



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

March 20, 2008

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

The County had local tax revenue of \$36,592,544 for the year ended June 30, 2007, which included \$711,744 in tax credits from the state. The County forwarded \$30,121,828 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,470,716 of the local tax revenue to finance County operations, a 2 percent increase over the prior year. Other revenues included charges for service of \$1,394,701, operating grants, contributions and restricted interest of \$3,722,563, capital grants, contributions and restricted interest of \$2,741,337, local option sales tax of \$1,160,279, hotel/motel tax of \$52,720, tax increment financing of \$290,731, unrestricted investment earnings of \$761,882 and other general revenues of \$116,669.

Expenses for County operations totaled \$11,742,592, an 8 percent increase over the prior year. Expenses included \$3,525,448 for roads and transportation, \$1,817,546 for public safety and legal services and \$1,554,876 for county environment and education.

A copy of the 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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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007

Table of Contents

		Page
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20-21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	26
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	27
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	J	30
Notes to Financial Statements		31-48
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		50-51
Budget to GAAP Reconciliation		52
Notes to Required Supplementary Information – Budgetary Reporting		53
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	56-57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	58-59
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	60-61
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	62-63
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	64-65
Schedule of Expenditures of Federal Awards	6	66-67
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 <u>Government Auditing Standards</u>		69-70
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal control over Compliance in Accordance with OMB Circular A-133		71-72
Schedule of Findings and Questioned Costs		73-87
Staff		88

Dickinson County
Officials
(Before January 2007)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Northey	Board of Supervisors	Jan 2007
Mardi Allen	Board of Supervisors	Jan 2007
Paul Johnson	Board of Supervisors	Jan 2007
David Gottsche	Board of Supervisors	Jan 2009
Pam Jordan	Board of Supervisors	Jan 2009
Nancy Reiman	County Auditor	Jan 2009
Linda Voss	County Treasurer	Jan 2007
Janice Bortscheller	County Recorder	Jan 2007
Gregory Baloun	County Sheriff	Jan 2009
Rosalise Olson	County Attorney	Jan 2007
Patricia Dodds	County Assessor	Jan 2010

(After January 2007)

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

Dickinson County



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Independent Auditor's Report

To the Officials of Dickinson County:

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

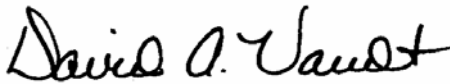
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 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 1, 2008 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of the supplies inventory, pertaining primarily to the Secondary Roads Fund. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets and supplies inventory for the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 1, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 25%, or approximately \$3,368,000, from fiscal 2006 to fiscal 2007. Property tax and other county taxes increased approximately \$274,000, charges for service increased approximately \$252,000, operating grants, contributions and restricted interest increased approximately \$1,079,000, capital grants, contributions and restricted interest increased approximately \$1,513,000, local option sales tax increased approximately \$194,000 and unrestricted investment earnings increased approximately \$105,000.
- ◆ Program expenses of the County's governmental activities increased 8%, or approximately \$881,000, from fiscal 2006 to fiscal 2007. Roads and transportation expenses increased \$955,000, county environment and education expenses decreased approximately \$132,000 and administration expenses increased approximately \$121,000.
- ◆ The County's net assets increased 28%, or approximately \$4,969,000, from June 30, 2006 to 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 Dickinson County as a whole and present an overall view of the County's finances.

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

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

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

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

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services 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, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 28%, from approximately \$17.74 million to \$22.71 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

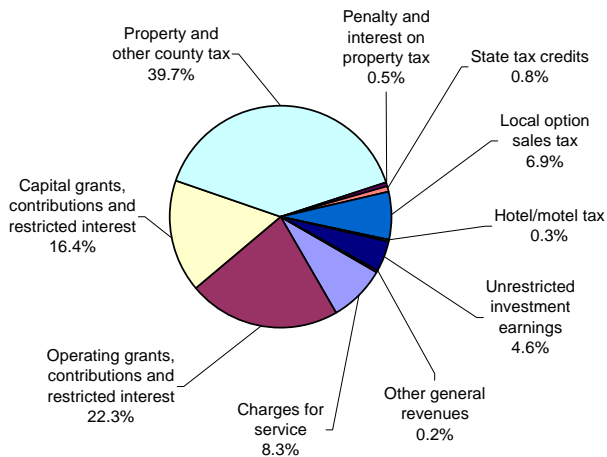
Net Assets of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Current and other assets	\$ 20,725	21,893
Capital assets	24,063	18,698
Total assets	<u>44,788</u>	<u>40,591</u>
Long-term liabilities	14,436	14,999
Other liabilities	7,643	7,852
Total liabilities	<u>22,079</u>	<u>22,851</u>
Net assets:		
Invested in capital assets, net of related debt	13,349	8,973
Restricted	4,659	4,626
Unrestricted	4,701	4,141
Total net assets	<u>\$ 22,709</u>	<u>17,740</u>

Net assets of Dickinson County's governmental activities increased approximately \$4.97 million (\$22.71 million compared to \$17.74 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at approximately \$4.7 million at June 30, 2007.

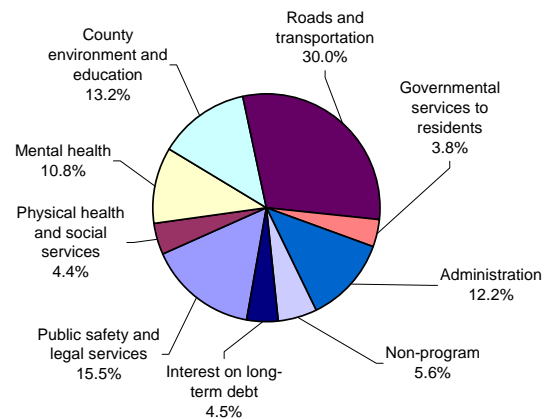
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	\$ 1,395	1,143
Operating grants, contributions and restricted interest	3,723	2,644
Capital grants, contributions and restricted interest	2,741	1,228
General revenues:		
Property and other county tax	6,624	6,350
Penalty and interest on property tax	77	84
State tax credits	137	149
Local option sales tax	1,160	966
Hotel/motel tax	53	55
Unrestricted investment earnings	762	657
Other general revenues	39	67
Total revenues	16,711	13,343
Program expenses:		
Public safety and legal services	1,818	1,698
Physical health and social services	512	509
Mental health	1,266	1,249
County environment and education	1,555	1,687
Roads and transportation	3,525	2,570
Governmental services to residents	446	547
Administration	1,437	1,316
Non-program	660	752
Interest on long-term debt	523	533
Total expenses	11,742	10,861
Increase in net assets	4,969	2,482
Net assets beginning of year	17,740	15,258
Net assets end of year	\$ 22,709	17,740

Revenues by Source



Expenses by Function



The County decreased property tax rates for FY 2007 by an average of 18.2%. The taxable valuation increased, resulting in an increase in the County's property tax revenue of approximately \$274,000 for FY 2007. Based on decreases in the taxable valuation and decreases in levy rates for FY 2008, property tax, other than the increase of \$9,000 for debt service, is budgeted to decrease approximately \$386,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$12.40 million, a decrease of approximately \$1.19 million from last year's total of approximately \$13.59 million. The decrease in fund balance is primarily attributable to capital expenditures for the courthouse and jail project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased approximately \$210,000 and \$179,000, respectively. The ending fund balance increased approximately \$494,000 over the prior year to approximately \$4.49 million. The County transferred approximately \$57,000 more from the General Fund to other budgetary funds during the current fiscal year compared to the prior fiscal year. The revenues increased due to increased tax levied, increases in interest rates and certificates of deposit which were not cashed as quickly.

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

- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.27 million, an increase of approximately 1.38% from the prior year. The Mental Health Fund balance at year end decreased approximately \$26,000 from the prior year. Revenues increased approximately \$78,000 due primarily to increased state growth dollars and an increase in case management rates. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent taxes are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look to eliminating programs and services currently fully funded.
- The Rural Services Fund revenues increased approximately \$194,000. This was primarily due to an increase in local option sales tax revenue of approximately \$146,000 and an increase of property tax revenues of approximately \$48,000. Expenditures increased approximately \$74,000 due to the purchase of new warning sirens, an increase in the contribution to the Water Quality Commission and increases in recycling expenditures. The County increased the amount of transfers from the Rural Services Fund to the Secondary Roads Fund approximately \$219,000. The Rural Services Fund balance increased approximately \$66,000 at June 30, 2007.
- Secondary Roads Fund expenditures increased approximately \$1.85 million over the prior year, due principally to additional new equipment, increased land acquisition and development costs, increased equipment operations and an increase in local road projects. Secondary Roads Fund revenues increased approximately \$196,000, which was primarily due to increased revenues in road use tax, state project reimbursements and FEMA reimbursements. Transfers from the Rural Services Fund and General Fund increased approximately \$219,000 and \$12,000, respectively. The increase in expenditures, tempered with a moderate increase in revenues and transfers, resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$852,000, or 32.25%.
- Revenues of the Debt Service Fund increased approximately \$5,000. Expenditures decreased approximately \$163,000 because urban renewal areas were previously transferred into the Debt Service Fund and then disbursed. Urban renewal and TIF funds are now paid directly out of special revenue funds and not from the Debt Service Fund. The ending balance in the Debt Service Fund increased approximately \$200.

