



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

David A. Vaudt, CPA
Auditor of State

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NEWS RELEASE

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FOR RELEASE _____ April 2, 2010

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

The County had local tax revenue of \$125,527,051 for the year ended June 30, 2009, which included \$2,267,392 in tax credits from the state. The County forwarded \$107,277,419 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$18,249,632 of the local tax revenue to finance County operations, a 7.4 percent increase over the prior year. Other revenues included charges for service of \$5,574,386, operating grants, contributions and restricted interest of \$8,382,802, capital grants, contributions and restricted interest of \$1,248,397, unrestricted investment earnings of \$523,088 and other general revenues of \$302,238.

Expenses for County operations totaled \$29,623,260, a 7.9 percent increase over the prior year. Expenses included \$7,781,346 for roads and transportation, \$6,744,056 for public safety and legal services and \$4,242,094 for mental health.

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

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DALLAS COUNTY

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

JUNE 30, 2009

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Dallas County

Officials

(Before January 2009)

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

(After January 2009)

Brad Golightly	Board of Supervisors	Jan 2011
Bob Ockerman	Board of Supervisors	Jan 2011
Mark Hanson	Board of Supervisors	Jan 2013
Gene Krumm	County Auditor	Jan 2013
Darrell Bauman	County Treasurer	Jan 2011
Carol Hol	County Recorder	Jan 2011
Chad Leonard	County Sheriff	Jan 2013
Wayne M. Reisetter	County Attorney	Jan 2011
Steve Helm	County Assessor	Jan 2010

Dallas County



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Independent Auditor's Report

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

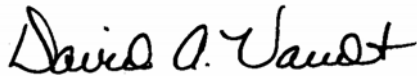
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2009, 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.

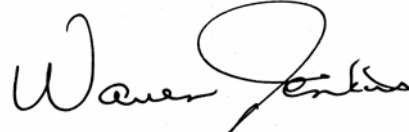
In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2010 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 52 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, 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

March 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 3.8%, or approximately \$1.3 million, from fiscal year 2008 to fiscal year 2009 as compared to a 6.8% increase from fiscal year 2007 to fiscal year 2008. Property and other county tax, including tax increment financing, increased approximately \$1.3 million and operating grants, contributions and restricted interest increased approximately \$2.1 million while capital grants, contributions and restricted interest decreased approximately \$1.1 million.
- Program expenses of the County's governmental activities were 7.9%, or approximately \$2.2 million, more in fiscal year 2009 than in fiscal year 2008. County environment and education and roads and transportation had the most significant increases.
- The County's net assets increased 8.4%, or approximately \$4.7 million, from June 30, 2008 to June 30, 2009, as compared to 11.2% from June 30, 2007 to June 30, 2008.
- The governmental funds ending fund balances decreased from \$19,357,503 at June 30, 2008 to \$18,690,907 at June 30, 2009.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

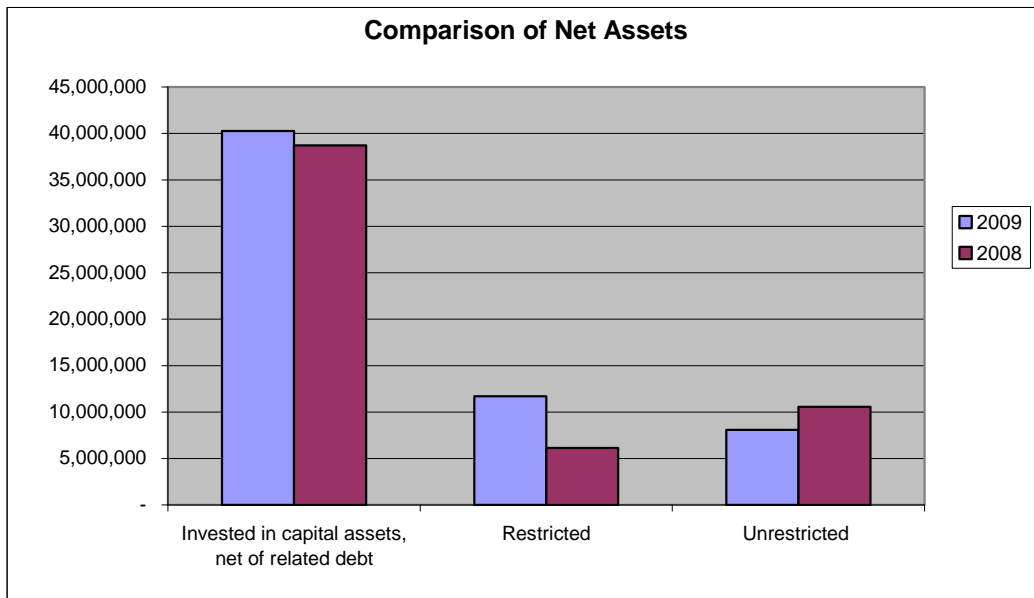
The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dallas County’s combined net assets increased from a year ago, increasing from approximately \$55.4 million to approximately \$60.1 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

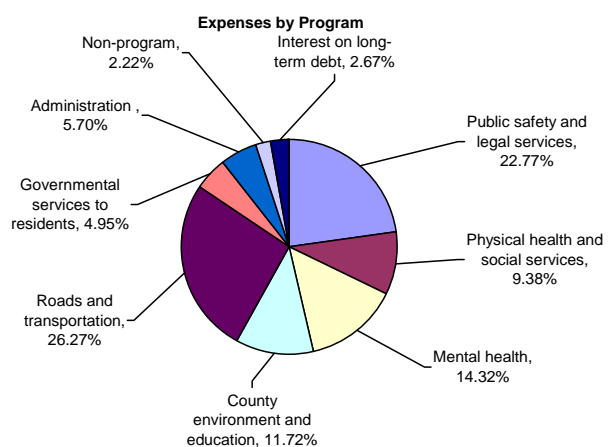
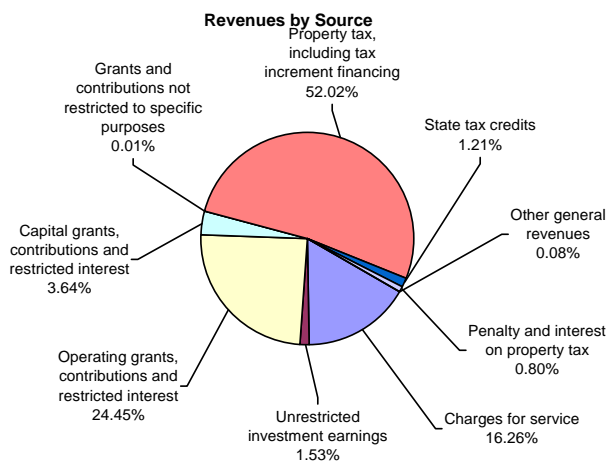
Net Assets of Governmental Activities		
	June 30,	
	2009	2008
Current and other assets	\$ 41,788,737	40,677,250
Capital assets	57,037,145	53,835,369
Total assets	98,825,882	94,512,619
Long-term liabilities	17,754,431	19,135,546
Other liabilities	20,996,845	19,959,750
Total liabilities	38,751,276	39,095,296
Net assets:		
Invested in capital assets, net of related debt	40,278,759	38,715,309
Restricted	11,719,295	6,132,592
Unrestricted	8,076,552	10,569,422
Total net assets	\$ 60,074,606	55,417,323



Dallas County’s combined net assets (which is the County’s bottom line) increased \$4,657,283 (an 8.4% increase), compared to \$5,566,702 in fiscal year 2008. This increase was due primarily to road projects funded through the Iowa Department of Transportation and grants to acquire land to construct a bike trail. The largest portion of Dallas County’s net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related

debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from \$10,569,422 at June 30, 2008 to \$8,076,552 at the end of this year, a decrease of 23.6%, or approximately \$2.5 million under fiscal year 2008.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 5,574,386	5,535,494
Operating grants, contributions and restricted interest	8,382,802	6,246,397
Capital grants, contributions and restricted interest	1,248,397	2,338,955
General revenues:		
Property tax, including tax increment financing	17,834,806	16,558,471
Penalty and interest on property tax	273,980	136,587
State tax credits	414,826	429,794
Grants and contributions not restricted to specific purposes	2,532	852,825
Unrestricted investment earnings	523,088	912,940
Other general revenues	25,726	8,609
Total revenues	34,280,543	33,020,072
Program expenses:		
Public safety and legal services	6,744,056	6,459,594
Physical health and social services	2,779,976	2,759,340
Mental health	4,242,094	4,240,263
County environment and education	3,471,781	2,692,656
Roads and transportation	7,781,346	6,823,917
Governmental services to residents	1,467,049	1,413,918
Administration	1,687,230	1,766,936
Non-program	658,835	542,900
Interest on long-term debt	790,893	753,846
Total expenses	29,623,260	27,453,370
Increase in net assets	4,657,283	5,566,702
Net assets beginning of year	55,417,323	49,850,621
Net assets end of year	\$ 60,074,606	55,417,323



For the fiscal year ended June 30, 2009, governmental activities revenues totaled \$34,280,543, an increase of \$1,260,471 over fiscal year 2008. Property and other county tax revenue, the County's largest revenue source, increased approximately \$1.3 million, while capital grants, contributions and restricted interest decreased approximately \$1.1 million. The expenses for governmental activities totaled \$29,623,260, an increase of \$2,169,890 over fiscal year 2008.

