the year ended June 30, 2007, the County entered into an installment purchase agreement with the Iowa Natural Heritage Foundation to purchase 48 acres of timber at a price of \$244,258. The agreement calls for principal and interest to be paid each year. However, the Foundation will accept one balloon payment for principal and interest at the end of the agreement. The interest rate as of June 30, 2007 is 7.5% per annum and is recalculated annually. A down payment of \$30,000 was made during the year ended June 30, 2007.

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

### Drainage Warrants

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

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

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

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$514,584, \$499,549 and \$485,440, respectively, equal to the required contributions for each year.

### **(9) Risk Management**

Dallas County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$293,770.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2007, no liability has been recorded in the County's financial statements. As of June 30, 2007, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$25,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(10) Employee Health Insurance Plan**

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to American Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2007 was \$1,654,620.

Amounts payable from the Employee Group Health Fund at June 30, 2007 total \$268,964, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$509,057 at June 30, 2007 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 311,333
Incurred claims (including claims incurred but not reported at June 30, 2007)	1,648,892
Payment on claims during the fiscal year	<u>(1,691,261)</u>
Unpaid claims end of year	<u>\$ 268,964</u>

**(11) Hospital Revenue Bonds**

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

**(12) Industrial Development Revenue Bonds**

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

**(13) Economic Development Agreements**

In November 2003, Dallas County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement specifies a maximum aggregate amount of \$5,000,000 and begins in fiscal 2005 and continues through fiscal 2009. Payments totaling \$611,282 were made to the City of West Des Moines under the terms of this 28E agreement during the year ended June 30, 2007. The cumulative amount paid to the City of West Des Moines at June 30, 2007 was \$1,357,562.

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000. No payments were made to the developer under the terms of this agreement during the year ended June 30, 2007.



**(14) Pending Litigation**

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

**(15) Operating Leases**

The County is the lessee in two operating leases. The County is leasing four John Deere mowers for use by the Conservation Department. The County also leases land used for Dallas County offices requiring public access. The future minimum rental payments required in the year ending June 30, 2008 is \$33,796.

Rental expense for the year ended June 30, 2007 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$130,092.

**(16) County Farm Lease**

The County owned and operated the Dallas County Farm (Farm) through March 31, 2005. Effective April 1, 2005, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive \$36,175 in land and building rent annually.

**(17) Designated Fund Equity**

The County has designated amounts from the General, Rural Services, and Courthouse Floor Repair Project Funds for special projects. At June 30, 2007, the amounts designated are as follows:

Description	Amount
General:	
Outside counsel	\$ 45,000
Construction projects	2,307,319
Miscellaneous	147,916
	<u>2,500,235</u>
Special Revenue:	
Rural Services:	
Miscellaneous	3,170
Capital Projects:	
Construction	<u>2,000,000</u>
Total	<u><u>\$ 4,503,405</u></u>

**(18) Trusts Payable – Forfeiture Pending**

At June 30, 2007, \$800,913 of cash seized during interdiction activities by the County Sheriff's Office was still pending resolution through the formal forfeiture process. The cash and trust payable are reported in the Agency Funds - County Offices.

