



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

Mary Mosiman, CPA  
Auditor of State

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NEWS RELEASE

FOR RELEASE January 23, 2015

Contact: Andy Nielsen  
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Auditor of State Mary Mosiman today released an audit report on Dickinson County, Iowa.

The County had local tax revenue of \$48,761,264 for the year ended June 30, 2014, which included \$784,099 in tax credits from the state. The County forwarded \$40,147,218 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,614,046 of the local tax revenue to finance County operations, a 4.3% increase over the prior year. Other revenues included charges for service of \$1,632,765, operating grants, contributions and restricted interest of \$3,638,324, capital grants, contributions and restricted interest of \$1,304,835, tax increment financing of \$623,530, local option sales tax of \$1,176,869, hotel/motel tax of \$86,508, unrestricted investment earnings of \$122,218 and other general revenues of \$354,258.

Expenses for County operations for the year ended June 30, 2014 totaled \$13,904,653, a 2.2% increase over the prior year. Expenses included \$4,169,130 for roads and transportation, \$2,341,203 for public safety and legal services and \$2,291,988 for administration.

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/1410-0030-B00F.pdf>.

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**DICKINSON COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2014**

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**Dickinson County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mardi Allen	Board of Supervisors	Jan 2015
Paul Johnson	Board of Supervisors	Jan 2015
William Leupold	Board of Supervisors	Jan 2015
David Gottsche	Board of Supervisors	Jan 2017
Pam Jordan	Board of Supervisors	Jan 2017
Nancy Reiman	County Auditor	(Retired Dec 2013)
Lori Pedersen (Appointed)	County Auditor	Nov 2014
Kris Rowley	County Treasurer	Jan 2015
Ann Ditsworth	County Recorder	Jan 2015
Gregory Baloun	County Sheriff	Jan 2017
Jon M. Martin	County Attorney	Jan 2015
Stephanie Sohn	County Assessor	Jan 2016

**Dickinson County**



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Independent Auditor's Report

To the Officials of Dickinson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County as of June 30, 2014, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2015 on our consideration of Dickinson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dickinson County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 9, 2015

**Dickinson County**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2014 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities decreased 1.8%, or approximately \$316,000, from fiscal year 2013 to fiscal year 2014. Property and other county tax increased approximately \$349,000 operating grants, contributions and restricted interest increased approximately \$290,000 while capital grants, contributions and restricted interest decreased approximately \$1,365,000.
- ◆ Program expenses of the County's governmental activities increased 2.2%, or approximately \$301,000, from fiscal year 2013. Roads and transportation expenses increased approximately \$605,000 while non-program expenses decreased approximately \$333,000.
- ◆ The County's net position increased 8.8%, or approximately \$3,649,000, from June 30, 2013 to June 30, 2014.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets 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 Position presents financial information on all of the County's assets, liabilities and deferred inflows of resources, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Dickinson County's combined net position increased 8.8%, from approximately \$41.6 million at June 30, 2013 to approximately \$45.2 million at June 30, 2014. The analysis that follows focuses on the changes in the net position of governmental activities.

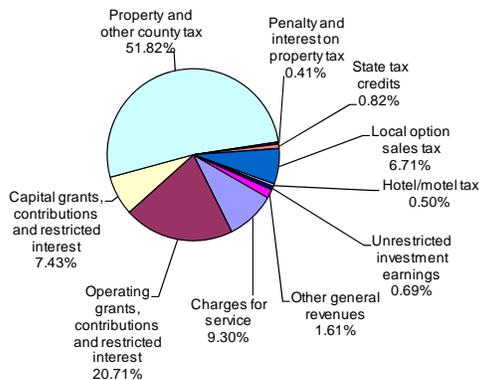
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 37,902	37,743
Capital assets	45,869	43,931
Total assets	83,771	81,674
Long-term liabilities	27,952	29,922
Other liabilities	1,194	1,123
Total liabilities	29,146	31,045
Deferred inflows of resources	9,412	9,065
Net position:		
Invested in capital assets	33,231	30,043
Restricted	7,815	7,881
Unrestricted	4,167	3,640
Total net position	\$ 45,213	41,564

Net position of Dickinson County's governmental activities increased approximately \$3,649,000 (approximately \$45.2 million compared to approximately \$41.6 million). A large portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$3,640,000 at June 30, 2013 to approximately \$4,167,000 at the end of this year, an increase of 14.5%.

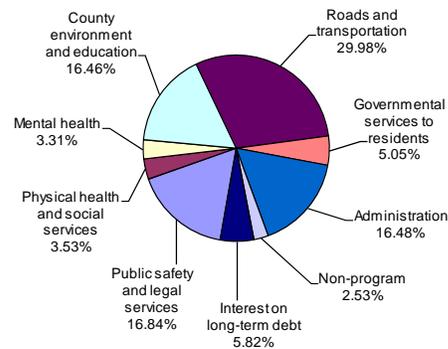
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2014	2013
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,633	1,247
Operating grants, contributions and restricted interest	3,638	3,348
Capital grants, contributions and restricted interest	1,305	2,670
<b>General revenues:</b>		
Property and other county tax, including tax increment financing	9,094	8,745
Penalty and interest on property tax	72	78
State tax credits	144	126
Local option sales tax	1,177	1,116
Hotel/motel tax	87	54
Unrestricted investment earnings	122	113
Other general revenues	282	373
<b>Total revenues</b>	<b>17,554</b>	<b>17,870</b>
<b>Program expenses:</b>		
Public safety and legal services	2,341	2,278
Physical health and social services	491	529
Mental health	460	486
County environment and education	2,289	2,332
Roads and transportation	4,169	3,564
Governmental services to residents	702	683
Administration	2,292	2,136
Non-program	352	685
Interest on long-term debt	809	911
<b>Total expenses</b>	<b>13,905</b>	<b>13,604</b>
<b>Change in net position</b>	<b>3,649</b>	<b>4,266</b>
<b>Net position beginning of year</b>	<b>41,564</b>	<b>37,298</b>
<b>Net position end of year</b>	<b>\$ 45,213</b>	<b>41,564</b>

**Revenues by Source**



**Expenses by Function**



The County's taxable valuation increase of approximately 4.3% resulted in an increase in the County's property tax revenue of approximately \$349,000 for fiscal year 2014. Based on a small increase in the taxable valuation and in levy rates for fiscal year 2015, property tax is expected to increase slightly next year.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$26.8 million, a decrease of approximately \$183,000 from last year's total of approximately \$27.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$363,000 and expenditures increased approximately \$457,000. The ending fund balance increased approximately \$377,000 over the prior year to approximately \$4.5 million, due primarily to an increase in property and other county tax as a result of an increase in taxable valuations and the transfer in of approximately \$273,000 from the Capital Projects Fund.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$459,000, a decrease of approximately \$25,000 from the prior year. Revenue increased approximately \$356,000 due, in part to the receipt of approximately \$386,000 of equalization funds as a result of the reorganization of mental health services. The Special Revenue, Mental Health Fund balance at year end increased approximately \$497,000 over the prior year. In fiscal year 2015, the County will be part of a region with the State assuming the costs.
- Special Revenue, Rural Services Fund revenues decreased approximately \$31,000. This was primarily due to a decrease in local option sales tax of approximately \$106,000 and an increase in property tax of approximately \$72,000. Expenditures decreased approximately \$29,000. This resulted in the ending fund balance increasing approximately \$82,000 to \$915,358 at June 30, 2014.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$20,000, or less than 1% from the prior year. Secondary Roads Fund revenues increased approximately \$508,000, which was primarily due to an increase in state reimbursements for a bridge replacement project. The Secondary Roads Fund ending balance decreased approximately \$249,000, or 6.5%.
- The Special Revenue, TIF and Urban Renewal Fund reported an increase in revenues of approximately \$12,000, or 2.0%. TIF and Urban Renewal Fund expenditures increased approximately \$21,000. This was primarily due to the purchase of land at East Okoboji Beach. The balance in the fund at June 30, 2014 was approximately \$239,000.
- Revenues of the Debt Service Fund increased approximately \$211,000, primarily due to an increase in intergovernmental receipts to record funds received from the hospital to pay interest on the outstanding loan. Expenditures increased approximately \$548,000 as a result of additional principal and interest paid in fiscal year 2014. Debt service payments were approximately \$2.6 million in fiscal year 2014. The ending fund balance in the Debt Service Fund decreased approximately \$772,000. The fund balance is large because the related debt for the Lakes Regional Hospital of \$14,400,000 is not recorded as a fund liability under the modified accrual basis of accounting.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Dickinson County amended its budget four times. The first amendment was made on September 17, 2013 to increase the budget in the county environment and education function for the revolving loan program. The second amendment was made on October 1, 2013 and resulted in an increase in budgeted disbursements of \$108,125 for land acquisition costs. The third amendment was made on December 3, 2013 and resulted in an increase in budgeted disbursements of \$15,000 for the Recorder’s office. The fourth amendment was made on June 10, 2014 and resulted in an increase in budgeted disbursement of \$92,000 for land acquisition and equipment at the lift station.