- During the year ended June 30, 2005, the County issued \$14.9 million of general obligation bonds to finance construction and equip the courthouse and jail facility on the present courthouse site. The proceeds from the bond issue were placed in a Capital Projects Fund set up to account for this major project. During the year ended June 30, 2007, the County's Capital Projects Fund earned approximately \$174,000 in interest, a decrease of approximately \$50,500 from the previous year. The County expended approximately \$1.57 million on the courthouse and jail facility from the Capital Projects Fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget once. The amendment was made on May 29, 2007 and resulted in an increase in budgeted disbursements in the non-program function of \$360,500 for the Oak Haven boiler project and \$28,186 for additional disbursements in the mental health function to allow disbursement of additional unanticipated revenue received for mental health services. The County received less intergovernmental revenues than budgeted and earned considerably more interest on investments than originally projected. In addition, the County received considerably more donations for the recreational trails project than anticipated.

The County's receipts were \$1.37 million more than budgeted, a variance of 11%. The most significant variances resulted from the County receiving more interest on investments and more donations for the trails project than anticipated.

Total disbursements were \$4.10 million less than the amended budget. Actual disbursements for the capital projects, county environment and education, non-program and administration functions were approximately \$1,979,000, \$940,000, \$327,000 and \$266,000, respectively, less than budgeted.

The actual disbursements for the capital projects function were less than the budgeted amount by approximately \$1,979,000 because of delays in the progress of the construction of the new county courthouse and jail facility which were beyond the control of the County.

The actual disbursements for the county environment and education function were less than the budgeted amount by approximately \$940,000 because of delays in trails construction projects as well as some maintenance items for the Trails Board.

The actual disbursements for the non-program function were approximately \$327,000 less than the budgeted amount because estimates received for Oak Haven projects to be used in budgeting were higher than actual bids received for the work.

The actual disbursements for the administration function were approximately \$266,000 less than the budgeted amount because data processing and general services purchases were delayed due to the construction progress of the new courthouse. Higher utilities had been budgeted for the courthouse due to the increased square footage and have not been incurred yet.

Certain departmental appropriations exceeded the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, Dickinson County had approximately \$24.06 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$5.36 million, or approximately 29%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Land	\$ 1,274	1,164
Buildings and improvements	1,012	780
Equipment and vehicles	2,211	1,883
Construction in progress	16,099	13,410
Infrastructure	3,467	1,461
Total	\$ 24,063	18,698
This year's major additions included (in thousands):		
Construction in progress - courthouse and jail facility		\$ 1,578
Construction in progress - road network		3,239
Infrastructure Oak Haven		262
Construction in progress - Oak Haven		21
Equipment for secondary roads department		578
Equipment for County Sheriff's department		45
Equipment for conservation department		17
Four rotating sirens		45
Land courthouse and jail facility project		110
Total		\$ 5,895

The County had depreciation expense of approximately \$504,000 in FY07 and total accumulated depreciation of approximately \$4.57 million at June 30, 2007.

The County's fiscal year 2007 capital projects budget included approximately \$5.5 million for capital projects, principally for the construction of the courthouse and jail facility of approximately \$4.17 million and \$1.3 million for roadway construction. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$14.2 million in outstanding debt at June 30, 2007, which included \$13.32 million in general obligation bonds and \$790,000 in urban revitalization bonds, compared to total outstanding debt of approximately \$14.8 million at June 30, 2006.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2007	2006
Deferred payment contract	\$ -	15
General obligation bonds	13,326	13,932
Urban revitalization bonds	790	790
Drainage warrants	118	59
Total	\$ 14,234	14,796

Total debt decreased approximately \$562,000, primarily as a result of retiring \$610,000 in general obligation bonds for the Courthouse and jail facility and making the final principal payment on the deferred payment contract of \$15,000. These decreases were offset by an increase in stamped drainage warrants payable of approximately \$59,000.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$141,220,644. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth has mirrored its population growth during 2000-2007, averaging per year gains of 3%. Unemployment in the County now stands at 3.3% versus 4.5% a year ago. This compares with the State's unemployment rate of 3.9% and the national rate of 5.0%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 2.4% for 2007 compared with the national rate of 4.3%. Inflation has been modest here due in part to the residential housing market and modest increases in energy prices in 2006-2007.

The County's budgetary fund balance is expected to decrease by the close of 2008 from the FY07 actual balance of \$12.57 million to approximately \$6.71 million.

The 2008 budget reflects the need for prudent protection of County services, a re-evaluation of the current health plan to employees, a fair but frugal increase in employee salaries, the need for foresight in future planning of technology, land uses, roads and the unprecedented planning with the new Dickinson County Courthouse and jail facility. These goals were defined with a desire to keep the tax levy from increasing substantially for the General Fund and the Rural Services Fund, especially in light of the new debt service levy to pay interest and principal on the bonds for the Courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months, requiring additional county services such as law enforcement, planning and zoning and county attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion.

These factors were considerations for the FY08 budget which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2008	2007	
	Dollars	Dollars	Percentage
	Certified	Certified	Change
General basic levy	\$ 3,496,768	3,882,868	-9.94%
Mental health levy	412,509	412,509	-
Rural services levy	1,002,889	1,002,889	-
Debt service levy	1,153,946	1,145,080	0.80
Total	<u>\$ 6,066,112</u>	<u>6,443,346</u>	<u>-5.85%</u>

Levy rates (expressed in \$/\$1,000 of taxable valuation) to produce the above dollars for FY08 and FY07 are as follows:

	2008	2007	Percentage Change
General basic levy	\$ 2.50000	2.73511	-8.60%
Mental health levy	0.29492	0.29057	1.50%
Rural services levy	1.65410	1.67776	-1.41%
Debt service levy	0.70317	0.71772	-2.03%
Total	\$ 5.15219	5.42116	-4.96%

Budgeted receipts in the FY 2008 operating budget are approximately \$1.34 million less than the FY 2007 receipts of approximately \$13.97 million, which is a decrease from the FY 2007 final receipts of 9.64%. Budgeted disbursements in the FY 2008 operating budget are approximately \$18.10 million, which is a 21.23% increase over the FY 2007 final disbursements of approximately \$14.93 million. Total taxable valuations decreased approximately \$20.93 million from \$1.42 billion to \$1.40 billion. Dickinson County has not added any major programs to the FY 2008 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dickinson County

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 13,098,992
Receivables:	
Property tax:	
Delinquent	6,950
Succeeding year	6,285,000
Interest and penalty on property tax	7,780
Accounts	40,059
Accrued interest	192,312
Drainage assessments	193,407
Due from other governments	424,585
Inventories	476,153
Capital assets (net of accumulated depreciation)	<u>24,063,000</u>
Total assets	<u>44,788,238</u>
Liabilities	
Accounts payable	725,273
Accrued interest payable	116,871
Salaries and benefits payable	71,136
Due to other governments	445,213
Deferred revenue:	
Succeeding year property tax	6,285,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	635,000
Urban revitalization bonds	30,000
Drainage warrants	117,508
Compensated absences	202,242
Portion due or payable after one year:	
General obligation bonds	12,691,190
Urban revitalization bonds	<u>760,000</u>
Total liabilities	<u>22,079,433</u>
Net Assets	
Invested in capital assets, net of related debt	13,348,952
Restricted for:	
Mental health purposes	350,852
Secondary roads purposes	1,719,009
Capital projects	902,924
Drainage warrants	57,706
Other purposes	1,628,177
Unrestricted	<u>4,701,185</u>
Total net assets	<u>\$ 22,708,805</u>

See notes to financial statements.