The cost of all governmental activities this year was approximately \$29.6 million compared to approximately \$27.5 million last year. However, as shown in the Statement of Activities on page 17, the amounts taxpayers ultimately financed for these activities was approximately \$14.4 million because some of the cost was paid by those directly benefited from the programs (\$5.6 million), or by other governments and organizations which subsidized certain programs with grants and contributions (\$9.6 million).

Dallas County's county-wide property tax levy rates decreased \$.45924 to \$.925363 per \$1,000 of taxable valuation for fiscal year 2009. The rural tax levy rate for fiscal year 2009 remained the same at \$3.95000 per \$1,000 of taxable valuation. The mental health levy decreased from \$.61967 to \$.52697 per \$1,000 of taxable valuation. The debt service levy decreased from \$.36405 to \$.33836 per \$1,000 of taxable valuation and the general supplemental levy decreased \$.33679 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$411 million over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$18,690,907, which is lower than the fiscal year 2008 combined fund balance of \$19,357,503.

The General Fund's ending fund balance decreased approximately \$3 million to \$8,339,673. Of the ending fund balance, \$1,503,504 is reserved, \$451,373 is unreserved/designated for special projects and the remainder is unreserved/undesignated. The decrease in fund balance was primarily due to a transfer of \$4,875,000 to the Capital Projects Fund for the purchase of land and future construction. The general basic levy remained unchanged for fiscal year 2009 while the general supplemental levy decreased \$.33679 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$411 million over the prior year.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$4.1 million. The Mental Health Fund's ending balance of \$1,624,050 is an increase of approximately \$1.2 million over fiscal year 2008, primarily due to an increase in mental health allowable growth revenue.

The Rural Services Fund ended fiscal year 2009 with a \$111,582 balance, a decrease of \$11,935 from the prior year ending balance. The rural services tax levy remained unchanged at \$3.95 per \$1,000 of taxable valuation. The majority of the tax is transferred to the Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Secondary Roads Fund ended fiscal year 2009 with a balance of \$1,789,033, a 4.8% decrease compared to a fiscal year 2008 balance of \$1,878,722. Expenditures for fiscal year 2009 were \$6,572,047, or \$1,145,220 more than fiscal year 2008. The fund balance decrease was due to an increase in expenditures due to a harsh winter and spring flooding.

The Capital Projects Fund ended fiscal year 2009 with a fund balance of \$4,189,722 compared to the fiscal year 2008 balance of \$3,112,892. During fiscal year 2009, approximately \$6.1 million was transferred from the General Fund to the Capital Projects Fund for various land purchases, completion of the jail and 902 Court Street projects. Work was completed on the Courthouse renovation as well as the jail and 902 Court Street remodel projects during fiscal year 2009.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2009, Dallas County amended the operating budget two times. The first amendment was made in November 2008 to increase budgeted disbursements approximately \$10.25 million, including for completion of the Courthouse and jail projects, Board of Supervisor's special projects and outside counsel carry-over dollars, as well as DHS Administration rent and Conservation for a grant funded capital project. The second amendment in May 2009 increased budgeted disbursements approximately \$1.3 million. The disbursements were for remodeling of the geothermal system and plumbing for the jail and 902 Court Street, Sheriff's forfeiture disbursements and secondary roads for snow and ice control, maintenance, materials, equipment and fuels.

Actual net disbursements for the year totaled \$34,341,704, which was \$9,171,335 under budgeted disbursements. The major reason was capital projects disbursements were approximately \$6.4 million under budget because cash flow requirements for capital projects were less than anticipated due to delays, mental health disbursements were approximately \$1.1 million under budget due to the county switch to a fee for service arrangement with a number of vendors and public safety and legal services disbursements were approximately \$900,000 under budget due to staff vacancies and budgeted forfeiture dollar projects which were delayed. Actual net receipts for fiscal year 2009 were \$33,003,284, which was approximately \$804,000 less than budgeted because intergovernmental receipts for various bike trail grants expected to be received in fiscal year 2009 were not received until fiscal year 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Dallas County had \$57,037,145, net of accumulated depreciation of \$27,065,188, invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$53,835,369 at the end of fiscal year 2008 and \$48,769,201 at the end of fiscal year 2007. The County's net capital assets increased \$3,201,776, or about 5.9%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2009	2008
Land	\$ 6,731,915	5,608,984
Construction in progress	1,505,551	12,269,008
Buildings and improvements	20,599,437	9,430,615
Equipment and vehicles	4,740,362	4,819,214
Infrastructure	23,459,880	21,707,548
Total	\$ 57,037,145	53,835,369
This year's major additions included:		
Various capital road projects		\$ 360,146
Two motorgraders for Secondary Roads Department		426,000
Bike trail project		924,849
Jail project		1,037,080
902 Court Street remodel		1,145,931
Wetland bank purchase		1,511,191
Total		\$ 5,405,197

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

Long-Term Debt

At June 30, 2009, Dallas County had \$16,917,856 in outstanding debt versus \$18,385,194 last year, a net decrease of \$1,467,338.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2009	2008
General obligation bonds	\$ 11,196,765	11,497,598
General obligation capital loan notes	5,685,000	6,585,000
Installment purchase agreements	-	257,298
Drainage district warrants	36,091	45,298
Total	\$ 16,917,856	18,385,194

The net change is a result of the retirement of \$295,000 of bonds, the retirement of \$900,000 of notes, the final payment of \$257,298 on installment purchase agreements and a slight decrease in drainage warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits ($\$5,433,867,315 \times .05 = \$271,693,366$). Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2010 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors are committed to limiting expenditure increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa and ranks 29 out of the top 100 in the nation for growth. Its population in 2000 was 40,750 compared to 47,846 in 2004, to a present day total of over 59,900 (U.S. Census). The unemployment rate in Dallas County stands at 5.6% as of December 2009 compared to last year's rate of 3.7%. Dallas County's Moody's rating was upgraded from A1 to Aa3 during fiscal year 2008. Budgeted disbursements for the fiscal year 2009 operating budget are approximately \$37.4 million, a decrease of approximately \$9.9 million in spending from the prior year appropriations. This is mainly due to the renovation of the County Courthouse and other capital projects having been completed during fiscal year 2009. The adopted fiscal year 2010 budget shows an excess of receipts and other sources under disbursements and other uses of \$366,624. The budget estimates a total ending fund balance of approximately \$10.2 million at the close of fiscal year 2010.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dallas County

Basic Financial Statements

Exhibit A

Dallas County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 20,361,198
Receivables:	
Property tax:	
Delinquent	24,630
Succeeding year	18,865,000
Interest and penalty on property tax	34,663
Succeeding year tax increment financing	113,000
Accounts	97,752
Accrued interest	23,969
Drainage assessments:	
Delinquent	3,192
Succeeding year	34,005
Due from other governments (net)	1,697,624
Inventories	328,222
Prepaid insurance	137,503
Capital assets (net of accumulated depreciation)	57,037,145
Deferred charges - unamortized bond issue costs	67,979
	<u>98,825,882</u>
Total assets	
Liabilities	
Accounts payable	913,934
Accrued interest payable	71,041
Salaries and benefits payable	674,485
Due to other governments	359,385
Deferred revenue:	
Succeeding year property tax	18,865,000
Succeeding year tax increment financing	113,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	260,000
General obligation capital loan notes	655,000
Drainage district warrants payable	36,091
Compensated absences	505,557
Portion due or payable after one year:	
General obligation bonds	10,936,765
General obligation capital loan notes	5,030,000
Compensated absences	299,545
Net OPEB liability	31,473
	<u>38,751,276</u>
Total liabilities	
Net Assets	
Invested in capital assets, net of related debt	40,278,759
Restricted for:	
Supplemental levy purposes	1,369,874
Pioneer cemetery	9,970
Secondary roads purposes	1,833,837
Economic development loans	388,695
Debt service	444,757
Capital projects	4,201,148
Other purposes	3,471,014
Unrestricted	8,076,552
	<u>\$ 60,074,606</u>
Total net assets	

See notes to financial statements.