The County’s receipts were \$679,633 less than budgeted, a variance of 4.0%. The most significant variance resulted from the County collecting less miscellaneous receipts than anticipated.

Total disbursements were \$3,344,439 less than the amended budget. Actual disbursements for the roads and transportation function were approximately \$1,600,000 less than the budgeted amount because of fewer road projects than anticipated. Actual disbursements for the mental health function were approximately \$307,000 less than budgeted due to the mental health redesign.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, Dickinson County had approximately \$45.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$2 million, or 4.4%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 2,421	2,270
Buildings and improvements	16,215	15,042
Intangibles, road network	530	530
Equipment and vehicles	3,359	2,970
Construction in progress	5,585	10,956
Infrastructure	17,759	12,163
Total	\$ 45,869	43,931
This year's major additions included (in thousands):		
Construction in progress for:		
County road resurfacing	\$	1,373
Highway 86/Edgewood Drive bike trail		348
Bridge projects		612
Land		152
Motorgraders		532
Total	\$	3,017

The County had depreciation expense of approximately \$1,517,000 in fiscal year 2014 and total accumulated depreciation of approximately \$9.6 million at June 30, 2014.

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

## Long-Term Debt

Dickinson County had approximately \$27.8 million of outstanding debt at June 30, 2014, which included approximately \$26.1 million of general obligation bonds and notes, approximately \$645,000 of general obligation capital loan notes, approximately \$635,000 of urban revitalization bonds, approximately \$298,000 of installment purchase agreement debt and approximately \$88,000 of drainage warrants compared to total outstanding debt of approximately \$29.7 million at June 30, 2013.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2014	2013
General obligation bonds and notes	\$ 26,095	27,775
General obligation capital loan notes	645	684
Urban revitalization bonds	635	681
Installment purchase agreement	298	429
Drainage warrants	88	85
Total	\$ 27,761	29,654

Total debt decreased approximately \$1,900,000, primarily a result of paying down outstanding debt.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$203,244,029. 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

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.2% versus 4.0% a year ago. This compares with the State's unemployment rate of 4.5% and the national rate of 5.8%.

Inflation in the State is somewhat lower than the national Consumer Price Index (CPI) increase. The State's CPI increase was 1.2% for 2014 compared with the national increase of 1.3%.

The County's total fund balance is expected to decrease by the close of fiscal year 2015 from the fiscal year 2014 actual balance of approximately \$11.8 million to approximately \$6.7 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects ongoing expenses continuing to increase and replace the one-time expenses in each budget year, 3) it reflects the efforts of departments to reduce department budgets, where possible, in order to keep the tax asking as low as possible, 4) it reflects a serious concern for the economic effects on fiscal year 2014 and thereafter, 5) it reflects a loss in revenue from state reimbursements and 6) the budget reflects the ongoing large increases in fuels and utilities for maintenance of the new Courthouse and jail which is now fully

occupied by County departments and a concerted effort to protect and maintain the new Courthouse.

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

These factors were considerations for the fiscal year 2015 budget, which certified property tax as follows: (Amount certified includes utility replacement and property tax dollars.)

	2015 Dollars Certified	2014 Dollars Certified	Percentage Change
General basic levy	\$ 5,340,342	\$ 5,266,406	1.4%
Mental health levy	407,451	412,509	-1.2%
Rural services levy	1,622,646	1,600,017	1.4%
Debt service levy	1,384,170	1,318,741	5.0%
Total	\$ 8,754,609	\$ 8,597,673	1.8%

Levy rates (expressed per \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2015 and fiscal year 2014 are as follows:

	2015	2014	Percentage Change
General basic levy	\$ 2.45135	\$ 2.45135	0.0%
Mental health levy	0.18703	0.19201	-2.6%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.57168	0.55289	3.4%
Total	\$ 5.05006	\$ 5.03625	0.3%

Budgeted receipts in the fiscal year 2015 operating budget are approximately \$163,000 more than the fiscal year 2014 actual receipts of approximately \$16.6 million. Budgeted disbursements in the fiscal year 2015 operating budget are approximately \$17.9 million, which is approximately \$2.0 million more than the fiscal year 2014 actual final disbursements of approximately \$15.5 million. Total taxable valuations increased approximately \$63 million, from approximately \$2.4 billion to approximately \$2.5 billion.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

**Exhibit A**

Dickinson County  
Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 12,059,185
Receivables:	
Property tax:	
Delinquent	1,358
Succeeding year	8,771,000
Succeeding year tax increment financing	641,000
Accounts	52,632
Loan to Lakes Regional Hospital	14,400,000
Accrued interest	9,977
Drainage assessments	88,629
Due from other governments	702,553
Inventories	1,121,177
Assets in excess of net OPEB obligation	55,100
Capital assets, net of accumulated depreciation	45,868,724
<b>Total assets</b>	<u>83,771,335</u>
<b>Liabilities</b>	
Accounts payable	373,127
Accrued interest payable	130,977
Salaries and benefits payable	198,693
Due to other governments	491,762
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,830,000
General obligation capital loan notes	34,749
Urban revitalization bonds	46,355
Installment purchase agreement	93,750
Drainage warrants	87,967
Compensated absences	161,325
Portion due or payable after one year:	
General obligation bonds/notes	24,265,000
General obligation capital loan notes	610,000
Urban revitalization bonds	588,181
Installment purchase agreement	204,500
Compensated absences	30,067
<b>Total liabilities</b>	<u>29,146,453</u>
<b>Deferred Inflows of Resources:</b>	
Unavailable property tax revenue	8,771,000
Unavailable tax increment financing revenue	641,000
<b>Total deferred inflows of resources</b>	<u>9,412,000</u>
<b>Net Position</b>	
Net investment in capital assets	33,230,725
Restricted for:	
Mental health purposes	631,607
Rural services purposes	1,022,183
Secondary roads purposes	3,531,759
Debt service	263,700
Other purposes	2,366,093
Unrestricted	4,166,815
<b>Total net position</b>	<u>\$ 45,212,882</u>

See notes to financial statements.