**Dallas County**

**Required Supplementary Information**

Dallas County

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

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 14,173,749	-	14,173,749
Interest and penalty on property tax	120,212	-	120,212
Intergovernmental	8,339,450	-	8,339,450
Licenses and permits	189,778	-	189,778
Charges for service	2,027,724	-	2,027,724
Use of money and property	1,346,033	-	1,346,033
Miscellaneous	595,246	125,832	469,414
Total receipts	<u>26,792,192</u>	<u>125,832</u>	<u>26,666,360</u>
<b>Disbursements:</b>			
Public safety and legal services	5,586,926	-	5,586,926
Physical health and social services	2,738,411	-	2,738,411
Mental health	3,909,121	-	3,909,121
County environment and education	2,252,233	55,889	2,196,344
Roads and transportation	5,223,810	-	5,223,810
Governmental services to residents	1,185,091	-	1,185,091
Administration	1,644,134	-	1,644,134
Non-program	40,748	30,874	9,874
Debt service	1,429,872	-	1,429,872
Capital projects	3,994,989	37,607	3,957,382
Total disbursements	<u>28,005,335</u>	<u>124,370</u>	<u>27,880,965</u>
Excess (deficiency) of receipts over (under) disbursements	(1,213,143)	1,462	(1,214,605)
Other financing sources, net	26,109	26,109	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,187,034)	27,571	(1,214,605)
Balance beginning of year	19,150,919	183,395	18,967,524
Balance end of year	<u>\$ 17,963,885</u>	<u>210,966</u>	<u>17,752,919</u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
14,235,468	14,235,468	(61,719)
38,000	38,000	82,212
7,902,287	8,569,814	(230,364)
235,925	242,950	(53,172)
1,959,026	1,974,026	53,698
507,676	872,346	473,687
184,447	330,417	138,997
<u>25,062,829</u>	<u>26,263,021</u>	<u>403,339</u>
5,492,889	5,936,577	349,651
2,782,200	2,930,994	192,583
3,947,225	3,951,108	41,987
2,295,099	2,432,244	235,900
5,066,866	5,331,619	107,809
1,218,215	1,378,066	192,975
2,099,961	3,086,114	1,441,980
51,371	35,371	25,497
1,445,274	1,445,274	15,402
2,492,907	7,559,714	3,602,332
<u>26,892,007</u>	<u>34,087,081</u>	<u>6,206,116</u>
(1,829,178)	(7,824,060)	6,609,455
<u>1,000,000</u>	<u>1,000,000</u>	<u>(1,000,000)</u>
(829,178)	(6,824,060)	5,609,455
<u>10,959,174</u>	<u>18,788,738</u>	<u>178,786</u>
<u>10,129,996</u>	<u>11,964,678</u>	<u>5,788,241</u>

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Dallas County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2007

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 26,792,192	489,598	27,281,790
Expenditures	28,005,335	733,524	28,738,859
Net	(1,213,143)	(243,926)	(1,457,069)
Other financing sources, net	26,109	339,055	365,164
Beginning fund balances	19,150,919	(666,803)	18,484,116
Ending fund balances	\$ 17,963,885	(571,674)	17,392,211

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$6,922,637. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2007, disbursements in one department exceeded the amount appropriated. Disbursements in three other departments exceeded the appropriations prior to amendment.

**Dallas County**



**Other Supplementary Information**

Dallas County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2007

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm	Economic Development
<b>Assets</b>									
Cash and pooled investments:									
County Treasurer	\$ 1	1,000	336,357	71,436	7,334	98,583	56,361	175,292	355,094
Conservation Foundation	-	-	-	-	-	-	-	-	-
Receivables:									
Property tax:									
Delinquent	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-
Succeeding year									
tax increment financing	118,000	-	-	-	-	-	-	-	-
Accounts	-	-	-	179	-	-	2,000	-	-
Accrued interest	-	-	-	-	3	-	683	1,364	1,356
Drainage assessments:									
Delinquent	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-
Economic development loans	-	-	-	-	-	-	-	-	6,156
Prepaid insurance	-	-	-	-	-	-	4,674	176	-
<b>Total assets</b>	<b>\$ 118,001</b>	<b>1,000</b>	<b>336,357</b>	<b>71,615</b>	<b>7,337</b>	<b>98,583</b>	<b>63,718</b>	<b>176,832</b>	<b>362,606</b>
<b>Liabilities and Fund Equity</b>									
Liabilities:									
Accounts payable	\$ -	-	11,245	-	-	-	-	-	-
Due to other governments	-	-	1,680	-	-	-	-	-	-
Deferred revenue:									
Succeeding year property tax	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	118,000	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	6,156
Total liabilities	118,000	-	12,925	-	-	-	-	-	6,156
Fund equity:									
Fund balances:									
Reserved for:									
Drainage projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Unreserved:									
Undesignated	1	1,000	323,432	71,615	7,337	98,583	63,718	176,832	356,450
Total fund equity	1	1,000	323,432	71,615	7,337	98,583	63,718	176,832	356,450
<b>Total liabilities and fund equity</b>	<b>\$ 118,001</b>	<b>1,000</b>	<b>336,357</b>	<b>71,615</b>	<b>7,337</b>	<b>98,583</b>	<b>63,718</b>	<b>176,832</b>	<b>362,606</b>

See accompanying independent auditor's report.