Dallas County
Statement of Activities
Year ended June 30, 2009

	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	\$ 6,744,056	1,338,413	174,242	443	(5,230,958)
Physical health and social services	2,779,976	1,244,895	461,079	-	(1,074,002)
Mental health	4,242,094	578,918	3,195,308	-	(467,868)
County environment and education	3,471,781	129,666	562,379	905,106	(1,874,630)
Roads and transportation	7,781,346	83,495	3,877,061	339,179	(3,481,611)
Governmental services to residents	1,467,049	1,357,734	5,578	-	(103,737)
Administration	1,687,230	85,403	29,927	1,685	(1,570,215)
Non-program	658,835	755,862	51,818	1,984	150,829
Interest on long-term debt	790,893	-	25,410	-	(765,483)
Total	\$ 29,623,260	5,574,386	8,382,802	1,248,397	(14,417,675)
General Revenues:					
Property and other county tax levied for:					
General purposes					16,619,133
Debt service					1,091,165
Tax increment financing					124,508
Interest and penalty on property tax					273,980
State tax credits					414,826
Grants and contributions not restricted to specific purpose					2,532
Unrestricted investment earnings					523,088
Miscellaneous					25,726
Total general revenues					19,074,958
Change in net assets					4,657,283
Net assets beginning of year					55,417,323
Net assets end of year					\$ 60,074,606

See notes to financial statements.

Dallas County
Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 8,541,371	2,065,692	116,483	1,143,919
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	18,012	1,595	3,760	-
Succeeding year	13,308,000	1,467,000	2,761,000	-
Interest and penalty on property tax	34,663	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	57,951	654	-	1,140
Accrued interest	22,259	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	164	-	-	921
Due from other governments (net of allowance for doubtful ambulance accounts of \$271,458)	657,139	59,323	211	892,408
Inventories	-	-	-	328,222
Prepaid insurance	97,855	631	-	33,976
Total assets	\$ 22,737,414	3,594,895	2,881,454	2,400,586

Capital Projects	Nonmajor	Total
4,225,532	2,437,413	18,530,410
-	172,749	172,749
-	1,263	24,630
-	1,329,000	18,865,000
-	-	34,663
-	113,000	113,000
-	4,361	64,106
213	624	23,096
-	3,192	3,192
-	34,005	34,005
-	-	1,085
66,826	21,557	1,697,464
-	-	328,222
-	5,041	137,503
<u>4,292,571</u>	<u>4,122,205</u>	<u>40,029,125</u>

Dallas County
Balance Sheet
Governmental Funds

June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 165,243	142,529	549	161,969
Salaries and benefits payable	469,722	34,896	1,883	134,107
Due to other funds	889	164	32	-
Due to other governments	28,710	319,494	2,687	7,062
Deferred revenue:				
Succeeding year property tax	13,308,000	1,467,000	2,761,000	-
Succeeding year tax increment financing	-	-	-	-
Other	425,177	6,762	3,721	308,415
Total liabilities	14,397,741	1,970,845	2,769,872	611,553
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,405,350	-	-	-
Pioneer cemetery	9,970	-	-	-
Room and board fees	88,184	-	-	-
Drainage projects	-	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for special projects	451,373	-	-	195,400
Undesignated, reported in:				
General fund	6,384,796	-	-	-
Special revenue funds	-	1,624,050	111,582	1,593,633
Capital projects fund	-	-	-	-
Total fund balances	8,339,673	1,624,050	111,582	1,789,033
Total liabilities and fund balances	\$ 22,737,414	3,594,895	2,881,454	2,400,586

See notes to financial statements.

Capital Projects	Nonmajor	Total
36,023	3,143	509,456
-	-	640,608
-	-	1,085
-	625	358,578
-	1,329,000	18,865,000
-	113,000	113,000
66,826	39,590	850,491
102,849	1,485,358	21,338,218
-	-	1,405,350
-	-	9,970
-	-	88,184
-	2,057	2,057
-	510,440	510,440
-	-	646,773
-	-	6,384,796
-	2,124,350	5,453,615
4,189,722	-	4,189,722
4,189,722	2,636,847	18,690,907
4,292,571	4,122,205	40,029,125

Dallas County

Dallas County
 Reconciliation of the Balance Sheet -
 Governmental Funds to the Statement of Net Assets
 June 30, 2009

Total governmental fund balances (page 21) \$ 18,690,907

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 governmental funds. The cost of assets, excluding Internal Service Funds, is \$83,565,598 and the accumulated depreciation is \$26,748,006. 56,817,592

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 850,491

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

Capital assets of \$536,735 less accumulated depreciation of \$317,182	\$ 219,553	
Compensated absences	(48,964)	
Other net assets	<u>1,251,658</u>	1,422,247

Bond issue costs are reported as current expenditures in the governmental funds. However, bond issue costs are amortized over the life of the bonds and the annual amortization is included in governmental activities in the Statement of Net Assets. 67,979

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, drainage district warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (17,774,610)

Net assets of governmental activities (page 16) \$ 60,074,606

See notes to financial statements.

Dallas County

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

Year ended June 30, 2009

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 12,466,449	1,480,187	2,668,035	-
Interest and penalty on property tax	267,434	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,535,979	3,804,448	86,437	4,035,207
Licenses and permits	114,704	-	-	250
Charges for service	2,101,554	-	-	70
Use of money and property	524,097	-	-	-
Miscellaneous	179,067	46,400	9,774	68,592
Total revenues	18,189,284	5,331,035	2,764,246	4,104,119
Expenditures:				
Operating:				
Public safety and legal services	6,405,953	-	-	-
Physical health and social services	2,839,385	-	-	-
Mental health	-	4,131,844	-	-
County environment and education	3,078,004	-	259,015	-
Roads and transportation	-	-	449,347	6,193,451
Governmental services to residents	1,466,090	-	-	-
Administration	1,433,061	-	-	-
Non-program	12,500	-	-	-
Debt service	173,340	-	-	-
Capital projects	18,872	-	-	378,596
Total expenditures	15,427,205	4,131,844	708,362	6,572,047
Excess (deficiency) of revenues over (under) expenditures	2,762,079	1,199,191	2,055,884	(2,467,928)
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	608,808	-	-	2,378,239
Operating transfers out	(6,362,137)	-	(2,067,819)	-
Drainage district warrants issued	-	-	-	-
Total other financing sources (uses)	(5,753,329)	-	(2,067,819)	2,378,239
Net change in fund balances	(2,991,250)	1,199,191	(11,935)	(89,689)
Fund balances beginning of year	11,330,923	424,859	123,517	1,878,722
Fund balances end of year	\$ 8,339,673	1,624,050	111,582	1,789,033

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	1,090,811	17,705,482
-	-	267,434
-	124,508	124,508
838,122	368,981	11,669,174
-	-	114,954
38,185	32,038	2,171,847
23,726	210,750	758,573
2,286	148,329	454,448
902,319	1,975,417	33,266,420
-	97,780	6,503,733
-	-	2,839,385
-	-	4,131,844
-	73,267	3,410,286
-	-	6,642,798
-	8,562	1,474,652
-	26,134	1,459,195
-	69,493	81,993
521,283	1,263,169	1,957,792
5,001,805	310,510	5,709,783
5,523,088	1,848,915	34,211,461
(4,620,769)	126,502	(945,041)
254,690	-	254,690
6,051,717	91,737	9,130,501
(608,808)	(91,737)	(9,130,501)
-	23,755	23,755
5,697,599	23,755	278,445
1,076,830	150,257	(666,596)
3,112,892	2,486,590	19,357,503
4,189,722	2,636,847	18,690,907

Dallas County

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

Year ended June 30, 2009

Net change in fund balances - Total governmental funds (page 25) \$ (666,596)

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

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

Expenditures for capital assets	\$ 6,017,835	
Capital assets contributed by the Iowa Department of Transportation	31,234	
Other capital asset contributions	79,200	
Depreciation expense	<u>(2,647,069)</u>	3,481,200

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the proceeds from the disposition increase financial resources in the governmental funds. (424,222)

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	11,362	
Other	<u>232,676</u>	244,038

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

Issued	(23,755)	
Repaid	<u>1,485,260</u>	1,461,505

Dallas County

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

Year ended June 30, 2009

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	(63,468)	
Interest on long-term debt	25,111	
Other postemployment benefits	(29,575)	
Amortization of bond issuance premium	5,833	
Amortization of bond issue costs	(6,180)	(68,279)

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

629,637

Change in net assets of governmental activities (page 17)

\$ 4,657,283

See notes to financial statements

Dallas County
Statement of Net Assets
Proprietary Funds

June 30, 2009

	<u>Internal Service</u>
Assets	
Cash and cash equivalents	\$ 1,658,039
Receivables:	
Accounts	33,646
Accrued interest	873
Due from other governments	160
Capital assets, net of accumulated depreciation	219,553
Total assets	<u>1,912,271</u>
Liabilities	
Accounts payable	404,478
Salaries and benefits payable	33,877
Due to other governments	807
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	43,634
Portion due or payable after one year:	
Compensated absences	5,330
Net OPEB liability	1,898
Total liabilities	<u>490,024</u>
Net Assets	
Invested in capital assets	219,553
Unrestricted	1,202,694
Total net assets	<u>\$ 1,422,247</u>

See notes to financial statements.