Dickinson County  
Statement of Activities  
Year ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 2,341,203	271,617	93,323	-	(1,976,263)
Physical health and social services	491,376	1,700	172,697	-	(316,979)
Mental health	460,031	386,476	156,055	-	82,500
County environment and education	2,288,527	169,543	625,445	472,687	(1,020,852)
Roads and transportation	4,169,130	128,645	2,142,845	832,148	(1,065,492)
Governmental services to residents	701,713	534,489	-	-	(167,224)
Administration	2,291,988	81,405	63	-	(2,210,520)
Non-program	352,127	58,890	134,013	-	(159,224)
Interest on long-term debt	808,558	-	313,883	-	(494,675)
<b>Total</b>	<b>\$ 13,904,653</b>	<b>1,632,765</b>	<b>3,638,324</b>	<b>1,304,835</b>	<b>(7,328,729)</b>

**General Revenues:**

Property and other county tax levied for:

General purposes	7,170,296
Debt service	1,299,677
Tax increment financing	623,530
Penalty and interest on property tax	71,953
State tax credits	144,073
Local option sales tax	1,176,869
Hotel/motel tax	86,508
Unrestricted investment earnings	122,218
Gain on disposition of capital assets	235,859
Miscellaneous	46,446
<b>Total general revenues</b>	<b>10,977,429</b>
Change in net position	3,648,700
Net position beginning of year	41,564,182
Net position end of year	<b>\$ 45,212,882</b>

See notes to financial statements.

Dickinson County  
Balance Sheet  
Governmental Funds

June 30, 2014

	General	Mental Health	Special Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 4,535,964	647,292	757,116
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	854	67	243
Succeeding year	5,401,000	418,000	1,618,000
Succeeding year tax increment financing	-	-	-
Accounts	33,251	-	-
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	8,949	-	-
Drainage assessments	-	-	-
Advances to other funds	118,398	-	-
Due from other governments	239,625	-	268,764
Inventories	-	-	-
<b>Total assets</b>	<b>10,338,041</b>	<b>1,065,359</b>	<b>2,644,123</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	163,165	938	3,293
Salaries and benefits payable	142,520	2,422	647
Due to other governments	90,567	46	-
Advances from other funds	-	-	-
Total liabilities	<b>396,252</b>	<b>3,406</b>	<b>3,940</b>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,401,000	418,000	1,618,000
Succeeding year tax increment financing	-	-	-
Other	51,624	67	106,825
Total deferred inflows of resources	<b>5,452,624</b>	<b>418,067</b>	<b>1,724,825</b>
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	118,398	-	-
Restricted for:			
Mental health purposes	-	643,886	-
Rural services purposes	-	-	915,358
Secondary roads purposes	-	-	-
Conservation purposes	18,036	-	-
Drainage warrants	-	-	-
Conservation land acquisition/capital improvements	110,593	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned for:			
Building and grounds	782,289	-	-
Revolving loans	35,500	-	-
Unassigned	3,424,349	-	-
Total fund balances	<b>4,489,165</b>	<b>643,886</b>	<b>915,358</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,338,041</b>	<b>1,065,359</b>	<b>2,644,123</b>

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
2,868,280	311,664	367,027	1,666,016	11,153,359
-	-	-	609,219	609,219
-	-	194	-	1,358
-	-	1,334,000	-	8,771,000
-	641,000	-	-	641,000
7,924	-	-	11,457	52,632
-	-	14,400,000	-	14,400,000
-	93	2	745	9,789
-	-	-	88,629	88,629
-	-	3,641	33,894	155,933
185,378	-	-	8,786	702,553
1,121,177	-	-	-	1,121,177
4,182,759	952,757	16,104,864	2,418,746	37,706,649
130,063	-	-	69,785	367,244
53,104	-	-	-	198,693
401,149	-	-	-	491,762
-	72,535	-	83,398	155,933
584,316	72,535	-	153,183	1,213,632
-	-	1,334,000	-	8,771,000
-	641,000	-	-	641,000
28,203	-	194	94,398	281,311
28,203	641,000	1,334,194	94,398	9,693,311
1,121,177	-	-	-	1,121,177
-	-	3,641	33,894	155,933
-	-	-	-	643,886
-	-	-	-	915,358
2,449,063	-	-	-	2,449,063
-	-	-	609,219	627,255
-	-	-	83,251	83,251
-	-	-	-	110,593
-	-	14,767,029	-	14,767,029
-	239,222	-	1,526,897	1,766,119
-	-	-	-	782,289
-	-	-	-	35,500
-	-	-	(82,096)	3,342,253
3,570,240	239,222	14,770,670	2,171,165	26,799,706
4,182,759	952,757	16,104,864	2,418,746	37,706,649

**Dickinson County**

Dickinson County

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

June 30, 2014

**Total governmental fund balances (page 21)** \$ 26,799,706

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$55,490,499 and the accumulated depreciation is \$9,621,775. 45,868,724

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. Also, other postemployment benefit assets of \$55,100 are not available to pay current year expenditures. 336,411

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 290,912

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, installment purchase agreement, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (28,082,871)

**Net position of governmental activities (page 18)** \$ 45,212,882

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2014

	General	Special	
		Mental Health	Rural Services
<b>Revenues:</b>			
Property and other county tax	\$ 5,243,821	406,658	1,570,854
Tax increment financing	-	-	-
Local option sales tax	267,572	-	802,714
Interest and penalty on property tax	71,953	-	-
Intergovernmental	974,223	547,281	30,141
Licenses and permits	31,398	-	-
Charges for service	629,154	-	-
Use of money and property	164,223	-	-
Miscellaneous	136,826	1,966	-
<b>Total revenues</b>	<b>7,519,170</b>	<b>955,905</b>	<b>2,403,709</b>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	2,297,730	-	7,141
Physical health and social services	488,597	-	-
Mental health	-	458,537	-
County environment and education	1,249,745	-	201,537
Roads and transportation	-	-	-
Governmental services to residents	693,505	-	-
Administration	1,962,582	-	-
Non-program	279,271	-	-
Debt service	-	-	-
Capital projects	133,108	-	-
<b>Total expenditures</b>	<b>7,104,538</b>	<b>458,537</b>	<b>208,678</b>
Excess (deficiency) of revenues over (under) expenditures	414,632	497,368	2,195,031
<b>Other financing sources (uses):</b>			
Operating transfers in	273,128	-	-
Operating transfers out	(310,942)	-	(2,113,066)
Drainage warrants issued	-	-	-
<b>Total other financing sources (uses)</b>	<b>(37,814)</b>	<b>-</b>	<b>(2,113,066)</b>
Change in fund balances	376,818	497,368	81,965
Fund balances beginning of year	4,112,347	146,518	833,393
Fund balances end of year	\$ 4,489,165	643,886	915,358

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
-	-	1,299,599	-	8,520,932
-	623,530	-	-	623,530
-	-	-	-	1,070,286
-	-	-	-	71,953
2,680,753	21,228	334,590	15,132	4,603,348
-	-	-	-	31,398
42,934	-	-	73,970	746,058
44,488	1,519	49	8,399	218,678
37,091	-	-	792,292	968,175
2,805,266	646,277	1,634,238	889,793	16,854,358
-	-	-	4,131	2,309,002
-	-	-	-	488,597
-	-	-	-	458,537
-	126,480	-	1,077,059	2,654,821
3,610,183	-	-	-	3,610,183
-	-	-	18,322	711,827
-	-	-	-	1,962,582
-	-	-	57,505	336,776
-	65,794	2,562,629	37,753	2,666,176
1,729,089	17,000	-	-	1,879,197
5,339,272	209,274	2,562,629	1,194,770	17,077,698
(2,534,006)	437,003	(928,391)	(304,977)	(223,340)
2,284,936	-	156,441	280,393	2,994,898
-	(297,762)	-	(273,128)	(2,994,898)
-	-	-	40,102	40,102
2,284,936	(297,762)	156,441	47,367	40,102
(249,070)	139,241	(771,950)	(257,610)	(183,238)
3,819,310	99,981	15,542,620	2,428,775	26,982,944
3,570,240	239,222	14,770,670	2,171,165	26,799,706

Dickinson County

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

Year ended June 30, 2014

**Change in fund balances - Total governmental funds (page 25)** \$ (183,238)

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

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

Expenditures for capital assets	\$ 2,663,084	
Capital assets contributed by the Iowa Department of	555,140	
Depreciation expense	(1,516,610)	1,701,614

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 235,859

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

Property tax	451	
Other	(95,755)	(95,304)

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

Issued	(40,102)	
Repaid	1,933,841	1,893,739

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	75,872	
Interest on long-term debt	55,027	
Other postemployment benefits	7,600	138,499

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (42,469)

**Change in net position of governmental activities (page 19)** \$ 3,648,700

See notes to financial statements.