Dickinson 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	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,817,546	254,524	64,336	-	(1,498,686)
Physical health and social services	511,590	14,431	163,381	-	(333,778)
Mental health	1,266,396	-	716,229	-	(550,167)
County environment and education	1,554,876	139,264	1,176,545	-	(239,067)
Roads and transportation	3,525,448	120,569	1,601,572	2,631,254	827,947
Governmental services to residents	446,191	483,060	500	-	37,369
Administration	1,437,144	40,192	-	-	(1,396,952)
Non-program	660,409	342,661	-	110,083	(207,665)
Interest on long-term debt	522,992	-	-	-	(522,992)
Total	\$ 11,742,592	1,394,701	3,722,563	2,741,337	(3,883,991)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,207,039
Debt service					1,126,491
Tax increment financing					290,731
Penalty and interest on property tax					77,354
State tax credits					137,186
Local option sales tax					1,160,279
Unrestricted investment earnings					761,882
Hotel/motel tax					52,720
Gain on sale of capital assets					39,315
Total general revenues					8,852,997
Change in net assets					4,969,006
Net assets beginning of year					17,739,799
Net assets end of year					\$ 22,708,805

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2007

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 4,458,928	501,349	584,281	1,626,520
Conservation Foundation	-	-	-	-
Bequest held by bank	-	-	-	-
Receivables:				
Property tax:				
Delinquent	3,830	407	1,702	-
Succeeding year	3,426,000	404,000	982,000	-
Interest and penalty on property tax	7,780	-	-	-
Accounts	930	-	-	13,804
Accrued interest	157,976	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	90,016	1,582	130,792	133,013
Inventories	-	-	-	476,153
Total assets	\$ 8,145,460	907,338	1,698,775	2,249,490
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 86,899	50,902	27,250	127,192
Salaries and benefits payable	48,068	890	-	22,178
Due to other governments	49,477	94,778	-	300,958
Deferred revenue:				
Succeeding year property tax	3,426,000	404,000	982,000	-
Other	48,234	407	1,702	10,114
Total liabilities	3,658,678	550,977	1,010,952	460,442
Fund balances:				
Reserved for:				
Drainage warrants	-	-	-	-
County care facility	-	-	-	-
Conservation Foundation	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund:				
Undesignated	4,087,573	-	-	-
Designated for buildings and grounds	399,209	-	-	-
Special revenue funds	-	356,361	687,823	1,789,048
Capital projects fund:				
Designated for:	-	-	-	-
New courthouse and jail facility	-	-	-	-
New courthouse	-	-	-	-
BV Buildings Project	-	-	-	-
County care facility	-	-	-	-
Total fund balances	4,486,782	356,361	687,823	1,789,048
Total liabilities and fund balances	\$ 8,145,460	907,338	1,698,775	2,249,490

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
13,753	3,833,155	1,506,943	12,524,929
-	-	32,949	32,949
-	-	76,391	76,391
1,011	-	-	6,950
1,135,000	-	338,000	6,285,000
-	-	-	7,780
-	-	25,325	40,059
-	12,604	5,759	176,339
-	-	193,407	193,407
-	-	69,182	424,585
-	-	-	476,153
1,149,764	3,845,759	2,247,956	20,244,542
-	335,357	93,131	720,731
-	-	-	71,136
-	-	-	445,213
1,135,000	-	338,000	6,285,000
1,011	-	262,589	324,057
1,136,011	335,357	693,720	7,846,137
-	-	11,100	11,100
-	-	76,391	76,391
-	-	32,949	32,949
13,753	-	-	13,753
-	-	-	4,087,573
-	-	-	399,209
-	-	1,433,796	4,267,028
-	2,607,478	-	2,607,478
-	805,030	-	805,030
-	9,817	-	9,817
-	88,077	-	88,077
13,753	3,510,402	1,554,236	12,398,405
1,149,764	3,845,759	2,247,956	20,244,542

Dickinson County

Dickinson County

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

June 30, 2007

Total governmental fund balances (page 21) \$ 12,398,405

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$28,637,633 and the accumulated depreciation is \$4,574,633

24,063,000

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

324,057

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

476,154

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

(14,552,811)

Net assets of governmental activities (page 18) \$ 22,708,805

See notes to financial statements.

Dickinson 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	\$ 4,153,017	405,138	1,850,041	-
Interest and penalty on property tax	75,523	-	-	-
Intergovernmental	392,222	828,918	27,205	2,112,716
Licenses and permits	36,284	-	-	59,164
Charges for service	574,603	5,519	-	1,320
Use of money and property	553,500	-	-	9,987
Miscellaneous	94,524	79	175	49,243
Total revenues	5,879,673	1,239,654	1,877,421	2,232,430
Expenditures:				
Operating:				
Public safety and legal services	1,851,332	-	49,951	-
Physical health and social services	511,953	-	-	-
Mental health	-	1,265,297	-	-
County environment and education	645,226	-	201,799	-
Roads and transportation	-	-	-	2,716,267
Governmental services to residents	445,929	-	-	-
Administration	1,414,191	-	-	-
Non-program	341,127	-	-	-
Debt service	-	-	-	-
Capital projects	48,870	-	-	1,998,974
Total expenditures	5,258,628	1,265,297	251,750	4,715,241
Excess (deficiency) of revenues over (under) expenditures	621,045	(25,643)	1,625,671	(2,482,811)
Other financing sources (uses):				
Sale of capital assets	9,093	-	-	-
Operating transfers in	-	-	-	1,631,119
Operating transfers out	(135,982)	-	(1,560,137)	-
Drainage warrants issued	-	-	-	-
Total other financing sources (uses)	(126,889)	-	(1,560,137)	1,631,119
Net change in fund balances	494,156	(25,643)	65,534	(851,692)
Fund balances beginning of year	3,992,626	382,004	622,289	2,640,740
Fund balances end of year	\$ 4,486,782	356,361	687,823	1,789,048

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
1,125,184	-	290,732	7,824,112
-	-	-	75,523
23,264	-	336,721	3,721,046
-	-	-	95,448
-	-	59,989	641,431
-	173,603	31,461	768,551
-	-	766,290	910,311
<u>1,148,448</u>	<u>173,603</u>	<u>1,485,193</u>	<u>14,036,422</u>
-	-	-	1,901,283
-	-	-	511,953
-	-	-	1,265,297
-	-	709,406	1,556,431
-	-	-	2,716,267
-	-	-	445,929
-	-	-	1,414,191
-	-	108,502	449,629
1,145,080	-	272,361	1,417,441
-	1,569,418	-	3,617,262
<u>1,145,080</u>	<u>1,569,418</u>	<u>1,090,269</u>	<u>15,295,683</u>
3,368	(1,395,815)	394,924	(1,259,261)
-	-	-	9,093
-	-	332,707	1,963,826
(3,194)	(78,360)	(186,153)	(1,963,826)
-	-	62,289	62,289
<u>(3,194)</u>	<u>(78,360)</u>	<u>208,843</u>	<u>71,382</u>
174	(1,474,175)	603,767	(1,187,879)
13,579	4,984,577	950,469	13,586,284
<u>13,753</u>	<u>3,510,402</u>	<u>1,554,236</u>	<u>12,398,405</u>

Dickinson County

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

Year ended June 30, 2007

Net change in fund balances - Total governmental funds (page 25) \$ (1,187,879)

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

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

Expenditures for capital assets	\$ 5,736,437	
Contributed capital assets	110,084	
Depreciation expense	(504,010)	5,342,511

In the Statement of Activities, the gain on the sale of capital assets is reported, whereas the governmental funds report the proceeds from the sale as an increase in financial resources. 39,315

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	875	
Other	163,684	164,559

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds. Current year repayments exceeded issuances and bond issue cost amortization, as follows:

Issued	(62,289)	
Bond issue cost amortization	(4,662)	
Repaid	628,310	561,359

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	1,395	
Interest on long-term debt	20,074	21,469

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 44,858

Change in net assets of governmental activities (page 19) \$ 4,986,192

See notes to financial statements.

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

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 464,723
Accrued interest receivable	<u>15,973</u>
Total assets	480,696
Liabilities	
Accounts payable	<u>4,542</u>
Net Assets	
Unrestricted	<u><u>\$ 476,154</u></u>

See notes to financial statements.

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

Year ended June 30, 2007

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 103,575
Reimbursements	<u>1,323</u>
Total operating revenues	104,898
Operating expenses:	
Medical claims	<u>78,784</u>
Operating income	26,114
Non-operating revenues:	
Interest income	<u>18,744</u>
Net income	44,858
Net assets beginning of year	<u>431,296</u>
Net assets end of year	<u><u>\$ 476,154</u></u>

See notes to financial statements.

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

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 103,575
Cash received from reimbursements	1,323
Cash paid to suppliers for services	(80,631)
Net cash provided by operating activities	24,267
Cash flows from investing activities:	
Interest on investments	16,173
Net increase in cash and cash equivalents	40,440
Cash and cash equivalents beginning of year	424,283
Cash and cash equivalents end of year	\$ 464,723
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 26,114
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(1,847)
Net cash provided by operating activities	\$ 24,267

See notes to financial statements.

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2007

Assets

Cash and pooled investments:

County Treasurer	\$ 1,162,416
Other County officials	112,864

Receivables:

Property tax:

Delinquent	22,972
Succeeding year	29,532,000
Accounts receivable	28,558
Accrued interest	171
Special assessments	220,987
Succeeding year drainage assessments	731,988

Due from other governments

1,400

Total assets31,813,356**Liabilities**

Accounts payable	16,060
Salaries and benefits payable	4,885
Due to other governments	31,764,007
Trusts payable	11,787
Compensated absences	16,617

Total liabilities31,813,356**Net assets**\$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 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 issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted. The Board of Supervisors acted to increase certain departmental appropriations without correspondingly amending the budgeted amounts. As a result, the appropriations exceeded the amount budgeted.