Special Revenue											
County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
16	20,104	14,484	347,668	93,010	71,064	13,443	13,784	5,298	-	486,851	2,167,180
-	-	-	-	-	-	-	-	-	117,956	-	117,956
-	-	-	-	-	-	-	-	-	-	1,934	1,934
-	-	-	-	-	-	-	-	-	-	1,040,000	1,040,000
-	-	-	-	-	-	-	-	-	-	-	118,000
-	-	-	-	-	-	-	-	740	-	-	2,919
-	38	-	-	-	-	-	-	-	-	1,037	4,481
-	-	-	-	6,413	-	-	-	-	-	-	6,413
-	-	-	-	30,446	-	-	-	-	-	-	30,446
-	-	-	-	-	-	-	-	-	-	-	6,156
-	-	-	-	-	-	-	-	-	-	-	4,850
16	20,142	14,484	347,668	129,869	71,064	13,443	13,784	6,038	117,956	1,529,822	3,500,335
-	-	2,430	-	-	13	-	-	822	-	-	14,510
-	-	-	-	-	-	-	-	-	-	-	1,680
-	-	-	-	-	-	-	-	-	-	1,040,000	1,040,000
-	-	-	-	-	-	-	-	-	-	-	118,000
-	-	-	-	36,859	-	-	-	-	-	752	43,767
-	-	2,430	-	36,859	13	-	-	822	-	1,040,752	1,217,957
-	-	-	-	18,355	-	-	-	-	-	-	18,355
-	-	-	-	-	-	-	-	-	-	489,070	489,070
16	20,142	12,054	347,668	74,655	71,051	13,443	13,784	5,216	117,956	-	1,774,953
16	20,142	12,054	347,668	93,010	71,051	13,443	13,784	5,216	117,956	489,070	2,282,378
16	20,142	14,484	347,668	129,869	71,064	13,443	13,784	6,038	117,956	1,529,822	3,500,335

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

Year ended June 30, 2007

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm	Economic Development
<b>Revenues:</b>									
Property and other county tax	\$ -	-	-	-	-	-	-	-	-
Tax increment financing	71,915	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	20,359	-	-	-
Use of money and property	-	-	-	-	11	1,610	26,063	39,967	13,152
Miscellaneous	-	-	71,638	23,457	150	-	-	1,500	50,290
Total revenues	71,915	-	71,638	23,457	161	21,969	26,063	41,467	63,442
<b>Expenditures:</b>									
<b>Operating:</b>									
Public safety and legal services	-	-	107,620	2,495	-	-	-	-	-
Physical health and social services	-	-	-	-	-	-	-	-	-
County environment and education	-	-	-	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	6,560	-	-	-
Administration	-	-	-	-	-	-	16,607	177	-
Non-program	-	-	-	-	-	-	-	4,201	-
Debt service	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	107,620	2,495	-	6,560	16,607	4,378	-
Excess (deficiency) of revenues over (under) expenditures	71,915	-	(35,982)	20,962	161	15,409	9,456	37,089	63,442
<b>Other financing sources (uses):</b>									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	(71,914)	-	-	-	-	-	-	-	-
Installment purchase agreement proceeds	-	-	-	-	-	-	-	-	-
Drainage district warrants issued	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(71,914)	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1	-	(35,982)	20,962	161	15,409	9,456	37,089	63,442
Fund balances beginning of year	-	1,000	359,414	50,653	7,176	83,174	54,262	139,743	293,008
Fund balances end of year	\$ 1	1,000	323,432	71,615	7,337	98,583	63,718	176,832	356,450

See accompanying independent auditor's report.