Dickinson County  
Statement of Net Position  
Proprietary Fund

June 30, 2014

	<u>Internal Service - Employee Group Health</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 296,607
Accrued interest receivable	188
<b>Total assets</b>	<u>296,795</u>
<b>Liabilities</b>	
Accounts payable	<u>5,883</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 290,912</u></u>

See notes to financial statements.

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

Year ended June 30, 2014

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 65,100
Reimbursements from others		2,000
Total operating revenues		<u>67,100</u>
Operating expenses:		
Medical claims	\$ 103,387	
Administrative fees	8,632	112,019
Operating loss		<u>(44,919)</u>
Non-operating revenues:		
Interest income		2,450
Net loss		<u>(42,469)</u>
Net position beginning of year		333,381
Net position end of year		<u><u>\$ 290,912</u></u>
See notes to financial statements.		

Dickinson County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2014

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 65,100
Cash received from others	2,000
Cash paid to suppliers for services	(114,631)
Net cash used by operating activities	(47,531)
Cash flows from investing activities:	
Interest on investments	2,477
Net decrease in cash and cash equivalents	(45,054)
Cash and cash equivalents beginning of year	341,661
Cash and cash equivalents end of year	\$ 296,607
 <b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (44,919)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts payable	(2,612)
Net cash used by operating activities	\$ (47,531)

See notes to financial statements.

Dickinson County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,496,182
Other County officials	170,469
Receivables:	
Property tax:	
Delinquent	7,128
Succeeding year	38,963,000
Accounts	21,959
Accrued interest	288
Special assessments	216,891
Succeeding year drainage assessments	290,015
Due from other governments	47,007
Prepaid insurance	1,127
<b>Total assets</b>	<u>41,214,066</u>
<b>Liabilities</b>	
Accounts payable	52,566
Salaries and benefits payable	14,534
Due to other governments	41,100,576
Trusts payable	29,031
Compensated absences	17,359
<b>Total liabilities</b>	<u>41,214,066</u>
<b>Net position</b>	<u><u>\$ -</u></u>

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2014

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

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Intangibles	5 - 20
Equipment and vehicles	3 - 20

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable, tax increment financing receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which it is levied.

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

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted fund balances.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, disbursements for two departments exceeded the amounts appropriated prior to amendment.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2014 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014, the County had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank (FHLB)	\$ 195,000	April 2017
Federal Home Loan Mortgage Corporation (FHLMC)	200,000	October 2017
Federal Farm Credit Bank	200,000	March 2018
Federal Home Loan Bank (FHLB)	200,000	October 2018
Federal Home Loan Bank (FHLB)	200,000	March 2019
	<u>\$ 995,000</u>	

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$143 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk – The FHLB, FHLMC, and the Federal Farm Credit Bank investments at June 30, 2014 are rated AA+ by Moody’s Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk and custodial risk – No more than 5% of the portfolio may be invested in the securities of a single issuer and no more than 10% of the portfolio may be invested in each of the following categories of securities: prime bankers’ acceptances and commercial paper or other short-term corporate debt. No more than 5% of the County’s cash and investments are invested in a single issuer.

The Conservation Foundation’s investments at June 30, 2014 consist of stocks and stock mutual funds with a fair value of \$414,340. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.

**(3) Advances To and From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	TIF and Urban Renewal	\$ 35,000
	Resource Enhancement and Protection	83,398
Special Revenue:	Special Revenue:	
Low and Moderate Income	TIF and Urban Renewal	33,894
Debt Service	Special Revenue:	
	TIF and Urban Renewal	3,641
Total		\$ 155,933

During the year ended June 30, 2011, the County approved advances to/from other funds for loans of \$73,000 from the General Fund to the Special Revenue, TIF and Urban Renewal Fund. \$25,100 was advanced during fiscal year 2011 and the remaining \$47,900 was advanced during fiscal year 2012. Repayment of \$38,000 was made during fiscal year 2013. The County also advanced \$33,894 from the Special Revenue, Low and Moderate Income Fund to the Special Revenue, TIF and Urban Renewal Fund during fiscal year 2012 with an additional \$3,816 was advanced during fiscal year 2013. Repayment of \$3,816 was made during fiscal year 2014. During fiscal year 2014, the County approved an advance from the Debt Service Fund to the Special Revenue, TIF and Urban Renewal Fund for \$3,641. The advances to the Special Revenue, TIF and Urban Renewal Fund were to help finance completion of the Dickinson County/Orleans Urban Renewal and the Dickinson County/Spirit Lake Urban Renewal area projects. The Special Revenue, TIF and Urban Renewal Fund is to repay these advances with tax increment financing revenues collected in the project areas.

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

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
General	Capital Projects	\$ 273,128
Special Revenue:		
Secondary Roads	General	171,870
	Special Revenue:	
	Rural Services	2,113,066
Low and Moderate Income	Special Revenue:	
	TIF and Urban Renewal	141,321
Dickinson County Trails	General	24,072
Trails Maintenance	General	115,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	156,441
Total		<u>\$ 2,994,898</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, 2014 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,269,490	152,000	-	2,421,490
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	3,819,997	2,100,620	(5,428,187)	492,430
Construction in progress	7,136,332	386,308	(2,430,028)	5,092,612
Total capital assets not being depreciated	<u>13,755,719</u>	<u>2,638,928</u>	<u>(7,858,215)</u>	<u>8,536,432</u>
Capital assets being depreciated:				
Buildings	16,685,156	1,513,109	-	18,198,265
Improvements other than buildings	173,511	23,983	-	197,494
Equipment and vehicles	6,956,891	807,176	(646,837)	7,117,230
Infrastructure, road network	12,918,141	5,428,187	-	18,346,328
Infrastructure, other	2,177,830	916,920	-	3,094,750
Total capital assets being depreciated	<u>38,911,529</u>	<u>8,689,375</u>	<u>(646,837)</u>	<u>46,954,067</u>
Less accumulated depreciation for:				
Buildings	1,799,204	360,072	-	2,159,276
Improvements other than buildings	17,001	4,880	-	21,881
Equipment and vehicles	3,986,624	402,634	(630,832)	3,758,426
Infrastructure, road network	2,674,405	630,387	-	3,304,792
Infrastructure, other	258,763	118,637	-	377,400
Total accumulated depreciation	<u>8,735,997</u>	<u>1,516,610</u>	<u>(630,832)</u>	<u>9,621,775</u>
Total capital assets being depreciated, net	<u>30,175,532</u>	<u>7,172,765</u>	<u>(16,005)</u>	<u>37,332,292</u>
Governmental activities capital assets, net	<u>\$ 43,931,251</u>	<u>9,811,693</u>	<u>(7,874,220)</u>	<u>45,868,724</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 59,697
Physical health and social services	1,261
County environment and education	160,088
Roads and transportation	941,533
Administration	354,031
Total depreciation expense - governmental activities	<u>\$ 1,516,610</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 at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 90,567
Special Revenue:		
Mental Health	Services	46
Secondary Roads	Services	401,149
Total for governmental funds		<u>\$ 491,762</u>
Agency:		
County Offices	Collections	\$ 175,601
Agricultural Extension Education		232,352
County Assessor		448,285
Schools		18,598,108
Community Colleges		2,299,379
Corporations		12,405,492
Townships		423,565
Auto License, Use Tax and Drivers' License		485,180
All other		6,032,614
Total for agency funds		<u>\$ 41,100,576</u>