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

Year ended June 30, 2009

		Internal Service
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,050,578
Reimbursements from employees and others		321,309
Insurance reimbursements		127,036
Miscellaneous		6,918
Total operating revenues		4,505,841
Operating expenses:		
Medical claims	\$ 1,852,379	
Administrative and other fees	322,949	
Central services	407,058	
Information technology	769,992	
Operations administration	266,082	
Human resources	274,390	3,892,850
Operating income		612,991
Non-operating revenues:		
Interest income		16,646
Net income		629,637
Net assets beginning of year		792,610
Net assets end of year		\$ 1,422,247

See notes to financial statements.

Exhibit I

Dallas County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 4,377,613
Cash received from insurance reimbursements	94,918
Cash paid to suppliers for services	<u>(3,812,590)</u>
Net cash provided by operating activities	659,941
Cash flows from capital and related financing activities:	
Purchase of equipment	(176,444)
Cash flows from investing activities:	
Interest on investments	<u>19,924</u>
Net increase in cash and cash equivalents	503,421
Cash and cash equivalents beginning of year	<u>1,154,618</u>
Cash and cash equivalents end of year	<u><u>\$ 1,658,039</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 612,991
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,646
Changes in assets and liabilities:	
(Increase) in accounts receivable and due from other governments	(33,310)
Increase in accounts payable and due to other governments	62,692
(Decrease) in salaries and benefits payable	(7,258)
(Decrease) in compensated absences	(8,718)
Increase in net OPEB liability	<u>1,898</u>
Net cash provided by operating activities	<u><u>\$ 659,941</u></u>

See notes to financial statements.

Dallas County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

Assets	
Cash and pooled investments:	
County Treasurer	\$ 4,648,918
Other County officials	214,108
Receivables:	
Property tax:	
Delinquent	101,803
Succeeding year	105,531,000
Accounts	60,077
Accrued interest	4,400
Special assessments	1,717,000
Due from other funds	2,262
Due from other governments	32,415
Prepaid insurance	2,382
Total assets	<u>112,314,365</u>
Liabilities	
Accounts payable	47,193
Salaries and benefits payable	39,080
Due to other funds	2,262
Due to other governments	111,866,180
Trusts payable	293,669
Compensated absences	65,981
Total liabilities	<u>112,314,365</u>
Net assets	<u><u>\$ -</u></u>

See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. 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.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the debt service function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 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 \$1,053,147 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 164
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	889 32
Total		<u>\$ 1,085</u>

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 608,808
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	310,420 2,067,819
Capital Projects	General	6,051,717
Debt Service	Special Revenue: Tax Increment Financing	91,737
Total		<u>\$ 9,130,501</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,608,984	1,511,191	(388,260)	6,731,915
Construction in progress	12,269,008	3,836,231	(14,599,688)	1,505,551
Total capital assets not being depreciated	17,877,992	5,347,422	(14,987,948)	8,237,466
Capital assets being depreciated:				
Buildings	15,330,910	11,695,467	-	27,026,377
Improvements other than buildings	161,488	-	-	161,488
Equipment and vehicles	9,659,999	1,168,520	(800,881)	10,027,638
Infrastructure, road network and other	35,722,971	2,926,393	-	38,649,364
Total capital assets being depreciated	60,875,368	15,790,380	(800,881)	75,864,867
Less accumulated depreciation for:				
Buildings	6,038,139	522,031	-	6,560,170
Improvements other than buildings	23,644	4,614	-	28,258
Equipment and vehicles	4,840,785	978,009	(531,518)	5,287,276
Infrastructure, road network and other	14,015,423	1,174,061	-	15,189,484
Total accumulated depreciation	24,917,991	2,678,715	(531,518)	27,065,188
Total capital assets being depreciated, net	35,957,377	13,111,665	(269,363)	48,799,679
Governmental activities capital assets, net	\$ 53,835,369	18,459,087	(15,257,311)	57,037,145

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 620,790
Physical health and social services	15,440
Mental health	93,531
County environment and education	190,348
Roads and transportation	1,585,936
Governmental services to residents	57,460
Administration	115,210
Total depreciation expense - governmental activities	<u>\$ 2,678,715</u>

(6) Due to Other Governments

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

Fund	Description	Amount
General	Services	\$ 28,710
Special Revenue:		
Mental Health	Services	319,494
Rural Services		2,687
Secondary Roads		7,062
County Farm		625
		<u>329,868</u>
Total for governmental funds		<u>\$ 358,578</u>
Agency:		
County Assessor	Collections	\$ 1,503,608
Schools		57,723,425
Community Colleges		1,744,841
Corporations		43,662,539
City Special Assessments		1,751,972
Auto License and Use Tax		1,454,669
All other		4,025,126
Total for agency funds		<u>\$ 111,866,180</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	General Obligation Bonds (1)	General Capital Loan Notes	Installment Purchase Agreements	Drainage District Warrants	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 11,497,598	6,585,000	257,298	45,298	750,352	-	19,135,546
Increases	-	-	-	23,755	643,850	31,473	699,078
Decreases	300,833	900,000	257,298	32,962	589,100	-	2,080,193
Balance end of year	<u>\$ 11,196,765</u>	<u>5,685,000</u>	<u>-</u>	<u>36,091</u>	<u>805,102</u>	<u>31,473</u>	<u>17,754,431</u>
Due within one year	<u>\$ 260,000</u>	<u>655,000</u>	<u>-</u>	<u>36,091</u>	<u>505,557</u>	<u>-</u>	<u>1,456,648</u>

(1) The unamortized premium on the bonds was \$56,765 at June 30, 2009.

General Obligation Bonds

A summary of the County's June 30, 2009 general obligation bonds is as follows:

Year Ending June 30,	Series 2005B			
	Issued December 28, 2005			
	Interest Rates	Principal	Interest	Total
2010	3.75%	\$ 175,000	334,917	509,917
2011	3.75	230,000	328,355	558,355
2012	3.75	300,000	319,730	619,730
2013	3.75	410,000	308,480	718,480
2014	3.75	765,000	293,075	1,058,075
2015-2019	3.75-3.85	5,460,000	956,980	6,416,980
2020-2024	3.90	1,480,000	57,720	1,537,720
2025-2029		-	-	-
Total		8,820,000	2,599,257	11,419,257
Unamortized premium		23,481		
Bonds payable		<u>\$ 8,843,481</u>		

Year Ending June 30,	Series 2008A				Total		
	Issued June 1, 2008				Principal	Interest	Total
	Interest Rates	Principal	Interest	Total			
2010	4.00%	\$ 85,000	93,255	178,255	260,000	428,172	688,172
2011	4.00	85,000	89,855	174,855	315,000	418,210	733,210
2012	4.00	95,000	86,455	181,455	395,000	406,185	801,185
2013	4.00	100,000	82,655	182,655	510,000	391,135	901,135
2014	4.00	100,000	78,655	178,655	865,000	371,730	1,236,730
2015-2019	4.00	545,000	331,475	876,475	6,005,000	1,288,455	7,293,455
2020-2024	4.00	670,000	213,275	883,275	2,150,000	270,995	2,420,995
2025-2029	4.00-4.125	640,000	66,900	706,900	640,000	66,900	706,900
Total		2,320,000	1,042,525	3,362,525	11,140,000	3,641,782	14,781,782
Unamortized premium		33,284			56,765		
Bonds payable		<u>\$ 2,353,284</u>			<u>\$ 11,196,765</u>		

During the year ended June 30, 2009, the County retired \$295,000 of bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2009 general obligation capital loan notes is as follows:

Year Ending June 30,	Series 2000A			Series 2002A		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	5.00%	\$ 65,000	96,557	4.25%	\$ 195,000	87,563
2011	5.00	80,000	79,207	4.25	190,000	79,275
2012	5.00	85,000	75,207	4.50	170,000	71,200
2013	5.00	115,000	70,957	4.75	155,000	63,550
2014	5.10	135,000	65,207	4.75	150,000	56,187
2015-2019	5.20-5.40	875,000	206,761	4.75-5.00	825,000	169,588
2020-2024	5.40	220,000	11,880	5.00	180,000	9,000
Total		\$ 1,575,000	605,776		\$ 1,865,000	536,363

Year Ending June 30,	Series 2002B			Series 2002C		
	Issued April 1, 2002			Issued December 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	4.30%	\$ 120,000	53,268	3.50%	\$ 275,000	42,033
2011	4.45	125,000	48,107	3.70	290,000	32,407
2012	4.60	130,000	42,545	3.80	295,000	21,678
2013	4.70	135,000	36,565	3.95	265,000	10,467
2014	4.80	140,000	30,220		-	-
2015-2019	5.00	470,000	47,750		-	-
2020-2024		-	-		-	-
Total		\$ 1,120,000	258,455		\$ 1,125,000	106,585

Year Ending June 30,	Total		
	Principal	Interest	Total
2010	\$ 655,000	279,421	934,421
2011	685,000	238,996	923,996
2012	680,000	210,630	890,630
2013	670,000	181,539	851,539
2014	425,000	151,614	576,614
2015-2019	2,170,000	424,099	2,594,099
2020-2024	400,000	20,880	420,880
Total	\$ 5,685,000	1,507,179	7,192,179

During the year ended June 30, 2009, the County retired \$900,000 of general obligation capital loan notes.