Special Revenue												
County	Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage District	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	-	-	-	-	-	1,141,094	1,141,094
-	-	-	-	-	-	-	-	-	-	-	-	71,915
-	31,253	-	-	-	-	388,488	-	-	-	-	29,853	449,594
-	-	15,459	-	-	-	-	-	-	-	-	-	35,818
-	925	-	90,699	-	-	9,900	-	-	-	685	40,142	223,154
-	-	-	-	20,844	70,243	264	1,037	2,792	102,803	-	-	345,018
-	32,178	15,459	90,699	20,844	468,631	264	1,037	2,792	103,488	1,211,089	-	2,266,593
-	-	13,407	-	-	-	-	523	-	-	-	-	124,045
-	-	-	-	-	-	-	-	717	-	-	-	717
-	-	-	-	-	-	-	-	-	2,183	55,889	-	58,072
-	-	-	-	-	-	-	-	-	-	-	-	6,560
-	-	-	-	-	-	-	-	-	-	-	-	16,784
-	-	-	-	30,875	-	-	-	-	-	-	-	35,076
-	-	-	-	-	-	-	-	-	-	-	1,258,142	1,258,142
-	306,221	-	-	37,608	575,734	-	-	-	-	-	-	919,563
-	306,221	13,407	-	68,483	575,734	523	717	2,183	55,889	1,258,142	-	2,418,959
-	(274,043)	2,052	90,699	(47,639)	(107,103)	(259)	320	609	47,599	(47,053)	(152,366)	
-	-	-	-	-	-	-	-	-	-	-	71,055	71,055
-	-	-	-	-	-	-	-	-	-	-	-	(71,914)
-	244,258	-	-	-	-	94,796	-	-	-	-	-	339,054
-	-	-	-	26,110	-	-	-	-	-	-	-	26,110
-	244,258	-	-	26,110	94,796	-	-	-	-	-	71,055	364,305
-	(29,785)	2,052	90,699	(21,529)	(12,307)	(259)	320	609	47,599	24,002	211,939	
16	49,927	10,002	256,969	114,539	83,358	13,702	13,464	4,607	70,357	465,068	2,070,439	
16	20,142	12,054	347,668	93,010	71,051	13,443	13,784	5,216	117,956	489,070	2,282,378	

**Dallas County**

Dallas County  
Combining Schedule of Net Assets  
Internal Service Funds

June 30, 2007

	Professional Services	Employee Group Health	Total
<b>Assets</b>			
Cash and pooled investments	\$ 169,395	746,191	915,586
Accounts receivable	2,280	27,859	30,139
Accrued interest receivable	9,917	3,971	13,888
Due from other funds	122	-	122
Capital assets, net of accumulated depreciation	93,977	-	93,977
<b>Total assets</b>	<b>275,691</b>	<b>778,021</b>	<b>1,053,712</b>
<b>Liabilities</b>			
Accounts payable	34,377	268,964	303,341
Salaries and benefits payable	35,996	-	35,996
Due to other governments	1,161	-	1,161
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	27,633	-	27,633
Portion due or payable after one year:			
Compensated absences	29,419	-	29,419
<b>Total liabilities</b>	<b>128,586</b>	<b>268,964</b>	<b>397,550</b>
<b>Net Assets</b>			
Invested in capital assets	93,977	-	93,977
Unrestricted	53,128	509,057	562,185
<b>Total net assets</b>	<b>\$ 147,105</b>	<b>509,057</b>	<b>656,162</b>

See accompanying independent auditor's report.

**Schedule 4**

## Dallas County

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

Year ended June 30, 2007

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 1,338,542	1,654,620	2,993,162
Reimbursements from employees and others	-	310,859	310,859
Insurance reimbursements	-	68,499	68,499
Miscellaneous	183,597	-	183,597
Total operating revenues	1,522,139	2,033,978	3,556,117
Operating expenses:			
Medical claims	-	1,648,892	1,648,892
Administrative and other fees	-	203,781	203,781
Central services	362,907	-	362,907
Information technology	581,727	-	581,727
Operations administration	227,288	-	227,288
Human resources	235,656	-	235,656
Total operating expenses	1,407,578	1,852,673	3,260,251
Operating income	114,561	181,305	295,866
Non-operating revenues (expenses):			
Interest income	-	26,279	26,279
Loss on sale of capital assets	(10,400)	-	(10,400)
Total non-operating revenues (expenses)	(10,400)	26,279	15,879
Net income	104,161	207,584	311,745
Net assets beginning of year	42,944	301,473	344,417
Net assets end of year	\$ 147,105	509,057	656,162

See accompanying independent auditor's report.