**(7) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revital- ization Bonds	Installment Purchase Agreement	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 27,775,000	683,749	681,304	429,500	84,688	267,264	29,921,505
Increases	-	-	-	-	40,102	227,382	267,484
Decreases	1,680,000	39,000	46,768	131,250	36,823	303,254	2,237,095
Balance end of year	<u>\$ 26,095,000</u>	<u>644,749</u>	<u>634,536</u>	<u>298,250</u>	<u>87,967</u>	<u>191,392</u>	<u>27,951,894</u>
Due within one year	<u>\$ 1,830,000</u>	<u>34,749</u>	<u>46,355</u>	<u>93,750</u>	<u>-</u>	<u>161,325</u>	<u>2,166,179</u>

General Obligation Bonds/Notes

A summary of the County's June 30, 2014 general obligation indebtedness is as follows:

General Obligation Bonds/Notes						
Year Ending June 30,	Shore Acres Urban Renewal Project			Courthouse Construction		
	Issued Dec 1, 2007			Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	3.70%	\$ 100,000	11,350	3.25%	\$ 800,000	337,819
2016	3.80	100,000	7,650	3.375	825,000	311,819
2017	3.85	100,000	3,850	4.00	860,000	283,975
2018	-	-	-	4.00	895,000	249,575
2019	-	-	-	4.00	935,000	213,775
2020-2024	-	-	-	4.25	4,150,000	449,437
2025-2029	-	-	-	-	-	-
2030-2033	-	-	-	-	-	-
Total		\$ 300,000	22,850		\$ 8,465,000	1,846,400

General Obligation Bonds/Notes						
Year Ending June 30,	East Okoboji Beach Urban Renewal Project			Dickinson County/Orleans Urban Renewal Project		
	Issued May 1, 2009			Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	3.00%	\$ 135,000	109,417	3.25%	\$ 85,000	13,713
2016	3.20	140,000	105,368	3.50	85,000	10,950
2017	3.40	140,000	100,887	3.75	90,000	7,975
2018	3.60	145,000	96,128	4.00	115,000	4,600
2019	3.85	150,000	90,907	-	-	-
2020-2024	4.00-4.50	835,000	359,458	-	-	-
2025-2029	4.65-5.00	1,010,000	154,517	-	-	-
2030-2033	-	-	-	-	-	-
Total		\$ 2,555,000	1,016,682		\$ 375,000	37,238

General Obligation Bonds/Notes						
Year Ending June 30,	Hospital Urban Renewal			Hospital Urban Renewal		
	Issued Aug 22, 2012			Issued Feb 21, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015		\$ -	218,050	1.50%	\$ 710,000	66,000
2016		-	218,050	1.50	710,000	55,350
2017		-	218,050	1.50	715,000	44,700
2018		-	218,050	1.50	725,000	33,975
2019		-	218,050	1.50	730,000	23,100
2020-2024	2.00%	3,020,000	1,003,250	1.50	810,000	13,200
2025-2029	2.00-2.38	4,215,000	618,900	-	-	-
2030-2033	2.38-2.50	2,765,000	135,950	-	-	-
Total		\$ 10,000,000	2,848,350		\$ 4,400,000	236,325

Year Ending June 30,	General Obligation Bonds/Notes		
	Total		
	Principal	Interest	Total
2015	\$ 1,830,000	756,349	2,586,349
2016	1,860,000	709,187	2,569,187
2017	1,905,000	659,437	2,564,437
2018	1,880,000	602,328	2,482,328
2019	1,815,000	545,832	2,360,832
2020-2024	8,815,000	1,825,345	10,640,345
2025-2029	5,225,000	773,417	5,998,417
2030-2033	2,765,000	135,950	2,900,950
Total	\$ 26,095,000	6,007,845	32,102,845

#### General Obligation Hospital Urban Renewal Bonds

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

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

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

#### General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to \$929,000 to pay for expenditures incurred in conjunction with one or more urban renewal projects in the East Okoboji Beach Urban Renewal Area. Projects include the construction of roads, water, sewer and storm sewer improvements. The total amount drawn was \$829,749. The capital loan notes bear interest at 3.00% per annum with final maturity on June 1, 2029. The first payment on the capital loan notes was due May 1, 2010. During the year ended June 30, 2014, the County paid principal and interest of \$39,000 and \$20,512, respectively.

A summary of the County's June 30, 2014 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.00%	\$ 34,749	19,342	54,091
2016	3.00	36,000	18,300	54,300
2017	3.00	37,000	17,220	54,220
2018	3.00	38,000	16,110	54,110
2019	3.00	39,000	14,970	53,970
2020-2024	3.00	213,000	56,610	269,610
2025-2029	3.00	247,000	22,620	269,620
Total		\$ 644,749	165,172	809,921

Urban Revitalization Bonds

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

On August 28, 2012, the Board of Supervisors approved an amendment to the loan agreement providing for the reissuance of \$630,000 of urban revitalization bonds plus \$91,793 in delinquent principal, as well as amending the repayment schedule and interest rate. Principal and interest remaining on the bonds is \$755,860 is payable through December 2025. For the current year, principal and interest paid for the Dickinson County/Spirit Lake urban renewal area were \$46,768 and \$19,026, respectively.

A summary of the County’s June 30, 2014 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.02%	\$ 46,355	18,752	65,107
2016	3.02	48,385	17,400	65,785
2017	3.02	49,858	15,928	65,786
2018	3.02	51,375	14,411	65,786
2019	3.02	52,938	12,848	65,786
2020-2024	3.02	289,856	39,075	328,931
2025-2026	3.02	95,772	2,907	98,679
Total		\$ 634,539	121,321	755,860

Installment Purchase Agreement

On September 11, 2012, the County entered into a \$642,000 installment purchase agreement to purchase 107 acres of land to be used for gravel resources. The agreement requires quarterly payments, including interest at 5.00% per annum, beginning on October 1, 2012.

A summary of the installment purchase agreement is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	5.00%	\$ 93,750	10,013	103,763
2016	5.00	125,000	7,881	132,881
2017	5.00	79,500	1,809	81,309
Total		\$ 298,250	19,703	317,953

### Senior Housing Revenue Bonds

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

On February 1, 2014, the County issued Senior Housing Revenue Notes (Keelson Harbour-Vista Prairie Communities Project) Series 2014 of \$5,000,000, as permitted by Chapter 419 of the Code of Iowa, to be used by the borrower to provide financing for a 27-unit addition to the assisted living facility mentioned in the previous paragraph. This will also provide for expansion of the existing main dining room area, installation of a new patio area and other improvements. The notes were dated February 28, 2014. The notes shall never constitute indebtedness, a general or moral obligation or a loan of credit of the issuer, Dickinson County, or a lien, charge or encumbrance, legal or equitable, against the issuer's property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the issuer, but rather shall be special obligations payable solely from revenues pledged and assigned to the payment thereof and secured by the loan agreement. Since these notes do not constitute indebtedness of the County, a liability has not been included in the Statement of Net Position.