(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 \$2,845,554 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 70,982
	Special Revenue:	
	Rural Services	1,560,137
Revolving Economic Development	General	30,000
Low & Moderate Income	Special Revenue :	
	Moore Lake Fire Low & Moderate Income	37,998
	TIF and Urban Renewal	73,650
TIF and Urban Renewal	Debt Service	3,194
	Capital Projects	78,360
Trails Maintenance	General	35,000
	Special Revenue:	
	Dickinson County Trails	74,505
Total		<u>\$ 1,963,826</u>

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

(4) Capital Assets

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

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,163,806	110,084	-	1,273,890
Construction in progress, road network	2,157,555	3,238,724	(2,149,178)	3,247,101
Construction in progress	11,252,914	1,598,583	-	12,851,497
Total capital assets not being depreciated	14,574,275	4,947,391	(2,149,178)	17,372,488
Capital assets being depreciated:				
Buildings	1,524,842	-	-	1,524,842
Improvements other than buildings	-	261,816	-	261,816
Equipment and vehicles	5,329,742	685,514	(239,234)	5,776,022
Infrastructure, road network	1,553,287	2,149,178	-	3,702,465
Total capital assets being depreciated	8,407,871	3,096,508	(239,234)	11,265,145
Less accumulated depreciation for:				
Buildings	744,475	24,431	-	768,906
Improvements other than buildings	-	5,236	-	5,236
Equipment and vehicles	3,447,107	330,803	(213,163)	3,564,747
Infrastructure, road network	92,204	143,540	-	235,744
Total accumulated depreciation	4,283,786	504,010	(213,163)	4,574,633
Total capital assets being depreciated, net	4,124,085	2,592,498	(26,071)	6,690,512
Governmental activities capital assets, net	\$ 18,698,360	7,539,889	(2,175,249)	24,063,000

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 50,265
Physical health and social services	907
County environment and education	9,676
Roads and transportation	397,880
Governmental services to residents	1,848
Administration	43,434
Total depreciation expense - governmental activities	\$ 504,010

(5) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 49,477
Special Revenue:		
Mental Health	Services	94,778
Secondary Roads	Services	300,958
	Total for governmental funds	<u>\$ 445,213</u>
Agency:		
Agricultural Extension Education	Collections	\$ 175,571
County Assessor		371,033
Schools		14,437,741
Community Colleges		1,024,847
Corporations		9,989,070
Townships		293,241
City Special Assessments		224,706
Auto License, Use Tax and Drivers' License		372,047
All other		4,875,751
	Total for agency funds	<u>\$ 31,764,007</u>

(6) Changes in Long-Term Liabilities

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

	Deferred Payment Contract	General Obligation Bonds	Urban Revitalization Bonds	Drainage Warrants	Compensated Absences	Total
Balance beginning of year	\$ 15,000	13,931,528	790,000	58,529	203,637	14,998,694
Increases	-	4,662	-	62,289	183,909	250,860
Decreases	15,000	610,000	-	3,310	185,304	813,614
Balance end of year	<u>\$ -</u>	<u>13,326,190</u>	<u>790,000</u>	<u>117,508</u>	<u>202,242</u>	<u>14,435,940</u>
Due within one year	<u>\$ -</u>	<u>635,000</u>	<u>30,000</u>	<u>117,508</u>	<u>89,075</u>	<u>871,583</u>

Deferred Payment Contract

The County entered into a deferred payment contract to purchase real estate to provide storage and parking for the County. During the year ended June 30, 2007, the remaining \$15,000 of principal was paid.

General Obligation Bonds

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

Year ending June 30,	Interest Rates	Principal	Interest	Total
2008	2.650%	\$ 635,000	518,116	1,153,116
2009	2.650	655,000	501,288	1,156,288
2010	2.900	680,000	483,930	1,163,930
2011	3.100	705,000	464,210	1,169,210
2012	3.300	725,000	442,356	1,167,356
2013-2017	4.400 to 4.000	3,985,000	1,785,350	5,770,350
2018-2022	4.125 to 4.400	4,895,000	904,269	5,799,269
2023	4.500	1,120,000	50,400	1,170,400
Total		13,400,000	5,149,919	18,549,919
Less unamortized bond issuance costs		(73,810)		
Net bonds payable		\$ 13,326,190		

Urban Revitalization Bonds

A summary of the County's June 30, 2007 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2008	3.80%	\$ 30,000	39,180	69,180
2009	4.00	30,000	38,040	68,040
2010	4.15	30,000	36,840	66,840
2011	4.30	35,000	35,595	70,595
2012	4.40	35,000	34,090	69,090
2013-2017	4.50 to 4.90	200,000	145,250	345,250
2018-2022	5.00 to 5.40	245,000	91,915	336,915
2023-2025	5.50 to 5.70	185,000	21,135	206,135
Total		\$ 790,000	442,045	1,232,045

Senior Housing Revenue Bonds

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

Drainage Warrants

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

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

(7) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 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 \$203,862, \$193,393 and \$179,525, respectively, equal to the required contributions for each year.

(8) Revolving Loan Fund

The Special Revenue, Revolving Economic Development Fund was established to promote economic development in Dickinson County through grants and loans. Upon receipt of loan payments from the business, the funds remain in the Revolving Economic Development Fund for subsequent loans to other businesses. There are no outstanding loans at June 30, 2007.

(9) Risk Management

Dickinson County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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 and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2007 were \$206,399.

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 \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Public Health

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

The services provided by home health, public health and homemakers service are under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Dickinson County may be unable to pay for the services, in which case the Hospital may submit monthly claims for reimbursement for services and fees to the County for payment. In addition, the County and the Board of Health agree to reimburse the Hospital up to \$70,000 per year for public health services, including reimbursement for indigent fees.

(11) Employee Group Health Fund

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund were recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2007 was \$103,575.

The amounts payable from the Employee Health Fund at June 30, 2007 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(12) Contractual Commitments

On August 4, 2004, the County entered into a contract for construction of a Courthouse and Jail Facility on the present Courthouse site for \$11,546,000. As of June 30, 2007, forty-five change orders totaling \$729,093 had been added to the original contract. The balance remaining on the contract at June 30, 2007 was \$2,491,877, which includes retainage of \$188,184.

On October 22, 2003, the County entered into a contract for architectural fees for \$1,159,300 for the Courthouse and Jail Facility. As of June 30, 2007, two amendments totaling \$30,750 had been added to the original contract. The balance remaining on the contract at June 30, 2007 was \$29,681.

(13) Jointly Governed Organization

Dickinson County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2007:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Wahpeton	16,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	\$ 200,200
Interest on investments		3,056
Total additions		<u>203,256</u>

Deductions:

Yarnes acquisition project	82,500	
City of Orleans for Center Drive Neighborhood project	20,638	
City of Orleans for Commercial District Storm Drain project	25,508	
Dickinson County Soil & Water Conservation District	88,940	
Naturalist internship	7,425	
Grass seeding	1,491	
Printing of minutes	95	
Workers' compensation insurance	297	226,894

Net (23,638)

Balance beginning of year 81,341

Balance end of year \$ 57,703

(14) Development Agreements and Establishment of Urban Renewal Areas

The County entered into development agreements to assist in urban renewal projects and established urban renewal areas as follows:

East Okoboji Beach Urban Renewal Area – In November 1997, the County determined construction of a sanitary sewer line was necessary to eliminate unsanitary and unsafe conditions which limit the use of land. The County designated the Plat of East Okoboji Beach as an urban renewal area, which permitted the County to reimburse the Iowa Great Lakes Sanitary District (IGLSD) for a portion of the costs associated with the construction of the line, thereby preserving and enhancing the continued development of the County. The County determined tax increment financing would be used to reimburse IGLSD for the costs associated with construction of the sanitary sewer line. The County agreed to rebate 100% of the incremental tax paid to IGLSD. The County began reimbursing the incremental tax received by the County under Chapter 403.19 of the Code to IGLSD during the year ended June 30, 1999. It was anticipated future County indebtedness for project-related activities within the area relating to reimbursement of costs to IGLSD in connection with the installation of sanitary sewer lines would not exceed \$994,050. During the year ended June 30, 2007, \$145,741 was reimbursed to IGLSD. The cumulative amount reimbursed to IGLSD at June 30, 2007 was \$772,301. The original East Okoboji Beach Urban Renewal Plan was amended on February 10, 2004 to extend the time frame of the plan for 18 years to December 31, 2022. Taxes levied for the next fiscal year total \$143,000.