Dallas County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2007

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 1,510,403	1,965,554	3,475,957
Cash received from insurance reimbursements	-	60,739	60,739
Cash paid to suppliers for services	(1,344,705)	(1,895,043)	(3,239,748)
Net cash provided by operating activities	165,698	131,250	296,948
Cash flows from investing activities:			
Interest on investments	-	25,142	25,142
Net increase in cash and cash equivalents	165,698	156,392	322,090
Cash and cash equivalents beginning of year	3,697	589,799	593,496
Cash and cash equivalents end of year	\$ 169,395	746,191	915,586
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 114,561	181,305	295,866
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	32,148	-	32,148
Changes in assets and liabilities:			
(Increase) in accounts and other receivables	(11,737)	(7,686)	(19,423)
Increase (decrease) in accounts payable and due to other governments	16,754	(42,369)	(25,615)
Increase in salaries and benefits payable	3,971	-	3,971
(Decrease) in due to other funds	(4)	-	(4)
Increase in compensated absences	10,005	-	10,005
Net cash provided by operating activities	\$ 165,698	131,250	296,948

See accompanying independent auditor's report.

Dallas County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,525	352,146	311,306
Other County officials	982,859	-	-	-
Receivables:				
Property tax:				
Delinquent	-	468	2,132	91,364
Succeeding year	-	194,000	963,000	44,347,000
Accounts	17,562	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	334	-
<b>Total assets</b>	<b>\$ 1,000,421</b>	<b>195,993</b>	<b>1,317,612</b>	<b>44,749,670</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	1,466	-
Salaries and benefits payable	-	-	21,248	-
Due to other funds	1,878	-	-	-
Due to other governments	118,684	195,993	1,253,345	44,749,670
Trusts payable	879,859	-	-	-
Compensated absences	-	-	41,553	-
<b>Total liabilities</b>	<b>\$ 1,000,421</b>	<b>195,993</b>	<b>1,317,612</b>	<b>44,749,670</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
11,934	248,696	3,403	15,960	1,163,672	903,617	3,012,259
-	-	-	-	-	-	982,859
3,192	25,378	2,056	-	-	3,652	128,242
1,442,000	37,507,000	357,000	-	-	1,949,000	86,759,000
-	-	-	-	-	73,799	91,361
-	-	-	-	-	3,870	3,870
-	-	-	1,567,000	-	-	1,567,000
-	-	-	-	-	1,878	1,878
-	-	-	-	-	12,204	12,204
-	-	-	-	-	4,529	4,863
<b>1,457,126</b>	<b>37,781,074</b>	<b>362,459</b>	<b>1,582,960</b>	<b>1,163,672</b>	<b>2,952,549</b>	<b>92,563,536</b>
-	-	-	-	-	26,937	28,403
-	-	-	-	-	9,259	30,507
-	-	-	-	-	-	1,878
1,457,126	37,781,074	362,459	1,582,960	1,163,672	2,742,260	91,407,243
-	-	-	-	-	151,066	1,030,925
-	-	-	-	-	23,027	64,580
<b>1,457,126</b>	<b>37,781,074</b>	<b>362,459</b>	<b>1,582,960</b>	<b>1,163,672</b>	<b>2,952,549</b>	<b>92,563,536</b>

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 1,059,010	185,691	1,079,557	38,374,954
Additions:				
Property and other county tax	-	194,395	963,612	44,325,073
E911 surcharge	-	-	-	-
State tax credits	-	5,331	22,310	1,062,603
Drivers license fees	-	-	-	-
Office fees and collections	2,221,272	-	282	-
Electronic transaction fees	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	902,353	-	-	-
Miscellaneous	-	13	120,521	2,498
Total additions	3,123,625	199,739	1,106,725	45,390,174
Deductions:				
Agency remittances:				
To other funds	1,163,286	-	-	-
To other governments	1,059,092	189,437	868,670	39,015,458
Trusts paid out	959,836	-	-	-
Total deductions	3,182,214	189,437	868,670	39,015,458
Balances end of year	\$ 1,000,421	195,993	1,317,612	44,749,670

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
1,454,405	30,836,068	342,211	1,354,081	1,207,361	2,458,900	78,352,238
1,442,802	37,113,434	365,222	-	-	1,948,315	86,352,853
-	-	-	-	-	361,099	361,099
41,709	612,204	12,738	-	-	43,761	1,800,656
-	-	-	-	114,596	-	114,596
-	-	-	-	-	-	2,221,554
-	-	-	-	-	20,359	20,359
-	-	-	-	14,393,660	-	14,393,660
-	-	-	408,098	-	-	408,098
-	-	-	-	-	661,035	1,563,388
98	2,305	-	-	-	691,598	817,033
1,484,609	37,727,943	377,960	408,098	14,508,256	3,726,167	108,053,296
-	-	-	-	518,631	62	1,681,979
1,481,888	30,782,937	357,712	179,219	14,033,314	2,589,736	90,557,463
-	-	-	-	-	642,720	1,602,556
1,481,888	30,782,937	357,712	179,219	14,551,945	3,232,518	93,841,998
1,457,126	37,781,074	362,459	1,582,960	1,163,672	2,952,549	92,563,536