### Drainage Warrants

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

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

### **(8) Lakes Regional Hospital Loan Receivable**

As detailed in Note 7 of the Notes to Financial Statements, the County loaned bond proceeds to the Lakes Regional Hospital. Under the loan agreement, the Lakes Regional Hospital is to make payments to the County equal to the payments the County is required to make on the general obligation hospital urban renewal bonds.

### **(9) 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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$385,908, \$372,496 and \$335,490, respectively, equal to the required contributions for each year.

**(10) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 84 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits 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 determined using the alternate measurement method permitted by 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, 2014, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 21,900
Interest on net OPEB obligation	(2,100)
Adjusted to annual required contribution	2,900
Annual OPEB cost	<u>22,700</u>
Contributions made	(30,300)
Decrease in net OPEB obligation	<u>(7,600)</u>
(Assets in excess of) net OPEB obligation beginning of year	<u>(47,500)</u>
(Assets in excess of) net OPEB obligation end of year	<u><u>\$ (55,100)</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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, 2014.

For the year ended June 30, 2014, the County contributed \$30,300 to the medical plan. Plan members eligible for benefits contributed \$29,400, or 49% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the assets in excess of net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in excess of) Net OPEB Obligation
2012	\$ 32,200	152%	\$ (35,400)
2013	22,500	154	(47,500)
2014	22,700	133	(55,100)

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$162,647, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$162,647. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,706,000 and the ratio of the UAAL to covered payroll was 4.4%. As of June 30, 2014, 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents 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, 2012 actuarial valuation date, a simplified version of the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the 2004 United States Life Tables, projected to 2013 using scale AA. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are \$1,238 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(11) Revolving Loan Account**

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2014.

**(12) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the 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, 2014 were \$251,465.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$50,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(13) Public Health**

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

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

**(14) Employee Group Health Fund**

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

coverage and \$2,000 with respect to family coverage. After an employee has made the maximum prescribed payments, the County will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, but subject to deductible or co-insurance provisions of the contract.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Two Rivers Insurance Company, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2014 was \$65,100.

The amounts payable from the Employee Group Health Fund at June 30, 2014 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion. These amounts are not expected to be material to the financial statements. The County is exempt from the requirements of Chapter 509A.15 of the Code of Iowa due to claims being less than 2% of the General Fund budget.

**(15) Jointly Governed Organization**

The County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2014:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Wahpeton	16,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	\$ 200,200
Interest on investments		1,049
Total additions		<u>201,249</u>

Deductions:

Dickinson County Soil and Water Conservation District	43,443	
Iowa Natural Heritage Foundation	93,613	
Spirit Lake Protective Association	16,695	
Echo Beach Park Dock Owner Association	100,000	
Miscellaneous	44	253,795
		<u>253,795</u>

Net		(52,546)
Balance beginning of year		115,098
Balance end of year		<u>\$ 62,552</u>

**(16) Development Agreements**

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

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The project involves two primary components, which are the extension of the City’s sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. In the prior year, the balance of LMI funds, \$332,089, was paid to the Lake Park Housing Authority to be used to provide housing assistance to low and moderate income families. In the current year, \$75,620 was paid to Lake Park Housing Authority for this purpose. The developer’s project involves the establishment of a 33-acre lakeshore residential subdivision. The first \$650,000 generated through tax increment financing will be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district will be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental property tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental property tax shall be limited to twenty (20) years. During the year ended June 30, 2014, \$126,480 was rebated to the developer and the cumulative amount rebated at June 30, 2014 was \$694,207. Property tax levied for fiscal year 2015 totals \$203,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developer in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developer. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2014, \$65,794 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2015 totals \$53,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193<sup>rd</sup> Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated to be between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under the plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2014 in the Special Revenue, Low and Moderate Income Fund was \$35,595. Property tax levied for fiscal year 2015 totals \$32,000.

Shore Acres Urban Renewal Area – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and a service road within the subdivision. The County is using tax increment financing to support this development, which has an estimated cost of \$150,000. In addition, general obligation bonds totaling \$800,000 were sold during the year ended June 30, 2007 for additional construction costs. Under the plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2014 in the Special Revenue, Low and Moderate Income Fund was \$15,209. During the year ended June 30, 2014, no funds were provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2015.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in a new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is using tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2014 in the Special Revenue, Low and Moderate Income Fund was \$284,011. The estimated costs will be the City's cost of \$30,000 for installing water main extensions, roadway improvements by the County of \$580,000 and water and sewer system improvements of approximately \$620,000. During the year ended June 30, 2014, \$91,965 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2015 totals \$145,000.

**(17) Deficit Fund Balance**

The Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$82,096 as of June 30, 2014. The deficit balance will be eliminated through the future collection of the County's REAP allocation from the State.

**(18) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

**Required Supplementary Information**

Dickinson County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 10,237,129	-	10,237,129
Interest and penalty on property tax	71,953	-	71,953
Intergovernmental	4,313,607	-	4,313,607
Licenses and permits	67,986	-	67,986
Charges for service	684,453	-	684,453
Use of money and property	212,530	-	212,530
Miscellaneous	982,248	317,519	664,729
Total receipts	<u>16,569,906</u>	<u>317,519</u>	<u>16,252,387</u>
<b>Disbursements:</b>			
Public safety and legal services	2,302,620	-	2,302,620
Physical health and social services	497,698	-	497,698
Mental health	490,197	-	490,197
County environment and education	2,282,593	-	2,282,593
Roads and transportation	3,174,673	-	3,174,673
Governmental services to residents	712,868	-	712,868
Administration	1,905,256	-	1,905,256
Non-program	654,191	404,095	250,096
Debt service	1,752,294	37,754	1,714,540
Capital projects	2,133,573	-	2,133,573
Total disbursements	<u>15,905,963</u>	<u>441,849</u>	<u>15,464,114</u>
Excess (deficiency) of receipts over (under) disbursements	663,943	(124,330)	788,273
Other financing sources, net	40,152	40,102	50
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	704,095	(84,228)	788,323
Balance beginning of year	11,058,483	786,572	10,271,911
Balance end of year	<u>\$ 11,762,578</u>	<u>702,344</u>	<u>11,060,234</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
10,283,448	10,283,448	(46,319)
62,500	62,500	9,453
4,484,892	4,484,892	(171,285)
62,300	62,300	5,686
662,150	662,150	22,303
135,990	135,990	76,540
1,240,740	1,240,740	(576,011)
16,932,020	16,932,020	(679,633)
2,394,873	2,394,873	92,253
600,522	600,522	102,824
797,657	797,657	307,460
2,806,062	3,016,713	734,120
4,776,089	4,776,089	1,601,416
734,700	749,700	36,832
2,092,110	2,092,110	186,854
409,120	424,120	174,024
1,717,519	1,717,519	2,979
2,023,000	2,239,250	105,677
18,351,652	18,808,553	3,344,439
(1,419,632)	(1,876,533)	2,664,806
1,000	1,000	(950)
(1,418,632)	(1,875,533)	2,663,856
9,329,251	9,329,251	942,660
7,910,619	7,453,718	3,606,516

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Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,569,906	284,452	16,854,358
Expenditures	15,905,963	1,171,735	17,077,698
Net	663,943	(887,283)	(223,340)
Other financing sources, net	40,152	(50)	40,102
Beginning fund balances	11,058,483	15,924,461	26,982,944
Ending fund balances	\$ 11,762,578	15,037,128	26,799,706

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$456,901. 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, 2014, disbursements did not exceed the amount budgeted for any function. However, disbursements for two departments exceeded the amounts appropriated prior to amendment.