Silver Shores Urban Renewal Area – In January 2002, the County entered into a private development agreement with the City of Lake Park and Silver Lake Development, LLC. The County agreed to rebate 66.4% of the incremental tax paid by the developer in exchange for the development of a new 157-acre development abutting Silver Lake in the City of Lake Park. The project includes single-family residential lots, multi-family housing which will be available for low-and-moderate-income (LMI) families, commercial development on lots abutting roadways and parks and green space areas. In accordance with the agreement, 33.6% of the incremental tax paid by the developer is required to provide assistance for LMI housing either by ensuring at least 33.6% of the units constructed in the area are occupied by families whose income are at or below 80% of the median County income or by setting aside 33.6% of the project costs for LMI housing activities elsewhere in the County. The amount of LMI funds held by the County for this project at June 30, 2007 in an account within the Special Revenue, Low & Moderate Income Fund was \$37,906. The County started rebating the incremental tax to be received under Chapter 403.19 of the Code of Iowa to the developer during the year ended June 30, 2005. The total to be paid by the County under this agreement is not to exceed \$400,000. During the year ended June 2007, \$15,710 was rebated to the developer and the cumulative amount rebated at June 30, 2007 was \$74,909. Taxes levied for the next fiscal year total \$59,000.

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The proposed project involves two primary components, which are the extension of the City's sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. The amount of LMI funds held by the County for this project at June 30, 2007 was

\$5,567. The developer's project involves the establishment of a 33-acre lakeshore residential subdivision. Under the proposal, the first \$650,000 generated through tax increment financing would be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district would be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental tax shall be limited to twenty (20) years. During the year ended June 30, 2007, the first payments were rebated to the developer in the amount of \$9,480. Taxes levied for the next fiscal year total \$29,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developer in exchange for the construction of certain minimum improvements located within the County's TIF district. Urban revitalization bonds were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developer. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2007, the first payments were rebated to the developers in the amount of \$58,770. Taxes levied for the next fiscal year total \$13,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford for the purpose of establishing an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County's primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2007 in an account within the Special Revenue, Low & Moderate Income Fund was \$6,475. During the year ended June 2007, the first payment of \$4,527 was rebated to the developers. Taxes levied for the next fiscal year total \$21,000.

Shore Acres Urban Renewal District – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and the service road within the subdivision. The County is going to use tax increment financing to support this development, which has an estimated cost of \$150,000. Under this plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2007 in an account within the Special Revenue, Low & Moderate Income Fund was \$23,702. During the year ended June 30, 2007, the first payment of \$31,500 was rebated to the developer. Taxes levied for the next fiscal year total \$66,000.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in new residential development. The project involves roadway, water, and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is going to use tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000 including LMI (low-and-moderate-income) funds which are to be set aside. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The estimated costs will be the City's cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. Taxes levied for the next fiscal year total \$7,000.

(15) Deficit Fund Balances

The Special Revenue, Waste Management Reduction Fund had a deficit balance of \$17,300 at June 30, 2007. The deficit will be eliminated by a reduction in disbursements from the Special Revenue, Waste Management Reduction Fund in the next fiscal year. In addition, the Special Revenue, Drainage Districts Fund had a deficit balance of \$4,759. Drainage assessments to cure the districts with fund deficiencies were scheduled to be levied as of December 10, 2007.

(16) Subsequent Event

The County issued \$800,000 in general obligation urban renewal bonds, Series 2007 on December 18, 2007 for funds needed to pay costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including construction of roads, together with traffic control devices and related work.

Required Supplementary Information

Dickinson County

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

Required Supplementary Information

Year ended June 30, 2007

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,837,294	-	7,837,294
Interest and penalty on property tax	73,523	-	73,523
Intergovernmental	3,656,642	-	3,656,642
Licenses and permits	116,472	-	116,472
Charges for service	641,832	-	641,832
Use of money and property	649,000	-	649,000
Miscellaneous	1,033,133	38,606	994,527
Total receipts	<u>14,007,896</u>	<u>38,606</u>	<u>13,969,290</u>
Disbursements:			
Public safety and legal services	1,866,408	-	1,866,408
Physical health and social services	438,241	-	438,241
Mental health	1,249,233	-	1,249,233
County environment and education	1,524,011	47,365	1,476,646
Roads and transportation	2,783,646	-	2,783,646
Governmental services to residents	447,848	-	447,848
Administration	1,372,987	-	1,372,987
Non-program	398,661	77,515	321,146
Debt service	1,464,286	6,633	1,457,653
Capital projects	3,520,000	-	3,520,000
Total disbursements	<u>15,065,321</u>	<u>131,513</u>	<u>14,933,808</u>
Excess (deficiency) of receipts over (under) disbursements	(1,057,425)	(92,907)	(964,518)
Other financing sources, net	87,481	62,288	25,193
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(969,944)	(30,619)	(939,325)
Balance beginning of year	13,604,213	90,208	13,514,005
Balance end of year	<u>\$ 12,634,269</u>	<u>59,589</u>	<u>12,574,680</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
7,596,004	7,596,004	241,290
42,000	42,000	31,523
3,969,312	3,997,498	(340,856)
64,200	64,200	52,272
583,885	583,885	57,947
203,250	203,250	445,750
108,100	108,100	886,427
<u>12,566,751</u>	<u>12,594,937</u>	<u>1,374,353</u>
1,979,239	1,979,239	112,831
504,463	504,463	66,222
1,314,274	1,342,460	93,227
2,416,355	2,416,355	939,709
2,990,100	2,990,100	206,454
498,089	498,089	50,241
1,639,031	1,639,031	266,044
287,700	648,200	327,054
1,513,078	1,513,078	55,425
5,498,800	5,498,800	1,978,800
<u>18,641,129</u>	<u>19,029,815</u>	<u>4,096,007</u>
(6,074,378)	(6,434,878)	5,470,360
-	-	25,193
(6,074,378)	(6,434,878)	5,495,553
<u>11,190,149</u>	<u>11,190,149</u>	<u>2,323,856</u>
<u>5,115,771</u>	<u>4,755,271</u>	<u>7,819,409</u>

Dickinson 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	\$ 14,007,896	28,526	14,036,422
Expenditures	15,065,321	230,362	15,295,683
Net	(1,057,425)	(201,836)	(1,259,261)
Other financing sources, net	87,481	(16,099)	71,382
Beginning fund balances	13,604,213	-	13,586,284
Ending fund balances	\$ 12,634,269	(217,935)	12,398,405

See accompanying independent auditor's report.

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$388,686. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted. The Board of Supervisors acted to increase certain departmental appropriations without correspondingly amending the budgeted amounts. As a result, the appropriations exceeded the amounts budgeted.

Dickinson County

Other Supplementary Information

Dickinson County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2007

Assets	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Watershed Study	Low & Moderate Income
Cash and pooled investments:								
County Treasurer	\$ 89,156	1,499	110,651	2,325	26,640	7,985	5,000	111,648
Conservation Foundation	-	-	-	-	-	-	-	-
Bequest held by bank	-	-	-	-	-	-	-	-
Receivables:								
Succeeding year property tax	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Accrued interest	962	-	-	2	-	-	-	-
Drainage assessments	-	-	-	-	193,407	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total assets	\$ 90,118	1,499	110,651	2,327	220,047	7,985	5,000	111,648
Liabilities and Fund Equity								
Liabilities:								
Accounts payable	\$ -	-	-	-	31,399	-	-	-
Deferred revenue:								
Succeeding year property tax	-	-	-	-	-	-	-	-
Other	-	-	-	-	193,407	-	-	-
Total liabilities	-	-	-	-	224,806	-	-	-
Fund equity:								
Fund balances:								
Reserved for:								
Drainage warrants	-	-	-	-	11,100	-	-	-
County care facility	-	-	-	-	-	-	-	-
Conservation Foundation	-	-	-	-	-	-	-	-
Unreserved	90,118	1,499	110,651	2,327	(15,859)	7,985	5,000	111,648
Total fund equity	90,118	1,499	110,651	2,327	(4,759)	7,985	5,000	111,648
Total liabilities and fund equity	\$ 90,118	1,499	110,651	2,327	220,047	7,985	5,000	111,648

See accompanying independent auditor's report.