Drainage District Warrants

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

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

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$669,109, \$588,829 and \$514,584, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions, during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 202 active and 10 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by First Administrators. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 58,399
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>58,399</u>
Contributions made	<u>(26,926)</u>
Increase in net OPEB obligation	31,473
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 31,473</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the County contributed \$26,926 to the medical plan. Plan members eligible for benefits contributed \$34,264, or 56% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 58,399	46.1%	\$ 31,473

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$449,970, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$449,970. The covered payroll (annual payroll of active employees covered by the plan) was \$8,689,735 and the ratio of the UAAL to covered payroll was 5.2%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's

funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$758 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The 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 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual 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 200 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, 2009 were \$269,656.

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 \$10,000,000 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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 casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(11) Employee Health Insurance Plan

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2009 was \$1,876,960.

Amounts payable from the Employee Group Health Fund at June 30, 2009 total \$346,096, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$896,685 at June 30, 2009 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A

reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 238,734
Incurred claims (including claims incurred but not reported at June 30, 2009)	1,852,379
Payment on claims during the fiscal year	<u>(1,745,017)</u>
Unpaid claims end of year	<u><u>\$ 346,096</u></u>

(12) Hospital Revenue Bonds

In March 2001, the County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc. The proceeds were used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County.

(13) Industrial Development Revenue Bonds

In August 2000, the County issued \$13,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds are payable solely from the revenues derived and do not constitute a liability of the County.

(14) YMCA Revenue Bond

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

(15) Economic Development Agreements

In November 2003, the County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began in fiscal year 2005 and continues through fiscal year 2009. Payments totaling \$880,899 were made to the City of West Des Moines under the terms of the 28E agreement during the year ended June 30, 2009. The cumulative amount paid to the City of West Des Moines at June 30, 2009 was \$2,908,603.

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost of the public improvements or \$5,500,000. Payments totaling \$16,385 were made to the developer under the terms of the agreement during the year ended June 30, 2009. The cumulative amount paid to the developer at June 30, 2009 was \$30,503.

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in the financing of an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began

in fiscal year 2009 and continues through fiscal year 2019. Payments totaling \$288,427 were made to the City of West Des Moines under the terms of the 28E agreement during the year ended June 30, 2009.

In October 2008, the County entered into an agreement with the City of West Des Moines to financially participate in the financing of an economic development project. The County agreed to pay the City \$440,000 for each of ten fiscal years beginning with the year ending June 30, 2010. The agreement is currently suspended pending commencement of the economic development project.

(16) Pending Litigation

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

(17) Operating Leases

The County is the lessee in six operating leases. The County is leasing four John Deere mowers for use by the Conservation Department. The County leases land used for Dallas County offices requiring public access. The County also leases two buildings used for Dallas County offices. The future minimum rental payments for these leases is as follows:

Year ending June 30,	Amount
2010	\$ 106,242
2011	99,878
2012	52,736
2013	8,388
Total	\$ 267,244

Rental expense for the year ended June 30, 2009 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$132,499.

(18) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2008, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive \$41,536 in land and building rent annually.

(19) Designated Fund Equity

The County has designated amounts from the General and Special Revenue, Secondary Roads Funds for special projects. At June 30, 2009, the amounts designated are as follows:

Description	Amount
General:	
Miscellaneous	\$ 451,373
Special Revenue:	
Secondary Roads:	
Construction	195,400
Total	\$ 646,773

(20) Trusts Payable – Sheriff Forfeiture Pending Account

At June 30, 2009, \$627,790 of cash seized during interdiction activities by the County Sheriff's Office was still pending resolution through the formal forfeiture process. The cash and trust payable are reported in Agency Funds - Other.

(21) Construction Commitment

The County has entered into a contract totaling \$216,021 to construct jetties for erosion control on the South Raccoon River at the Old Portland Road bridge. The entire balance of the contract is remaining at June 30, 2009 and will be paid as work on the project progresses.

Required Supplementary Information

Dallas County

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

Required Supplementary Information

Year ended June 30, 2009

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 17,830,323	-	17,830,323
Interest and penalty on property tax	267,614	-	267,614
Intergovernmental	11,419,643	-	11,419,643
Licenses and permits	113,863	-	113,863
Charges for service	2,202,426	-	2,202,426
Use of money and property	850,104	5,464	844,640
Miscellaneous	429,319	104,544	324,775
Total receipts	<u>33,113,292</u>	<u>110,008</u>	<u>33,003,284</u>
Disbursements:			
Public safety and legal services	6,508,758	-	6,508,758
Physical health and social services	2,845,271	-	2,845,271
Mental health	4,247,460	-	4,247,460
County environment and education	3,403,459	38,241	3,365,218
Roads and transportation	6,536,453	-	6,536,453
Governmental services to residents	1,483,113	-	1,483,113
Administration	1,441,972	-	1,441,972
Non-program	85,190	59,637	25,553
Debt service	1,957,892	-	1,957,892
Capital projects	5,930,014	-	5,930,014
Total disbursements	<u>34,439,582</u>	<u>97,878</u>	<u>34,341,704</u>
Excess (deficiency) of receipts over (under) disbursements	(1,326,290)	12,130	(1,338,420)
Other financing sources, net	278,445	23,755	254,690
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,047,845)	35,885	(1,083,730)
Balance beginning of year	<u>19,751,004</u>	<u>215,575</u>	<u>19,535,429</u>
Balance end of year	<u>\$ 18,703,159</u>	<u>251,460</u>	<u>18,451,699</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
17,871,372	17,871,372	(41,049)
69,690	69,690	197,924
9,600,898	12,799,925	(1,380,282)
198,220	130,894	(17,031)
2,087,192	1,937,647	264,779
798,686	751,086	93,554
173,277	246,629	78,146
<u>30,799,335</u>	<u>33,807,243</u>	<u>(803,959)</u>
7,184,451	7,381,838	873,080
2,998,888	3,230,171	384,900
5,081,109	5,303,466	1,056,006
3,328,122	3,745,146	379,928
5,851,213	6,727,957	191,504
1,732,418	1,757,358	274,245
1,411,835	1,602,099	160,127
33,000	38,000	12,447
1,385,629	1,390,129	(567,763)
2,956,369	12,336,875	6,406,861
<u>31,963,034</u>	<u>43,513,039</u>	<u>9,171,335</u>
(1,163,699)	(9,705,796)	8,367,376
-	-	254,690
(1,163,699)	(9,705,796)	8,622,066
9,900,068	19,398,742	136,687
<u>8,736,369</u>	<u>9,692,946</u>	<u>8,758,753</u>

Dallas County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 33,113,292	153,128	33,266,420
Expenditures	34,439,582	(228,121)	34,211,461
Net	(1,326,290)	381,249	(945,041)
Other financing sources, net	278,445	-	278,445
Beginning fund balances	19,751,004	(393,501)	19,357,503
Ending fund balances	\$ 18,703,159	(12,252)	18,690,907

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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

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

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$11,550,005. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the debt service function.

Dallas County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	-	\$ 450	450	0.00%	\$ 8,690	5.20%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Dallas County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
Assets										
Cash and pooled investments:										
County Treasurer	\$ 2	1,000	116,092	11,797	845	199,060	7,447	122,722	27,883	220,984
Conservation Foundation	-	-	-	-	-	-	-	-	-	-
Receivables:										
Property tax:										
Delinquent	-	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-	-
Succeeding year										
tax increment financing	113,000	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	4,000	-
Accrued interest	-	-	-	-	-	-	-	56	-	-
Drainage assessments:										
Delinquent	-	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	21,483	-	74	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-	-	4,865	176
Total assets	\$ 113,002	1,000	116,092	33,280	845	199,134	7,447	122,778	36,748	221,160
Liabilities and Fund Equity										
Liabilities:										
Accounts payable	\$ -	-	2,122	-	-	138	-	-	-	263
Due to other governments	-	-	-	-	-	-	-	-	-	625
Deferred revenue:										
Succeeding year property tax	-	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	113,000	-	-	-	-	-	-	-	-	-
Other	-	-	-	800	-	-	-	-	-	-
Total liabilities	113,000	-	2,122	800	-	138	-	-	-	888
Fund equity:										
Fund balances:										
Reserved for:										
Drainage projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Unreserved	2	1,000	113,970	32,480	845	198,996	7,447	122,778	36,748	220,272
Total fund equity	2	1,000	113,970	32,480	845	198,996	7,447	122,778	36,748	220,272
Total liabilities and fund equity	\$ 113,002	1,000	116,092	33,280	845	199,134	7,447	122,778	36,748	221,160

See accompanying independent auditor's report.