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2010	Jul 1, 2009	-	\$ 321	321	0.00%	\$ 3,443	9.30%
2011	Jul 1, 2009	-	321	321	0.00	3,179	10.10
2012	Jul 1, 2009	-	321	321	0.00	3,548	9.00
2013	Jul 1, 2012	-	163	163	0.00	3,576	4.50
2014	Jul 1, 2012	-	163	163	0.00	3,706	4.40

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Dickinson County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts
<b>Assets</b>					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ 81,613	1,638	2,870	1,295	93,125
Conservation Foundation	-	-	-	-	-
Receivables:					
Accounts	642	-	-	-	-
Accrued interest	50	6	-	7	-
Drainage assessments	-	-	-	-	88,629
Advances to other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 82,305</b>	<b>1,644</b>	<b>2,870</b>	<b>1,302</b>	<b>181,754</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	-	-	-	9,874
Advances from other funds	-	-	-	83,398	-
Total liabilities	-	-	-	83,398	9,874
Deferred inflow of resources:					
Unavailable revenues	-	-	-	-	88,629
Fund balances:					
Nonspendable:					
Advances to other funds	-	-	-	-	-
Restricted for:					
Conservation purposes	-	-	-	-	-
Drainage warrants	-	-	-	-	83,251
Other purposes	82,305	1,644	2,870	-	-
Unassigned	-	-	-	(82,096)	-
Total fund balances	82,305	1,644	2,870	(82,096)	83,251
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 82,305</b>	<b>1,644</b>	<b>2,870</b>	<b>1,302</b>	<b>181,754</b>

See accompanying independent auditor's report.

Special Revenue									
Confiscated Property Fees	Low and Moderate Income	Waste Manage- ment Reduction	Supple- mental Environ- mental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Court- house Memorial	Capital Projects	Total
1,356	334,815	12,933	3	1,096,745	39,444	-	179	-	1,666,016
-	-	-	-	-	-	609,219	-	-	609,219
-	-	10,815	-	-	-	-	-	-	11,457
-	-	-	-	681	-	-	1	-	745
-	-	-	-	-	-	-	-	-	88,629
-	33,894	-	-	-	-	-	-	-	33,894
-	-	8,786	-	-	-	-	-	-	8,786
1,356	368,709	32,534	3	1,097,426	39,444	609,219	180	-	2,418,746
-	-	897	-	24,011	35,003	-	-	-	69,785
-	-	-	-	-	-	-	-	-	83,398
-	-	897	-	24,011	35,003	-	-	-	153,183
-	-	5,769	-	-	-	-	-	-	94,398
-	33,894	-	-	-	-	-	-	-	33,894
-	-	-	-	-	-	609,219	-	-	609,219
-	-	-	-	-	-	-	-	-	83,251
1,356	334,815	25,868	3	1,073,415	4,441	-	180	-	1,526,897
-	-	-	-	-	-	-	-	-	(82,096)
1,356	368,709	25,868	3	1,073,415	4,441	609,219	180	-	2,171,165
1,356	368,709	32,534	3	1,097,426	39,444	609,219	180	-	2,418,746

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

Year ended June 30, 2014

	County					
	County Recorder's Records Management	Recorder's Electronic Transfer Fees	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Revenues:						
Intergovernmental	\$ -	-	-	15,132	-	-
Charges for service	6,640	-	-	-	-	-
Use of money and property	610	12	2	92	-	-
Miscellaneous	-	-	1,427	-	24,888	461
Total revenues	<u>7,250</u>	<u>12</u>	<u>1,429</u>	<u>15,224</u>	<u>24,888</u>	<u>461</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	4,131	-	-	-
County environment and education	-	-	-	-	-	-
Governmental services to residents	18,322	-	-	-	-	-
Non-program	-	-	-	-	57,505	-
Debt service	-	-	-	-	37,753	-
Total expenditures	<u>18,322</u>	<u>-</u>	<u>4,131</u>	<u>-</u>	<u>95,258</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,072)</u>	<u>12</u>	<u>(2,702)</u>	<u>15,224</u>	<u>(70,370)</u>	<u>461</u>
Other financing sources:						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Drainage warrants issued	-	-	-	-	40,102	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,102</u>	<u>-</u>
Change in fund balances	<u>(11,072)</u>	<u>12</u>	<u>(2,702)</u>	<u>15,224</u>	<u>(30,268)</u>	<u>461</u>
Fund balances beginning of year	<u>93,377</u>	<u>1,632</u>	<u>5,572</u>	<u>(97,320)</u>	<u>113,519</u>	<u>895</u>
Fund balances end of year	<u>\$ 82,305</u>	<u>1,644</u>	<u>2,870</u>	<u>(82,096)</u>	<u>83,251</u>	<u>1,356</u>

See accompanying independent auditor's report.

Special Revenue									
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Courthouse Memorial	Capital Projects		Total
-	-	-	-	-	-	-	-	-	15,132
-	67,330	-	-	-	-	-	-	-	73,970
-	-	-	7,681	-	-	2	-	-	8,399
-	63	-	472,822	-	292,631	-	-	-	792,292
-	67,393	-	480,503	-	292,631	2	-	-	889,793
-	-	-	-	-	-	-	-	-	4,131
149,282	75,717	-	366,495	142,482	343,083	-	-	-	1,077,059
-	-	-	-	-	-	-	-	-	18,322
-	-	-	-	-	-	-	-	-	57,505
-	-	-	-	-	-	-	-	-	37,753
149,282	75,717	-	366,495	142,482	343,083	-	-	-	1,194,770
(149,282)	(8,324)	-	114,008	(142,482)	(50,452)	2	-	-	(304,977)
141,321	-	-	24,072	115,000	-	-	-	-	280,393
-	-	-	-	-	-	-	(273,128)	-	(273,128)
-	-	-	-	-	-	-	-	-	40,102
141,321	-	-	24,072	115,000	-	-	(273,128)	-	47,367
(7,961)	(8,324)	-	138,080	(27,482)	(50,452)	2	(273,128)	-	(257,610)
376,670	34,192	3	935,335	31,923	659,671	178	273,128	-	2,428,775
368,709	25,868	3	1,073,415	4,441	609,219	180	-	-	2,171,165

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,315	138,701	107,262
Other County officials	170,469	-	-	-
Receivables:				
Property tax:				
Delinquent	-	37	53	2,846
Succeeding year	-	231,000	334,000	18,488,000
Accounts	5,132	-	35	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	20	-
Prepaid insurance	-	-	-	-
<b>Total assets</b>	<b>\$ 175,601</b>	<b>232,352</b>	<b>472,809</b>	<b>18,598,108</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	845	-
Salaries and benefits payable	-	-	12,111	-
Due to other governments	175,601	232,352	448,285	18,598,108
Trusts payable	-	-	-	-
Compensated absences	-	-	11,568	-
<b>Total liabilities</b>	<b>\$ 175,601</b>	<b>232,352</b>	<b>472,809</b>	<b>18,598,108</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
13,013	97,278	2,514	485,180	650,919	1,496,182
-	-	-	-	-	170,469
366	2,323	51	-	1,452	7,128
2,286,000	12,089,000	421,000	-	5,114,000	38,963,000
-	-	-	-	16,792	21,959
-	-	-	-	288	288
-	216,891	-	-	-	216,891
-	-	-	-	290,015	290,015
-	-	-	-	46,987	47,007
-	-	-	-	1,127	1,127
2,299,379	12,405,492	423,565	485,180	6,121,580	41,214,066
-	-	-	-	51,721	52,566
-	-	-	-	2,423	14,534
2,299,379	12,405,492	423,565	485,180	6,032,614	41,100,576
-	-	-	-	29,031	29,031
-	-	-	-	5,791	17,359
2,299,379	12,405,492	423,565	485,180	6,121,580	41,214,066