Special Revenue										
TIF and Urban Renewal	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Courthouse Memorial	KUOO Telethon Trust	Total
49,117	16,919	886	36,320	958,831	81,982	-	-	554	7,430	1,506,943
-	-	-	-	-	-	32,949	-	-	-	32,949
-	-	-	-	-	-	-	76,391	-	-	76,391
338,000	-	-	-	-	-	-	-	-	-	338,000
-	1,856	-	-	23,469	-	-	-	-	-	25,325
-	-	-	64	4,724	-	-	-	6	1	5,759
-	-	-	-	-	-	-	-	-	-	193,407
-	-	-	-	69,182	-	-	-	-	-	69,182
387,117	18,775	886	36,384	1,056,206	81,982	32,949	76,391	560	7,431	2,247,956
13,147	36,075	-	-	8,459	4,051	-	-	-	-	93,131
338,000	-	-	-	-	-	-	-	-	-	338,000
-	-	-	-	69,182	-	-	-	-	-	262,589
351,147	36,075	-	-	77,641	4,051	-	-	-	-	693,720
-	-	-	-	-	-	-	-	-	-	11,100
-	-	-	-	-	-	-	76,391	-	-	76,391
-	-	-	-	-	-	32,949	-	-	-	32,949
35,970	(17,300)	886	36,384	978,565	77,931	-	-	560	7,431	1,433,796
35,970	(17,300)	886	36,384	978,565	77,931	32,949	76,391	560	7,431	1,554,236
387,117	18,775	886	36,384	1,056,206	81,982	32,949	76,391	560	7,431	2,247,956

Dickinson County

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

Year ended June 30, 2007

	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Revolving Economic Develop- ment	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees	Watershed Study	Low & Moderate Income	Moore Lake Fire Low & Moderate Income
Revenues:									
Property and other county tax	\$ -	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	7,714	-	-	-	-	-
Charges for service	8,201	-	-	-	-	-	-	-	-
Use of money and property	2,935	3	3,276	79	-	-	-	-	-
Miscellaneous	-	-	-	-	13,444	485	-	-	-
Total revenues	11,136	3	3,276	7,793	13,444	485	-	-	-
Expenditures:									
Operating:									
County environment and education	-	-	20,500	17,312	-	-	-	-	-
Non-program	-	-	-	-	108,502	-	-	-	-
Debt service	-	-	-	-	6,633	-	-	-	-
Total expenditures	-	-	20,500	17,312	115,135	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	11,136	3	(17,224)	(9,519)	(101,691)	485	-	-	-
Other financing sources (uses):									
Operating transfers in	-	-	30,000	-	-	-	-	111,648	-
Operating transfers out	-	-	-	-	-	-	-	-	(37,998)
Drainage warrants issued	-	-	-	-	62,289	-	-	-	-
Total other financing sources (uses)	-	-	30,000	-	62,289	-	-	111,648	(37,998)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	11,136	3	12,776	(9,519)	(39,402)	485	-	111,648	(37,998)
Fund balances beginning of year	78,982	1,496	97,875	11,846	34,643	7,500	5,000	-	37,998
Fund balances end of year	\$ 90,118	1,499	110,651	2,327	(4,759)	7,985	5,000	111,648	-

See accompanying independent auditor's report.

Special Revenue										
TIF and Urban Renewal	Waste Management Reduction	Supplemental Environmental Project	Conservation Land Acquisition	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Ray D. Smith Trust	Courthouse Memorial	KUOO Telethon Trust	Total
290,732	-	-	-	-	-	-	-	-	-	290,732
3,062	-	-	4,000	321,945	-	-	-	-	-	336,721
-	51,788	-	-	-	-	-	-	-	-	59,989
-	-	2	634	23,115	-	-	1,393	7	17	31,461
-	-	-	-	727,199	-	25,162	-	-	-	766,290
293,794	51,788	2	4,634	1,072,259	-	25,162	1,393	7	17	1,485,193
-	93,974	-	-	511,918	18,337	47,365	-	-	-	709,406
-	-	-	-	-	-	-	-	-	-	108,502
265,728	-	-	-	-	-	-	-	-	-	272,361
265,728	93,974	-	-	511,918	18,337	47,365	-	-	-	1,090,269
28,066	(42,186)	2	4,634	560,341	(18,337)	(22,203)	1,393	7	17	394,924
81,554	-	-	-	-	109,505	-	-	-	-	332,707
(73,650)	-	-	-	(74,505)	-	-	-	-	-	(186,153)
-	-	-	-	-	-	-	-	-	-	62,289
7,904	-	-	-	(74,505)	109,505	-	-	-	-	208,843
35,970	(42,186)	2	4,634	485,836	91,168	(22,203)	1,393	7	17	603,767
-	24,886	884	31,750	492,729	(13,237)	55,152	74,998	553	7,414	950,469
35,970	(17,300)	886	36,384	978,565	77,931	32,949	76,391	560	7,431	1,554,236

Dickinson County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2007

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,402	56,870	125,058	9,682
Other County officials	101,077	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	169	319	15,683	1,165
Succeeding year	-	174,000	331,000	14,297,000	1,014,000
Accounts	5,044	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	\$ 106,121	175,571	388,189	14,437,741	1,024,847
Liabilities					
Accounts payable	\$ -	-	95	-	-
Salaries and benefits payable	-	-	3,934	-	-
Due to other governments	106,121	175,571	371,033	14,437,741	1,024,847
Trusts payable	-	-	-	-	-
Compensated absences	-	-	13,127	-	-
Total liabilities	\$ 106,121	175,571	388,189	14,437,741	1,024,847

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License, Use Tax and Drivers' License	Other	Total
78,588	2,745	3,719	372,047	512,305	1,162,416
-	-	-	-	11,787	112,864
3,482	496	-	-	1,658	22,972
9,907,000	290,000	-	-	3,519,000	29,532,000
-	-	-	-	23,514	28,558
-	-	-	-	171	171
-	-	220,987	-	-	220,987
-	-	-	-	731,988	731,988
-	-	-	-	1,400	1,400
9,989,070	293,241	224,706	372,047	4,801,823	31,813,356
-	-	-	-	15,965	16,060
-	-	-	-	951	4,885
9,989,070	293,241	224,706	372,047	4,769,630	31,764,007
-	-	-	-	11,787	11,787
-	-	-	-	3,490	16,617
9,989,070	293,241	224,706	372,047	4,801,823	31,813,356

Dickinson 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	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 67,773	169,800	372,987	14,860,983	1,167,957
Additions:					
Property and other county tax	-	173,965	331,874	14,329,778	1,016,325
E911 surcharges	-	-	-	-	-
State tax credits	-	3,488	6,601	318,030	24,089
Office fees and collections	1,093,589	-	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	-	-	-
Miscellaneous	-	199	8,318	19,035	1,376
Total additions	1,093,589	177,652	346,793	14,666,843	1,041,790
Deductions:					
Agency remittances:					
To other funds	419,546	-	-	-	-
To other governments	635,695	171,881	331,591	15,090,085	1,184,900
Trusts paid out	-	-	-	-	-
Total deductions	1,055,241	171,881	331,591	15,090,085	1,184,900
Balances end of year	\$ 106,121	175,571	388,189	14,437,741	1,024,847

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License, Use Tax and Drivers' License	Other	Total
8,642,483	285,964	274,709	381,663	4,951,401	31,175,720
9,889,417	290,505	-	-	3,515,406	29,547,270
-	-	-	-	134,755	134,755
164,388	7,605	-	-	50,357	574,558
-	-	-	-	-	1,093,589
-	-	-	4,438,497	-	4,438,497
-	-	37,983	-	20,952	58,935
-	-	-	-	124,769	124,769
-	642	-	-	609,193	638,763
10,053,805	298,752	37,983	4,438,497	4,455,432	36,611,136
-	-	-	162,845	-	582,391
8,707,218	291,475	87,986	4,285,268	4,451,073	35,237,172
-	-	-	-	153,937	153,937
8,707,218	291,475	87,986	4,448,113	4,605,010	35,973,500
9,989,070	293,241	224,706	372,047	4,801,823	31,813,356

Dickinson County

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

For the Last Seven Years

	Modified Accrual			
	2007	2006	2005	2004
Revenues:				
Property and other county tax	\$ 6,663,833	6,311,306	5,909,072	4,724,648
Local option sales tax	1,160,279	1,047,358	1,058,442	916,299
Interest and penalty on property tax	75,523	81,543	62,408	58,733
Intergovernmental	3,721,046	3,485,650	2,845,820	3,259,793
Licenses and permits	95,448	81,844	62,898	38,780
Charges for service	641,431	614,667	588,365	593,054
Use of money and property	768,551	653,734	451,300	284,191
Miscellaneous	910,311	365,884	302,052	220,397
Total	\$ 14,036,422	12,641,986	11,280,357	10,095,895
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,901,283	1,714,531	1,720,927	1,587,426
Physical health and social services	511,953	514,913	421,851	449,745
Mental health	1,265,297	1,248,013	1,223,340	1,278,802
County environment and education	1,556,431	899,827	984,730	846,446
Roads and transportation	2,716,267	2,313,687	2,312,848	1,489,590
Governmental services to residents	445,929	533,722	384,786	402,091
Administration	1,414,191	1,312,669	1,203,923	1,104,097
Non-program	449,629	178,861	149,786	158,392
Debt service	1,417,441	1,387,082	1,247,880	163,663
Capital projects	3,617,262	7,535,865	6,691,149	1,606,225
Total	\$ 15,295,683	17,639,170	16,341,220	9,086,477

See accompanying independent auditor's report.