Special Revenue													Total
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage Districts	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total	
388,302	16	99,221	28,072	533,351	78,711	64,634	8,016	14,094	4,899	-	510,265	2,437,413	
-	-	-	-	-	-	-	-	-	-	172,749	-	172,749	
-	-	-	-	-	-	-	-	-	-	-	1,263	1,263	
-	-	-	-	-	-	-	-	-	-	-	1,329,000	1,329,000	
-	-	-	-	-	-	-	-	-	-	-	-	113,000	
-	-	-	-	-	-	-	-	-	361	-	-	4,361	
393	-	24	-	7	-	-	-	-	-	-	144	624	
-	-	-	-	-	3,192	-	-	-	-	-	-	3,192	
-	-	-	-	-	34,005	-	-	-	-	-	-	34,005	
-	-	-	-	-	-	-	-	-	-	-	-	21,557	
-	-	-	-	-	-	-	-	-	-	-	-	5,041	
388,695	16	99,245	28,072	533,358	115,908	64,634	8,016	14,094	5,260	172,749	1,840,672	4,122,205	
-	-	-	500	-	-	-	20	-	100	-	-	3,143	
-	-	-	-	-	-	-	-	-	-	-	-	625	
-	-	-	-	-	-	-	-	-	-	-	1,329,000	1,329,000	
-	-	-	-	-	-	-	-	-	-	-	-	113,000	
-	-	-	-	-	37,197	-	-	-	361	-	1,232	39,590	
-	-	-	500	-	37,197	-	20	-	461	-	1,330,232	1,485,358	
-	-	-	-	-	2,057	-	-	-	-	-	-	2,057	
-	-	-	-	-	-	-	-	-	-	-	510,440	510,440	
388,695	16	99,245	27,572	533,358	76,654	64,634	7,996	14,094	4,799	172,749	-	2,124,350	
388,695	16	99,245	27,572	533,358	78,711	64,634	7,996	14,094	4,799	172,749	510,440	2,636,847	
388,695	16	99,245	28,072	533,358	115,908	64,634	8,016	14,094	5,260	172,749	1,840,672	4,122,205	

Dallas County

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

Year ended June 30, 2009

	Tax Increment Financing	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
Revenues:										
Property and other county tax	\$ -	-	-	-	-	-	-	-	-	-
Tax increment financing	124,508	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-	19,020	-	-
Use of money and property	-	-	-	-	-	-	-	1,349	24,333	39,963
Miscellaneous	-	-	12,000	28,665	-	176	-	-	-	-
Total revenues	124,508	-	12,000	28,665	-	176	-	20,369	24,333	39,963
Expenditures:										
Operating:										
Public safety and legal services	-	-	63,734	-	-	15,798	-	-	-	-
County environment and education	32,770	-	-	-	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-	-	8,562	-	-
Administration	-	-	-	-	-	-	-	-	25,777	357
Non-program	-	-	-	-	-	-	-	-	-	9,856
Debt service	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Total expenditures	32,770	-	63,734	-	-	15,798	-	8,562	25,777	10,213
Excess (deficiency) of revenues over (under) expenditures	91,738	-	(51,734)	28,665	-	(15,622)	-	11,807	(1,444)	29,750
Other financing sources (uses):										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Operating transfers out	(91,737)	-	-	-	-	-	-	-	-	-
Drainage district warrants issued	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(91,737)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1	-	(51,734)	28,665	-	(15,622)	-	11,807	(1,444)	29,750
Fund balances beginning of year	1	1,000	165,704	3,815	845	214,618	7,447	110,971	38,192	190,522
Fund balances end of year	\$ 2	1,000	113,970	32,480	845	198,996	7,447	122,778	36,748	220,272

See accompanying independent auditor's report.

Special Revenue												
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Conservation Conditional Use	Drainage Districts	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	-	-	-	-	-	1,090,811	1,090,811
-	-	-	-	-	-	-	-	-	-	-	-	124,508
-	-	347,156	-	-	-	-	-	-	-	-	21,825	368,981
-	-	-	13,018	-	-	-	-	-	-	-	-	32,038
10,579	-	1,984	-	82,215	1,150	19,453	-	-	-	4,314	25,410	210,750
-	-	-	-	-	-	75	670	-	2,199	104,544	-	148,329
10,579	-	349,140	13,018	82,215	1,150	19,528	670	-	2,199	108,858	1,138,046	1,975,417
-	-	-	15,352	-	-	-	2,896	-	-	-	-	97,780
1	-	-	-	-	-	-	-	-	2,255	38,241	-	73,267
-	-	-	-	-	-	-	-	-	-	-	-	8,562
-	-	-	-	-	-	-	-	-	-	-	-	26,134
-	-	-	-	-	59,637	-	-	-	-	-	-	69,493
-	-	-	-	-	-	-	-	-	-	-	1,263,169	1,263,169
-	-	296,753	-	-	-	13,757	-	-	-	-	-	310,510
1	-	296,753	15,352	-	59,637	13,757	2,896	-	2,255	38,241	1,263,169	1,848,915
10,578	-	52,387	(2,334)	82,215	(58,487)	5,771	(2,226)	-	(56)	70,617	(125,123)	126,502
-	-	-	-	-	-	-	-	-	-	-	91,737	91,737
-	-	-	-	-	-	-	-	-	-	-	-	(91,737)
-	-	-	-	-	23,755	-	-	-	-	-	-	23,755
-	-	-	-	-	23,755	-	-	-	-	-	91,737	23,755
10,578	-	52,387	(2,334)	82,215	(34,732)	5,771	(2,226)	-	(56)	70,617	(33,386)	150,257
378,117	16	46,858	29,906	451,143	113,443	58,863	10,222	14,094	4,855	102,132	543,826	2,486,590
388,695	16	99,245	27,572	533,358	78,711	64,634	7,996	14,094	4,799	172,749	510,440	2,636,847

Dallas County

Dallas County
Combining Schedule of Net Assets
Internal Service Funds

June 30, 2009

	Professional Services	Employee Group Health	Total
Assets			
Cash and pooled investments	\$ 448,249	1,209,790	1,658,039
Accounts receivable	1,528	32,118	33,646
Accrued interest receivable	-	873	873
Due from other governments	160	-	160
Capital assets, net of accumulated depreciation	219,553	-	219,553
Total assets	669,490	1,242,781	1,912,271
Liabilities			
Accounts payable	58,382	346,096	404,478
Salaries and benefits payable	33,877	-	33,877
Due to other governments	807	-	807
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	43,634	-	43,634
Portion due or payable after one year:			
Compensated absences	5,330	-	5,330
Net OPEB liability	1,898	-	1,898
Total liabilities	143,928	- 346,096	490,024
Net Assets			
Invested in capital assets	219,553	-	219,553
Unrestricted	306,009	896,685	1,202,694
Total net assets	\$ 525,562	896,685	1,422,247

See accompanying independent auditor's report.