Dallas County

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

For the Last Eight Years

	Modified Accrual			
	2007	2006	2005	2004
<b>Revenues:</b>				
Property and other county tax	\$ 14,131,764	12,363,153	12,223,329	12,607,687
Interest and penalty on property tax	120,212	129,471	157,069	121,381
Tax increment financing	71,915	69,156	68,393	41,064
Intergovernmental	8,821,036	8,351,295	8,685,409	8,156,106
Licenses and permits	167,762	228,474	212,699	187,435
Charges for service	2,033,444	2,151,942	1,966,320	1,797,483
Use of money and property	1,352,680	938,619	376,332	243,537
Miscellaneous	582,977	1,156,236	640,509	1,068,399
<b>Total</b>	<b>\$ 27,281,790</b>	<b>25,388,346</b>	<b>24,330,060</b>	<b>24,223,092</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 5,557,939	5,662,792	4,235,897	4,141,707
Physical health and social services	2,793,823	2,446,243	2,283,649	2,347,396
Mental health	3,930,862	4,031,506	4,021,399	3,892,605
County environment and education	2,246,610	1,977,690	1,632,788	1,460,257
Roads and transportation	5,080,974	5,461,934	4,771,237	4,856,470
Governmental services to residents	1,201,824	1,405,061	863,783	740,936
Administration	1,652,347	1,487,404	2,582,284	2,744,922
Non-program	35,203	194,704	286,075	287,288
Debt service	1,429,872	2,168,603	1,086,288	1,084,659
Capital projects	4,809,405	2,580,017	2,170,970	2,200,176
<b>Total</b>	<b>\$ 28,738,859</b>	<b>27,415,954</b>	<b>23,934,370</b>	<b>23,756,416</b>

See accompanying independent auditor's report.

Basis			
2003	2002	2001	2000
12,032,172	11,039,642	9,881,176	8,941,962
115,161	124,755	95,133	84,910
31,994	24,008	41,069	32,546
7,904,433	8,281,991	8,926,732	7,593,168
179,451	149,465	144,663	173,026
1,730,355	1,480,991	1,388,435	1,181,885
321,119	327,598	473,574	329,929
1,090,338	535,315	836,748	742,445
<u>23,405,023</u>	<u>21,963,765</u>	<u>21,787,530</u>	<u>19,079,871</u>

4,348,165	3,782,743	3,667,036	3,595,982
2,260,699	2,427,581	3,142,956	3,058,837
3,541,726	3,541,905	3,286,486	2,956,813
1,370,639	1,387,881	1,666,743	1,278,909
4,692,586	4,405,522	4,242,934	4,382,680
944,689	692,597	616,099	579,149
2,715,171	2,630,155	2,159,302	2,057,475
367,328	369,459	815,834	346,023
1,103,312	730,587	706,938	478,968
3,732,903	2,896,180	2,582,424	759,486
<u>25,077,218</u>	<u>22,864,610</u>	<u>22,886,752</u>	<u>19,494,322</u>

**Dallas County**





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

David A. Vaudt, CPA  
Auditor of State

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

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 5, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dallas County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Dallas County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dallas County's internal control over financial reporting.

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

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

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

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

### Compliance and Other Matters

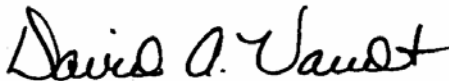
As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

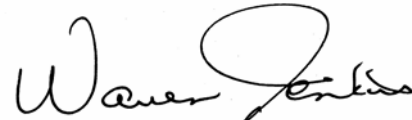
Dallas County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Dallas County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 5, 2008

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

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

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

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

Responses –

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

County Sheriff – The posting of civil fees was suggested in last years audit and has since been adhered to. It has been recommended a second employee audit the incoming civil fees to ensure deposit, therefore an employee independent of the civil department will audit these fees on a monthly basis.