Basis		
2003	2002	2001
4,596,022	4,222,369	3,555,862
941,677	834,927	807,633
60,667	63,304	63,467
2,744,395	2,778,515	3,079,100
78,449	38,799	34,767
518,611	489,628	431,068
202,093	311,180	568,812
403,562	192,683	104,339
9,545,476	8,931,405	8,645,048
1,604,315	1,473,792	1,364,445
357,515	335,984	342,783
1,308,190	1,223,252	1,304,546
726,174	671,285	1,010,073
2,116,774	2,064,231	2,117,979
404,188	353,681	319,087
1,030,319	1,098,307	1,266,968
210,738	145,815	210,555
216,824	205,390	48,491
1,213,017	1,600,705	515,064
9,188,054	9,172,442	8,499,991

Schedule 6

Dickinson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		\$ <u>12,096</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance Division	16.575		<u>19,500</u>
Violence Against Women Formula Grants	16.588		<u>32,500</u>
Iowa Department of Public Safety:			
Drug Task Force	16.738	06-JAG/AS-A38	<u>1,451</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-5747(601)--81.30	<u>18,125</u>
Recreational Trails Program	20.219	2005-NT-005	<u>337,607</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP-06-163-Task 23	<u>7,000</u>
U.S. Environmental Protection Agency:			
Iowa Department of Public Health:			
State Indoor Radon Grants	66.032		<u>500</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>16,259</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>29</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>3,605</u>
Foster Care-Title IV-E	93.658		<u>8,935</u>
Adoption Assistance	93.659		<u>1,823</u>
State Children's Insurance Program	93.767		<u>110</u>
Medical Assistance Program	93.778		<u>21,275</u>
Social Services Block Grant	93.667		<u>10,688</u>
Social Services Block Grant	93.667		<u>49,374</u>
			<u>60,062</u>

Dickinson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency			
Management Division:			
Community Disaster Loans	97.030	U59-ULBFE-00	<u>25,892</u>
Emergency Management Performance Grants	97.042		<u>13,728</u>
Homeland Security Grant Program	97.067		<u>6,160</u>
Total			<u>\$ 586,657</u>

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

See accompanying independent auditor's report.

Dickinson County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 1, 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 Dickinson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Dickinson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dickinson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including 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 Dickinson County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Dickinson County's financial statements that is more than inconsequential will not be prevented or detected by Dickinson County's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-07, II-K-07 and II-L-07 are material weaknesses.

Compliance and Other Matters

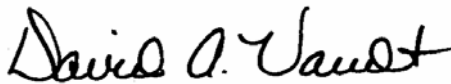
As part of obtaining reasonable assurance about whether Dickinson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 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.

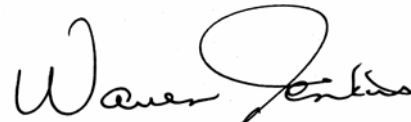
Dickinson County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dickinson County's responses and, accordingly, we express no opinion on them.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 1, 2008



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Officials of Dickinson County:

Compliance

We have audited the compliance of Dickinson County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. Dickinson County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Dickinson County's management. Our responsibility is to express an opinion on Dickinson County's compliance based on our audit.

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

In our opinion, Dickinson County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

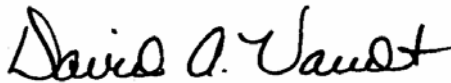
The management of Dickinson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dickinson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickinson County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

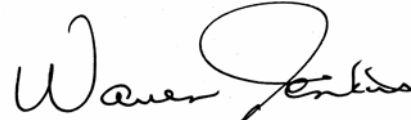
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 1, 2008

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.219 – Recreational Trails Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dickinson County did not qualify as a low-risk auditee.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-07 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:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened and a list of mail receipts is not prepared by an employee who is not authorized to make entries to the accounting records. A person independent of preparing the list and entering the receipts in the accounting records does not reconcile the recorded receipts with the initial listing of the mail receipts.	Treasurer and Sheriff
(2) Investments are not periodically inspected and reconciled to investment records and the earnings are not verified by an independent employee.	Treasurer
(3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	Treasurer and Sheriff
(4) Bank reconciliations are not reviewed by an independent person.	Sheriff
(5) Prenumbered receipts issued are not reconciled to subsequent timely deposit of the receipts with the County Treasurer by an independent person.	Engineer, Conservation, Planning and Zoning
(6) Prenumbered billing receipts for services rendered from the Waste Management Reduction Fund are not issued and are not reconciled to subsequent receipts deposited with the County Treasurer.	Conservation

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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.

Responses –

Treasurer –

The office's operating procedures have been discussed with staff and will be reviewed to increase internal control procedures with financial transactions, reconciliations and reports.

1. Since March 2007, a staff person whose duties do not include making entries into the accounting records opens the mail and prepares a list of a random sample of mailed tax payments and motor vehicle payments. The list was then cross-checked by the Treasurer to ensure the transaction was processed appropriately. The office will continue this mail audit but has assigned the cross-check function to a staff member who does not make entries into the accounting system to add additional internal control.
2. Since at least January 2007, following the change in Treasurer due to election results, investments and financial transactions have been inspected on a monthly basis. An employee whose duties do not include working with the investments, checks the County's current CD's and prepares a list of each CD including CD#, bank and amount, and signs the list. This list is cross-checked by the treasurer who also signs off on it. The treasurer's office will add maturity date information and interest earnings to the list for this coming fiscal year.
3. The Treasurer or deputies have been responsible for making the deposit preparations and carrying out the reconciliation functions. All of the office staff are responsible for daily collections. In order to add an additional layer of internal control, another staff person besides treasurer or deputies will count the cash receipts at the end of day and record this amount.

Sheriff – The Office Manager-Bookkeeper is responsible for opening the mail that may include financial statements, documents, etc. The Sheriff or the Chief Deputy provide an oversight in the safekeeping in the finances of the Sheriff's Office. The Sheriff now reviews the bank reconciliation and initials and dates the review. There are only three people with access to incoming financial statements and currency. Cash and checks are balanced on a daily bases and entered into the cash receipts book. The Sheriff or the Chief Deputy verify all monies received versus deposits.

Engineer – Pre-numbered receipts will be taken to the Treasurer's office on a timely basis. In addition, the receipt booklet will be double checked by other assistants in the office.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Conservation – As the Conservation Department employs only two office personnel (Executive Director and part-time Office Assistant) and as both of these employees' duties include issuance of prenumbered receipts and preparing deposits of said receipts with the Treasurer, an independent person is not employed/available to the Conservation Department to provide an autonomous reconciliation. The Conservation Department will do its best, with existing office personnel, to assure accuracy of deposits. The Conservation Department will review its procedures for timely deposit of receipts to determine if improvements can be made. Use of non-numbered receipts (that have been used by cities to "self-bill" themselves) will be discontinued.

Planning and Zoning – The Zoning Administrator will check the miscellaneous receipts from the Treasurer's office for checks and cash remitted by the office assistant. He will check these receipts against the duplicate copies of receipts made out by the office assistant to make sure all monies are accounted for. As long as there are deposits to be made, we will deposit receipts with the Treasurer at least twice a week.

Conclusion –

Treasurer – Response accepted.

Sheriff – Response accepted.

Engineer – Response accepted.

Conservation – Response acknowledged. An independent review of the reconciliation of receipts to deposits with the Treasurer should be made by an independent person to strengthen internal control over the receipt process.

Planning and Zoning – Response accepted.

II-B-07 Information Systems – The County does not have an adequate written disaster recovery plan.

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

Response – The County will take this recommendation under advisement and will work towards developing a written disaster recovery plan.

Conclusion – Response accepted.

II-C-07 County Sheriff – The County Sheriff received proceeds from forfeited and confiscated property. 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.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Recommendation – The activity for forfeited and confiscated property collections 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 revenues and expenditures 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 Iowa County Governments.

Responses –

Board of Supervisors – This recommendation has been taken under advisement by the Board of Supervisors. The County Sheriff will be contacted concerning this issue.

County Sheriff – The forfeited and confiscated fund property is designed for law enforcement efforts. It is audited every year and provides the Sheriff’s Office with the funding to conduct investigations and covert operations. This fund is not a budget item as it is not used for daily operations. It is merely designed for undercover operations that may require money such as for drug buys. At this time there appears to be no better solution for the housing of this fund.

Conclusion – Responses acknowledged. The funds should be deposited with the County Treasurer for deposit into the Confiscated Property Fees Fund and any funds needed should be expended from that fund in the future.

II-D-07 County Board of Supervisors – The County owns vehicles for use by various employees while on County business. The County has not established a formal policy to regulate the use of these vehicles.

Recommendation – The County should adopt a formal written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle users, reimbursement by employees for personal use and reporting additional compensation for employees.

Response – The Board of Supervisors adopted a vehicle use policy in November 2007 which is included in the employee personnel policy.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-E-07 Accounting Procedures Manuals – We encourage the development of office procedures and standardized accounting manuals for all County offices. These manuals should provide the following benefits:

1. Aid in training additional or replacement personnel.
2. Help achieve uniformity in accounting and in the application of policies and procedures.
3. Save supervisory time by recording decisions so they will not have to be made each time the same, or a similar, situation arises.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.

Response – The recommendation has been taken under advisement by the Board of Supervisors. The Board will encourage all County offices to complete the manuals.

Conclusion – Response accepted.

II-F-07 County Board of Supervisors – Identifying tags are not placed on all capital assets.