Schedule 4

Dallas County

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

Year ended June 30, 2009

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 2,173,618	1,876,960	4,050,578
Reimbursements from employees and others	-	321,309	321,309
Insurance reimbursements	-	127,036	127,036
Miscellaneous	6,918	-	6,918
Total operating revenues	2,180,536	2,325,305	4,505,841
Operating expenses:			
Medical claims	-	1,852,379	1,852,379
Administrative and other fees	-	322,949	322,949
Central services	407,058	-	407,058
Information technology	769,992	-	769,992
Operations administration	266,082	-	266,082
Human resources	274,390	-	274,390
Total operating expenses	1,717,522	2,175,328	3,892,850
Operating income	463,014	149,977	612,991
Non-operating revenues:			
Interest income	-	16,646	16,646
Net income	463,014	166,623	629,637
Net assets beginning of year	62,548	730,062	792,610
Net assets end of year	\$ 525,562	896,685	1,422,247

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2009

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 2,179,344	2,198,269	4,377,613
Cash received from insurance reimbursements	-	94,918	94,918
Cash paid to suppliers for services	(1,744,624)	(2,067,966)	(3,812,590)
Net cash provided by operating activities	434,720	225,221	659,941
Cash flows from capital and related financing activities:			
Purchase of equipment	(176,444)	-	(176,444)
Cash flows from investing activities:			
Interest on investments	-	19,924	19,924
Net increase in cash and cash equivalents	258,276	245,145	503,421
Cash and cash equivalents beginning of year	189,973	964,645	1,154,618
Cash and cash equivalents end of year	\$ 448,249	1,209,790	1,658,039
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 463,014	149,977	612,991
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	31,646	-	31,646
Changes in assets and liabilities:			
(Increase) in accounts receivable and due from other governments	(1,192)	(32,118)	(33,310)
Increase (decrease) in accounts payable and due to other governments	(44,670)	107,362	62,692
(Decrease) in salaries and benefits payable	(7,258)	-	(7,258)
(Decrease) in compensated absences	(8,718)	-	(8,718)
Increase in Net OPEB liability	1,898	-	1,898
Net cash provided by operating activities	\$ 434,720	225,221	659,941

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	2,459	553,406	674,361	18,966
Other County officials	214,108	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	248	1,108	63,064	1,875
Succeeding year	-	217,000	1,019,000	56,986,000	1,724,000
Accounts	10,641	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	280	-	-
Total assets	\$ 224,749	219,707	1,573,794	57,723,425	1,744,841
Liabilities					
Accounts payable	\$ -	-	3,378	-	-
Salaries and benefits payable	-	-	29,681	-	-
Due to other funds	2,262	-	-	-	-
Due to other governments	87,153	219,707	1,503,608	57,723,425	1,744,841
Trusts payable	135,334	-	-	-	-
Compensated absences	-	-	37,127	-	-
Total liabilities	\$ 224,749	219,707	1,573,794	57,723,425	1,744,841

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
757,600	4,362	34,972	1,454,669	1,148,123	4,648,918
-	-	-	-	-	214,108
32,939	519	-	-	2,050	101,803
42,872,000	347,000	-	-	2,366,000	105,531,000
-	-	-	-	49,436	60,077
-	-	-	-	4,400	4,400
-	-	1,717,000	-	-	1,717,000
-	-	-	-	2,262	2,262
-	-	-	-	32,415	32,415
-	-	-	-	2,102	2,382
43,662,539	351,881	1,751,972	1,454,669	3,606,788	112,314,365
-	-	-	-	43,815	47,193
-	-	-	-	9,399	39,080
-	-	-	-	-	2,262
43,662,539	351,881	1,751,972	1,454,669	3,366,385	111,866,180
-	-	-	-	158,335	293,669
-	-	-	-	28,854	65,981
43,662,539	351,881	1,751,972	1,454,669	3,606,788	112,314,365

Dallas County
 Combining Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 151,914	207,458	1,466,180	52,932,779	1,598,352
Additions:					
Property and other county tax	-	217,466	1,021,755	57,107,016	1,728,185
E911 surcharge	-	-	-	-	-
State tax credits	-	4,519	22,387	1,136,518	34,842
Drivers license fees	-	-	-	-	-
Office fees and collections	1,643,386	-	47	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	1,228,265	-	-	-	-
Miscellaneous	-	9	31,846	2,351	67
Total additions	<u>2,871,651</u>	<u>221,994</u>	<u>1,076,035</u>	<u>58,245,885</u>	<u>1,763,094</u>
Deductions:					
Agency remittances:					
To other funds	980,310	-	-	-	-
To other governments	663,448	209,745	968,421	53,455,239	1,616,605
Trusts paid out	1,155,058	-	-	-	-
Total deductions	<u>2,798,816</u>	<u>209,745</u>	<u>968,421</u>	<u>53,455,239</u>	<u>1,616,605</u>
Balances end of year	<u>\$ 224,749</u>	<u>219,707</u>	<u>1,573,794</u>	<u>57,723,425</u>	<u>1,744,841</u>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
40,024,639	357,282	1,355,934	1,243,714	3,821,084	103,159,336
42,585,855	360,287	-	-	2,404,289	105,424,853
-	-	-	-	330,397	330,397
602,172	11,747	-	-	40,381	1,852,566
-	-	-	355,094	-	355,094
-	-	-	-	-	1,643,433
-	-	-	15,912,046	-	15,912,046
-	-	779,307	-	-	779,307
-	-	-	-	1,619,855	2,848,120
1,908	-	-	-	715,160	751,341
43,189,935	372,034	779,307	16,267,140	5,110,082	129,897,157
-	-	-	638,516	-	1,618,826
39,552,035	377,435	383,269	15,417,669	3,566,360	116,210,226
-	-	-	-	1,758,018	2,913,076
39,552,035	377,435	383,269	16,056,185	5,324,378	120,742,128
43,662,539	351,881	1,751,972	1,454,669	3,606,788	112,314,365

Dallas County

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

For the Last Ten Years

	Modified Accrual				
	2009	2008	2007	2006	2005
Revenues:					
Property and other county tax	\$ 17,705,482	16,435,190	14,131,764	12,363,153	12,223,329
Interest and penalty on property tax	267,434	200,150	120,212	129,471	157,069
Tax increment financing	124,508	118,668	71,915	69,156	68,393
Intergovernmental	11,669,174	9,267,818	8,821,036	8,351,295	8,685,409
Licenses and permits	114,954	165,210	167,762	228,474	212,699
Charges for service	2,171,847	2,220,105	2,033,444	2,151,942	1,966,320
Use of money and property	758,573	1,214,811	1,352,680	938,619	376,332
Miscellaneous	454,448	471,613	582,977	1,156,236	640,509
Total	\$ 33,266,420	30,093,565	27,281,790	25,388,346	24,330,060
Expenditures:					
Operating:					
Public safety and legal services	\$ 6,503,733	6,394,696	5,557,939	5,662,792	4,235,897
Physical health and social services	2,839,385	2,725,731	2,793,823	2,446,243	2,283,649
Mental health	4,131,844	4,165,304	3,930,862	4,031,506	4,021,399
County environment and education	3,410,286	2,797,350	2,246,610	1,977,690	1,632,788
Roads and transportation	6,642,798	5,681,840	5,080,974	5,461,934	4,771,237
Governmental services to residents	1,474,652	1,350,487	1,201,824	1,405,061	863,783
Administration	1,459,195	1,504,643	1,652,347	1,487,404	2,582,284
Non-program	81,993	82,364	35,203	194,704	286,075
Debt service	1,957,792	1,374,999	1,429,872	2,168,603	1,086,288
Capital projects	5,709,783	4,599,429	4,809,405	2,580,017	2,170,970
Total	\$ 34,211,461	30,676,843	28,738,859	27,415,954	23,934,370

See accompanying independent auditor's report.

Basis					
	2004	2003	2002	2001	2000
	12,607,687	12,032,172	11,039,642	9,881,176	8,941,962
	121,381	115,161	124,755	95,133	84,910
	41,064	31,994	24,008	41,069	32,546
	8,156,106	7,904,433	8,281,991	8,926,732	7,593,168
	187,435	179,451	149,465	144,663	173,026
	1,797,483	1,730,355	1,480,991	1,388,435	1,181,885
	243,537	321,119	327,598	473,574	329,929
	1,068,399	1,090,338	535,315	836,748	742,445
	<u>24,223,092</u>	<u>23,405,023</u>	<u>21,963,765</u>	<u>21,787,530</u>	<u>19,079,871</u>
	4,141,707	4,348,165	3,782,743	3,667,036	3,595,982
	2,347,396	2,260,699	2,427,581	3,142,956	3,058,837
	3,892,605	3,541,726	3,541,905	3,286,486	2,956,813
	1,460,257	1,370,639	1,387,881	1,666,743	1,278,909
	4,856,470	4,692,586	4,405,522	4,242,934	4,382,680
	740,936	944,689	692,597	616,099	579,149
	2,744,922	2,715,171	2,630,155	2,159,302	2,057,475
	287,288	367,328	369,459	815,834	346,023
	1,084,659	1,103,312	730,587	706,938	478,968
	2,200,176	3,732,903	2,896,180	2,582,424	759,486
	<u>23,756,416</u>	<u>25,077,218</u>	<u>22,864,610</u>	<u>22,886,752</u>	<u>19,494,322</u>