The Sheriff will sign all checks from the Forfeiture Pending and D.A.R.E. accounts until such time that accounts are dissolved.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

The Jail Sergeant will be responsible for final approval and the signing of commissary checks. The Jail Administrator will be responsible for reconciliation of the commissary account.

The D.A.R.E., Forfeiture and Forfeiture Pending accounts will be turned over to the County Treasurer. They will be included in the Treasurer's monthly bank reconciliation.

Conclusion – Responses accepted.

- (B) Jail Commissary, Forfeiture, Room and Board Bank Accounts – During the year ended June 30, 2007, expenditures other than for commissary resale items were made from the Sheriff's commissary bank account but were not charged against the budget.

Also, expenditures for training, repair services, etc. were made from the Sheriff's Forfeiture bank account but were not charged against the budget. In addition, we identified 3 of 5 disbursements tested were not accompanied by supporting documentation.

Also, expenditures were made from the Sheriff's Room and Board bank account but were not charged against the budget.

Recommendation – The profits from the Jail Commissary account and amounts received into the Forfeiture and the Room and Board accounts should be remitted to the County Treasurer. Purchases of services and non-resale items should be charged against the Sheriff's budget and reflected in the County's accounting system. In addition, support should be maintained for all disbursements.

Response – Claim forms, with proper support attached, will be completed and submitted on all purchases and submitted to the County Auditor's Office for prior approval from the Board so as to be reflected in the County accounting system. Profits from the Commissary account as well as the Room and Board account are now being remitted to the County Treasurer monthly.

Conclusion – Response accepted.

- (C) County Sheriff - The Sheriff's Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending book balances. A trusts on hand listing was not prepared as of June 30, 2007.

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

Response – The current civil accounting software system was implemented mid year 2006 and has greatly improved our record keeping system. A profit and loss spreadsheet will be generated on a monthly basis and a year to date spread sheet will be completed at the end of each fiscal year. The same will hold true for other

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

existing accounts. A trust on hand listing will also be generated and reconciled to the bank and cashbook balances monthly.

Conclusion – Response accepted.

- (D) County Sheriff Forfeiture Funds - The County Sheriff received forfeited and confiscated property monies. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

Recommendation - This activity should be included in the County's annual budget and financial statements. Proceeds are accepted by the County with the understanding they are for additional law enforcement efforts. This means monies so designated are not to replace those already budgeted. The receipt and disbursement of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Response – The pending Forfeiture account is in the process of being disbursed and closed. All monies in this account will be transferred to the forfeiture account to be included in the County's annual budget and financial statement.

Conclusion – Response accepted.

- (E) Disaster Recovery – The County does not have a written disaster recovery plan for the County's information system.

Recommendation – A written disaster recovery plan should be developed.

Response – For the Fiscal Year 2007-2008 Dallas County has budgeted resources to be allocated to the development of a Disaster Recovery Plan for the County's information systems. The Dallas County IS Department has been tasked with development of that plan. During the Current Fiscal Year 2007-2008 Dallas County has been working to refurbish the courthouse where many different county offices will be located. A majority of the County's office will be impacted by office location moves in the early part of 2008. It's been determined by the IS Department not to start any disaster recovery plans until the final office locations are established.

A clearer plan of those office moves has been made available and preliminary discussions towards the development of a Disaster Recovery Plan for Information Systems in Dallas County has begun. It's anticipated that phase 1 of the Disaster Recovery Development will be completed prior to July 1<sup>st</sup>, 2008.

Conclusion – Response accepted.

- (F) Lack of Written Policies and Procedures – The County currently does not have written policies for certain areas of operation. These areas include:

- Annual job performance evaluations for County employees. Currently, certain departments do not perform periodic performance evaluations of their staff.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

- The use of time cards. Also, the summary of leave time taken for County Assessor staff submitted to the Auditor's Office for payroll processing has no evidence of approval.
- The issuance and use of County provided credit cards.
- The use of handwritten warrants.

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

Responses –

Board of Supervisors – We are currently developing an updated Employee Handbook that will address some of these issues. We will develop policies and procedures for the ones not in the handbook.

County Assessor – The summary of leave time taken will be signed each pay period to indicate approval.