Recommendation – Identification tags should be placed on all capital assets.

Response – An ID tag system has been purchased. With the construction of a new county courthouse, tags are being placed on the assets as they are purchased. This is an ongoing project, but it is expected to be completed by December 2008.

Conclusion – Response accepted.

II-G-07 Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County’s personnel policy states, “Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act.” However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of an employee’s tenure with the County. In addition, not all balances of compensatory time have been shown on the County’s payroll records, nor have the hours earned or used been recorded. Section 10.10 of the personnel policy states, “Department Heads shall report all leave time, accrued and/or taken for each employee with the first payroll each month.”

Deputy Sheriff’s are being credited with a year’s total compensatory time for holiday pay at the start of each fiscal year. Compensatory time for holidays should only be added as compensatory time for holiday pay when it is earned by the Deputies.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

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

The County should only add Deputy Sheriffs' compensatory time for holiday pay when it is earned and not as a balance at the start of each year.

Response – This recommendation will be taken under advisement. This will be changed effective July 1, 2008.

Conclusion – Response accepted.

- II-H-07 Board of Health Grants – Certain grants from the State to the Dickinson County Board of Health have not been included in the County's financial statements. For audit purposes, the grant activity has been included in the General Fund.

Recommendation – Dickinson County Board of Health grants received from the State should be receipted by the County Treasurer and disbursed to the Dickinson County Hospital by County warrant.

Response – The County will receipt in and disburse to Public Health the state grants through the General Fund for accounting purposes.

Conclusion – Response accepted.

- II-I-07 Cash Counts – The Board of Supervisors does not perform surprise cash counts for the various departments.

Recommendation – The Board should periodically conduct surprise cash counts for various offices.

Response – The County will conduct surprise cash counts for various county offices.

Conclusion – Response accepted.

- II-J-07 Job Descriptions – The County has not established employee job descriptions.

Recommendation – The County should develop employee job descriptions.

Response – Employee job descriptions are currently being developed and are expected to be completed by June 30, 2008.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

II-K-07 Accrual of Revenues – A few material revenues were not properly accrued by the County Treasurer.

Recommendation – The County Treasurer’s office should ensure all revenues are properly accrued.

Response – The Treasurer will accrue all revenues this fiscal year by working with the department heads to properly identify the revenues that need accruing.

Conclusion – Response accepted.

II-L-07 Accrual of Expenditures – There were instances where two material disbursements were not properly accrued during the accrual period.

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

Response – Every effort will be made to comply with this recommendation concerning accrued expenditures.

Conclusion – Response accepted.

II-M-07 Delinquent Tax Reconciliation – The County Treasurer did not prepare a delinquent tax reconciliation.

Recommendation – A delinquent tax reconciliation should be prepared at the end of each fiscal year.

Response – The Treasurer was given some sample formats by the state auditor staff and discussed these reports with her software vendor to correct this deficiency. The Treasurer has now provided the FY06-07 delinquent tax reconciliation report to the state auditor staff via email. The tax balancing report was also discussed with the software vendor, and the Treasurer made a software request to add totals to this report as well as a request to make the report more user-friendly to print and read.

Conclusion – Response accepted.

II-N-07 Investment Record – The County Treasurer did not maintain an investment record for the last half of the year.

Recommendation – An investment record should be maintained which includes the investment number, the date invested, the maturity date, the interest rate, the principal amount invested and the interest received, including the date, receipt number and amount of interest received.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Response – The Treasurer was given investment report formats to use for this current fiscal year’s investment record by the state auditor staff. The Treasurer will utilize these formats, maintaining the information listed in the recommendation, including investment number, date invested, maturity date, interest rate, principal amount invested and interest received, including the date, receipt number and amount of interest received. The information needed is available in the office and will be entered into the format now provided.

Conclusion – Response accepted.

INSTANCE OF NON-COMPLIANCE:

No matters were reported.

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted. The Board of Supervisors acted to increase certain departmental appropriations without correspondingly amending the budgeted amounts. As a result, the appropriations exceeded the amounts budgeted.

Recommendation – The budget and departmental appropriations should be amended in accordance with Chapters 331.435 and 331.434(6) of the Code of Iowa and appropriations should not exceed the amounts budgeted.

Response – Every effort to comply with Iowa Code Chapters 331.435 and 331.434(6) will be made concerning budgets and appropriations.

Conclusion – Response accepted.

IV-B-07 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.

IV-C-07 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-07 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-07 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-07 Board Minutes – Except for the following, no transactions were found that we believe should have been approved in the Board minutes, but were not.

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

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

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

Conclusion – Response accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

IV-H-07 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-07 Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan. The County has not obtained an actuarial opinion.

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

Response – The County will obtain an actuarial opinion.

Conclusion – Response accepted.

IV-J-07 E911 Budget – The disbursements in the E911 Surcharge and Operations Fund exceeded the amount budgeted.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements exceeded the amounts budgeted.

Response – The disbursements were not watched close enough. Extra revenues were brought in allowing us to pay more than expected during the fiscal year ended June 30, 2007 on our radio project. Disbursements will be more carefully tracked in the future.

Conclusion – Response accepted.

IV-K-07 Inmate Room and Board Collections – Inmate room and board collections are credited to the General Fund. However, adequate records are not maintained of the use of the funds to document compliance with Chapter 356.7(5) of the Code of Iowa.

Recommendation – Unspent balances, if any, should be tracked by the County Sheriff and the Board of Supervisors since use of the collections is restricted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Responses –

County Sheriff – All monies received and or collected are deposited and reimbursed quarterly into the General Fund. Currently this fund has not been used, so there is no ledger of expenditures for this time.

County Board of Supervisors – A Special Revenue Fund will be established to track these collections and the use of the funds.

Conclusion – Responses acknowledged. However, a record should be established to document the balance of the 60% which is still in the General Fund and has not been expended. This amount should be shown as part of the General Fund Reserved for Compliance with Chapter 356.7(5) of the Code of Iowa or this amount should be transferred to a Special Revenue Fund and any future revenues and authorized expenditures should be reported in the Special Revenue Fund.

IV-L-07 Outstanding Warrants – The County Auditor did not cancel warrants outstanding more than one year as required by Chapter 331.554(7) of the Code of Iowa.

Recommendation – County warrants outstanding more than one year should be cancelled as required.

Response – County warrants will be cancelled after they are outstanding for one year as required by the Iowa Code.

Conclusion – Response accepted.

IV-M-07 Drainage Districts – Seventeen drainage districts under the control of the Board of Supervisors have deficit Treasurer's Balances. In addition, there are thirteen stamped drainage district warrants that are over 10 years old which are still outstanding. The Special Revenue, Drainage Districts Fund had a negative unreserved fund balance of \$15,859 at June 30, 2007.

Recommendation – The Board of Supervisors should take steps to make assessments for those districts which have deficit Treasurer's Balances and the County Treasurer should not permit any drainage districts to have a deficit Treasurer's Balance in the future.

Responses –

County Treasurer - The Treasurer has talked with the County Auditor regarding the drainage districts with deficit treasurer's balances and with the County Auditor regarding the old stamped drainage district warrants still outstanding. The Treasurer and County Auditor will work together to present a levying plan to the Board of Supervisors to get these corrected as soon as possible.

Board of Supervisors – Drainage assessments to cure the districts with fund deficiencies are scheduled to be levied as of December 10, 2007.

Conclusion – Responses accepted.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

IV-N-07 Financial Condition – The Special Revenue, Waste Management Reduction Fund had a deficit balance of \$17,300 at June 30, 2007.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The deficit balance has been eliminated.

Conclusion – Response accepted.

IV-O-07 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.

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

- (1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.
- (2) Bank reconciliations are not reviewed by an independent person.

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

Response – We recognize a challenge to establish proper segregation of duties exists due to the limited staff in the Dickinson County Office. We propose the following to lessen the risks associated with these challenges:

- (1) The Office Manager will be responsible for collection and receipting of funds using a pre-numbered duplicate receipt book.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

We have two part-time positions, Office Assistant and Program Coordinator, and the County Youth Coordinator that will share the following responsibilities:

- Count the money
- Run a calculator tape of receipts from receipt book
- Prepare and initial deposit slip
- Deposit funds in bank

The Office Manager will enter the deposit transaction in the Cougar Mountain accounting system.

- (2) The Office Manager will complete the bank reconciliation on the Cougar Mountain accounting system when the monthly bank statement is received. The County Director will review the bank statement and bank reconciliation for accuracy and initial the bank reconciliation.

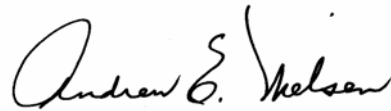
Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
James L. Blekfeld, CPA, Senior Auditor
Jeffrey L. Lenhart, Staff Auditor
Shawn R. Elsbury, Staff Auditor
Jessica N. Meierotto, Assistant Auditor
Sharon K. Stickrod, Assistant Auditor
R. Curtis Nelson, 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