Schedule 9

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior: Payments in Lieu of Taxes	15.226		\$ 2,532
U.S. Department of Justice: Bulletproof Vest Partnership Program	16.607		<u>1,397</u>
Total direct			<u>3,929</u>
Indirect:			
U.S. Department of Agriculture: Iowa Department of Human Services: Human Services Administrative Reimbursements: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>28,008</u>
U.S. Department of Justice: Iowa Department of Justice - Crime Victim Assistance Division: Violence Against Women Formula Grants	16.588	VW-08-02	<u>3,579</u>
Iowa Department of Human Services - Boone/ Dallas County Decategorization: Enforcing Underage Drinking Laws Program	16.727	07-JD04-F505	<u>12,215</u>
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	STP-ES-E-C025(66)-8T-25	809,764
Highway Planning and Construction	20.205	STP-ES-C025(602)-8I-25	62,399
Highway Planning and Construction	20.205	STP-ES-C025(70)-8I-25	14,604
Highway Planning and Construction	20.205	BROS-C025(58)-8J-25	220,612
			<u>1,107,379</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau: Alcohol Traffic Safety and Drunk Driving Incentive Grants	20.601	PAP-08-410	<u>6,634</u>
National Endowment for the Humanities: Humanities Iowa: Promotion of the Humanities - Federal/State Partnership	45.129	29-2-001	<u>5,100</u>
U.S. Department of Health and Human Services: Grinnell Regional Public Health: Public Health Emergency Preparedness	93.069	5888BT01	750
Public Health Emergency Preparedness	93.069	5888BT07	5,350
Public Health Emergency Preparedness	93.069	5889BT01	22,357
			<u>28,457</u>
New Opportunities, Inc: Immunization Grants	93.268	5888I422	<u>15,114</u>

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889BT07	250
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889OB06	1,747
			<u>1,997</u>
Iowa Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	025-08-002	2,500
Voting Access for Individuals with Disabilities - Grants to States	93.617	025-08-003	2,500
			<u>5,000</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		25,962
Refugee and Entrant Assistance - State Administered Programs	93.566		46
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		7,355
Foster Care - Title IV-E	93.658		15,641
Adoption Assistance	93.659		3,773
State Children's Health Insurance Program	93.767		214
Medical Assistance Program	93.778		34,169
Social Services Block Grant	93.667		17,016
Social Services Block Grant	93.667		115,609
			<u>132,625</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		982,649
Emergency Management Performance Grants	97.042		37,494
Homeland Security Grant Program	97.067		3,465
Total indirect			<u>2,456,876</u>
Total			<u>\$ 2,460,805</u>

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

See accompanying independent auditor's report.

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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

To the Officials of Dallas County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 17, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

Compliance and Other Matters

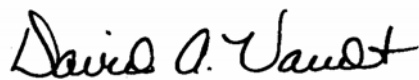
As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

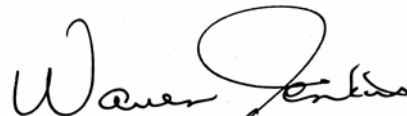
Dallas County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dallas County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report, 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 Dallas County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2010

**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**

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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

To the Officials of Dallas County:

Compliance

We have audited the compliance of Dallas County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Dallas County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 Dallas 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 Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

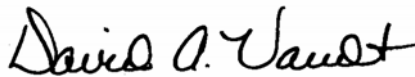
The management of Dallas County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dallas County's internal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

A 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 Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 17, 2010

Dallas County
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

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 significant deficiencies in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no instances of non-compliance which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
 - CFDA Number 20.205 – Highway Planning and Construction.
 - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer and Sheriff
(2) Disbursements – processing of claims, check writing, check signing, mailing checks and final approval.	Sheriff
(3) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash. Also, there is no evidence the reconciliation is reviewed.	Sheriff

In addition, advance fees in the Civil account in the Sheriff's Office are received, deposited and posted by the same individual.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. In addition, advance fees collected by the Civil account in the Sheriff's Office should be received by someone other than the individual posting fees and preparing the deposit.

Responses –

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

County Sheriff – The Sheriff's office has recently hired an Executive Assistant who will be in charge of providing additional controls through the review of financial transactions, reconciliation and reports. The Sheriff's office is in the process of developing a policy on how to handle all receipts and disbursements of monies to accurately reflect that more than one person is involved in the process. In

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

addition, all bank reconciliations are being reviewed and signed off by the Executive Assistant.

Conclusions – Responses accepted.

- II-B-09 Financial Reporting – We identified items recorded as capital asset additions which were not capital assets and items not capitalized which should have been included as capital asset additions. In addition, various receivables were identified which were not recorded. Adjustments were subsequently made by the County to properly report capital assets and receivables.

Recommendation – The County should implement procedures to ensure capital asset additions and receivables are properly identified and included in the County's financial statements.

Response – We will continue to identify areas which need improvement, develop and implement procedures to ensure the County is recording these items correctly.

Conclusion – Response accepted.

- II-C-09 County Sheriff - The Sheriff's Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending bank balances. A trusts on hand listing was not prepared as of June 30, 2009.

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

Response – The Sheriff's office has been provided with an example of a tracking tool to ensure compliance. The Dallas County Sheriff's office is working on purchasing software to handle this information.

Conclusion – Response accepted.

- II-D-09 County Sheriff's Forfeiture Pending Account – In 2006, \$781,724 was seized during a traffic stop and the funds were placed in the County Sheriff's Forfeiture Pending Account. During fiscal year 2008, the Iowa Attorney General and the County Attorney were paid their share of these forfeited funds, but a balance of \$627,790 remains in the County Sheriff's Forfeiture Pending Account as of June 30, 2009.

Recommendation – In consultation with the Iowa Attorney General's Office, the remaining funds should be disbursed from the County Sheriff's Forfeiture Pending Account to the appropriate entities. Proceeds received by the County should be included in the County's annual budget and financial statements. Proceeds are accepted by the County with the understanding they are for additional law enforcement efforts. This means monies so designated are not to replace those already budgeted. The receipt and disbursement of these proceeds may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County Governments in Iowa.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Response – The Sheriff’s office has been in contact with the Dallas County Auditor and the pending forfeiture dollars are in the process of being disbursed. In addition, the current forfeiture dollars are reflected in the budget and a plan is in process to spend down some of those monies which will be reflected in the next budget amendment.

Conclusion – Response accepted.

II-E-09 Review and Approval of Timesheets – During review of timesheets for one pay period, we noted seventeen timesheets with the following exceptions:

- a) Nine with no employee signature.
- b) Eight with no supervisor signature.

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

Response – Additional language will be added during update of the employee handbook regarding approval of timesheets.

Conclusion – Response accepted.

II-F-09 Economic Development Fund – The County has received certain monies made available through the operation of U.S. and State of Iowa Economic Development Community Development Block Grant programs to provide supplemental financing in support of new and expanding businesses and to increase new employment opportunities for low and moderate income residents. There has been no expenditure activity in the Economic Development Fund since the fiscal year ended June 30, 2004. The fund has a balance of \$388,695 as of June 30, 2009.

Recommendation – The County should make an effort to promote its available economic development funding for loans to local area businesses.

Response – The Board is currently working with the Greater Dallas County Development Alliance to establish a broader outreach to identify new business in Dallas County which may qualify for this grant program. We are also alerting banking institutions as to the availability of this loan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the debt service function. Disbursements in six departments exceeded the amount appropriated prior to an appropriation resolution made in September 2008.

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

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

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

Conclusion – Response accepted.

IV-B-09 Questionable Expenditures – In June 2009, the Central Point of Coordination (CPC) approved a claim for \$180 for staff to participate in the Des Moines Golden Circle games as a team. This expenditure may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefit to be derived has not been clearly documented.

Recommendation – The CPC should determine and document the public purpose served by this expenditure. If this practice is continued, the CPC should establish written policies and procedures, including the requirement for proper documentation of public purpose.

Response – I spoke with the County Auditor regarding public purpose and documentation of claims. Claims of this nature will be documented as such from this point forward. Records are also kept by our office financial manager.

Conclusion – Response accepted.

IV-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-09 Business Transactions - No business transactions between the County and County officials or employees were noted.

IV-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- IV-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Minutes of four Board proceedings were not submitted to be published within one week as required by Chapter 349.18 of the Code of Iowa.

Recommendation – The County should ensure the minutes are submitted for publication as required by the Chapter 349.18 of the Code of Iowa.

Response – We have a new person taking board minutes who is staying on top of the situation and it should not occur in the future.

Conclusion – Response accepted.

- IV-G-09 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- IV-H-09 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-09 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, 2009 for the County Extension Office did not exceed the amount budgeted.

- IV-J-09 Annual Evaluations – Board policy requires annual evaluations be performed and turned in to the Human Resources Department. There is no listing of employees and dates evaluations are to be performed. Not all departments are doing annual reviews or, if they are, they are not consistently turning them in to the Human Resources Department.

Recommendation – The Human Resources Department should work with the other County departments to ensure they understand and comply with the Board's policy regarding annual evaluations.

Response – The Board of Supervisors will be provided recommendations to expand the procedures related to reviews to ensure evaluations are done timely.

Conclusion – Response accepted.

Dallas County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Brian R. Brustkern, CPA, Senior Auditor II
Michael R. Field, Staff Auditor
Joshua B. Ludwig, Staff Auditor
Samantha J. Brincks, Assistant Auditor
Jennifer M. Kopp, Assistant Auditor
Casey L. Johnson, Assistant Auditor
Gabriel M. Stafford, CPA, 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