Conclusions –

Board of Supervisors – Response accepted.

County Assessor – Response acknowledged. Documentation of the approval of hours worked should also be submitted to indicate approval of hours worked for payroll processing.

- (G) Review and Approval of Timesheets – During review of timesheets for one pay period, we noted thirty-one timesheets with the following exceptions:
- a) Twelve with no employee signature.
  - b) Twenty-one with no supervisor signature.

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

Response – With the purchase of an electronic timekeeping system, electronic signatures will be used to approve all timecards prior to payroll processing. New policies and procedures will be outlined with the purchase of the new system.

Conclusion – Response accepted.

- (H) Financial Reporting – During the audit, we identified material amounts of revenues recorded to an incorrect revenue source code. We identified material amounts of payables incorrectly recorded in the FY2008 financial records instead of the FY2007 financial records. We also identified material amounts of capital asset additions, expenditures and revenues not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Recommendation – The County should implement procedures to ensure all revenues, expenditures, payables and capital asset additions are identified and included in the County’s financial statements.

Responses –

Board of Supervisors – We will continue to identify areas needing improvement and develop and implement procedures to ensure the County is recording these items correctly.

County Treasurer – The one item in question was corrected and now is properly reported.

Conservation Department – Future grants received will be run through the County’s books.

Conclusion – Responses accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted. Disbursements in one department exceeded the amount appropriated during the year ended June 30, 2007. In addition, disbursements in three other departments exceeded the appropriations prior to amendment.

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

Response – We have implemented a method of pre-reporting to the departments the impact of their pending claims to their appropriations and budget prior to the Board of Supervisors approval. We will continue to monitor the disbursements by department as well, in an attempt to identify the departments exceeding appropriations and take corrective action.

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:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Scott Gavin, Assistant Director of Emergency Medical Services	First Aid/CPR Training	\$1,260

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

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



Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

Minutes of six Board proceedings were not published and certain other minutes were not published within the time period required by Chapter 349.18 of the Code of Iowa.

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

Response – Without being given the specific dates of the “Board Proceedings” I cannot check to see if they were meetings that had an agenda posted. If there was an agenda posted and the County Auditor’s Office was aware of the meeting, we should have and will in the future have someone present to take minutes and will try to the best of our ability, with the limited staff available to take minutes and get them to the paper within an acceptable time frame. The person in charge now is the County Auditor’s 1<sup>st</sup> Deputy who has numerous other duties. If this continues to be a problem we will record meetings and have someone else transcribe and send them to the papers.

Conclusion – Response accepted.

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

- (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, 2007 for the County Extension Office did not exceed the amount budgeted.

- (10) Contracts and Grant Agreements – Section 331.301(2) of the Code of Iowa provides “the power of a county is vested in the board of supervisors, and a duty of a county shall be performed by or under the direction of the board.” Also, per section 331.302(1) of the Code of Iowa, a board of supervisors can exercise its power “only by the passage of a motion, a resolution, an amendment or an ordinance.” Certain contracts were entered into by the County Engineer and seven grant agreements were entered into by various department heads which had not been formally approved by the Board of Supervisors.

Recommendation – The County should develop policies to require contracts and grant agreements be formally ratified by the board of supervisors.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Response – The County will revise its current grant policy to include contracts. We will also communicate this policy and revisions to each department.

Conclusion – Response accepted.

- (11) Conservation Debt Limit – The County exceeded its debt limitation for conservation purposes.

Recommendation – Chapter 331.478 of the Code of Iowa states there is a limit on the amount of non-current debt which can be issued for land acquisition/county conservation purposes. The debt cannot exceed the equivalent of a tax of \$.0675 per \$1,000 of the assessed value of all taxable property in the county. The County should seek legal advice on the effect of exceeding the debt limit on the debt issued during fiscal year 2007.

Response – Now that we are aware of such a limit, we will make sure the Conservation Department, Board of Supervisors and Budget Department review the status of non-current debt before approval for additional projects proceeds.

Conclusion – Response accepted.

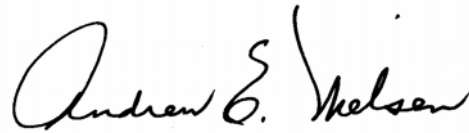
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Dallas County

Staff

This audit was performed by:

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

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State