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 163,829	225,225	623,379	18,023,817
Additions:				
Property and other county tax	-	231,787	335,330	18,557,149
E911 surcharges	-	-	-	-
State tax credits	-	3,712	5,372	317,661
Office fees and collections	398,089	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	820,166	-	-	-
Miscellaneous	-	-	259	-
Total additions	1,218,255	235,499	340,961	18,874,810
Deductions:				
Agency remittances:				
To other funds	407,767	-	-	-
To other governments	80,188	228,372	491,531	18,300,519
Trusts paid out	718,528	-	-	-
Total deductions	1,206,483	228,372	491,531	18,300,519
Balances end of year	\$ 175,601	232,352	472,809	18,598,108

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License, Use Tax and Drivers' License	Other	Total
2,226,385	12,087,411	406,689	435,779	5,852,507	40,045,021
2,294,043	12,060,557	424,337	-	5,603,989	39,507,192
-	-	-	-	195,477	195,477
36,737	210,096	9,297	-	57,151	640,026
-	-	-	-	-	398,089
-	-	-	5,940,977	-	5,940,977
-	-	-	-	60,255	60,255
-	-	-	-	140,655	960,821
-	-	-	-	394,900	395,159
2,330,780	12,270,653	433,634	5,940,977	6,452,427	48,097,996
-	-	-	228,482	-	636,249
2,257,786	11,952,572	416,758	5,663,094	6,062,069	45,452,889
-	-	-	-	121,285	839,813
2,257,786	11,952,572	416,758	5,891,576	6,183,354	46,928,951
2,299,379	12,405,492	423,565	485,180	6,121,580	41,214,066

Dickinson County

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

For the Last Ten Years

	2014	2013	2012	2011
<b>Revenues:</b>				
Property and other county tax	\$ 8,520,932	8,172,638	7,641,275	7,637,937
Tax increment financing	623,530	613,089	755,022	902,236
Local option sales tax	1,070,286	1,211,552	1,112,969	1,128,037
Interest and penalty on property tax	71,953	77,837	81,622	102,332
Intergovernmental	4,603,348	3,492,114	3,974,019	4,723,680
Licenses and permits	31,398	29,192	26,438	21,003
Charges for service	746,058	750,598	783,089	811,289
Use of money and property	218,678	155,768	242,015	350,878
Miscellaneous	968,175	598,411	1,301,687	1,174,143
<b>Total</b>	<b>\$ 16,854,358</b>	<b>15,101,199</b>	<b>15,918,136</b>	<b>16,851,535</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 2,309,002	2,297,986	2,144,921	2,075,000
Physical health and social services	488,597	531,217	496,257	503,091
Mental health	458,537	483,324	1,907,359	1,567,038
County environment and education	2,654,821	2,717,185	2,130,823	1,822,520
Roads and transportation	3,610,183	3,777,499	3,006,073	3,596,528
Governmental services to residents	711,827	680,024	648,715	546,284
Administration	1,962,582	1,855,411	1,886,325	1,749,855
Non-program	336,776	550,946	212,090	162,512
Debt service	2,666,176	1,999,826	1,403,790	2,040,341
Capital projects	1,879,197	1,582,433	468,040	2,167,881
<b>Total</b>	<b>\$ 17,077,698</b>	<b>16,475,851</b>	<b>14,304,393</b>	<b>16,231,050</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
6,634,100	6,138,717	6,005,253	6,373,101	6,139,577	5,906,749
810,056	726,935	339,504	290,732	171,729	2,323
976,690	1,094,722	1,099,717	1,160,279	1,047,358	1,058,442
109,867	106,336	92,108	75,523	81,543	62,408
4,539,983	3,884,878	3,445,434	3,721,046	3,485,650	2,845,820
21,852	55,517	27,664	95,448	81,844	62,898
702,101	728,348	714,019	641,431	614,667	588,365
315,118	367,074	604,102	768,551	653,734	451,300
1,721,288	681,048	903,971	910,311	365,884	302,052
15,831,055	13,783,575	13,231,772	14,036,422	12,641,986	11,280,357
2,100,461	2,156,711	2,053,184	1,901,283	1,714,531	1,720,927
504,145	480,887	516,069	511,953	514,913	421,851
1,459,058	1,411,752	1,443,277	1,265,297	1,248,013	1,223,340
2,544,159	1,768,270	1,924,663	1,556,431	899,827	984,730
2,907,392	3,321,261	3,061,942	2,716,267	2,313,687	2,312,848
573,635	573,533	509,223	445,929	533,722	384,786
1,682,226	1,787,404	1,400,817	1,414,191	1,312,669	1,203,923
337,982	215,994	506,128	449,629	178,861	149,786
2,111,933	1,809,695	2,106,582	1,417,441	1,387,082	1,247,880
5,509,379	2,414,730	1,761,521	3,617,262	7,535,865	6,691,149
19,730,370	15,940,237	15,283,406	15,295,683	17,639,170	16,341,220

**Dickinson County**



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

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

To the Officials of Dickinson County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 9, 2015.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (F) to be significant deficiencies.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## Dickinson County's Responses to the Findings

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

## Purpose of this Report

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

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

January 9, 2015

Dickinson County  
 Schedule of Findings  
 Year ended June 30, 2014

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties – During our review of internal control, the existing control activities 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) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	County Recorder, County Sheriff and Ag Extension
(2) Preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety.	County Recorder
(3) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. An initial listing is not completed and compared to receipt records by an independent person.	County Recorder and County Sheriff

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

Responses –

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

The District will continue to segregate duties to the best of our abilities and to provide ongoing financial reporting/reviewing by offsite staff, county staff, regional staff, and our elected officials.

County Sheriff – We will try to segregate duties.

Dickinson County

Schedule of Findings

Year ended June 30, 2014

County Recorder – The Dickinson County Recorder’s office will continue to implement more control activities within reason, such as independent quarterly review of bank reconciliations by Janelle. The County will also continue to review the monthly bank reconciliations and make this review evident by initials and dates of review by reviewer. The Recorder’s office plans to alter the mail process and separate mail opening and listing processes.

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

- (B) Financial Reporting – During the audit, we identified material amounts of capital asset additions not recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements. In addition, immaterial amounts of payables were not coded to the correct fiscal year. Adjustments were not made for the immaterial payable errors.

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

Response – The County will continue to strive and make every effort possible to ensure all payables, and capital asset additions are included in the County’s financial statements.

Conclusion – Response accepted.

- (C) Computer System – The County does not have an adequate written disaster recovery plan for its computer system.

Recommendation – A comprehensive written disaster recovery plan should be updated for the computer system in order to eliminate control deficiencies.

Response – The County Board of Supervisor’s adopted a Comprehensive Written Disaster Recovery Plan on November 10, 2014 which will be updated periodically.

Conclusion – Response accepted.

- (D) County Conservation – The County Conservation Department maintains a petty cash fund. There is no authorized amount for the fund. The Conservation Department does not have a policy for maintaining the petty cash fund.

Recommendation – A policy for maintaining petty cash should be adopted by the Conservation Board. Petty cash should be maintained on an imprest basis. A restrictive endorsement (for deposit only) should be placed on all checks when received. Cash receipts should be deposited timely.

Response – The Dickinson County Conservation Board has approved a petty cash fund policy and an authorized amount to be maintained in all petty cash funds.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2014

- (E) Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County’s personnel policy states, “Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act.” However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of employment with the County.

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

Recommendation – The County should amend its personnel policy to address when compensatory time must be used, how many hours can be carried over from year to year and the disposition of compensatory time when an employee leaves County employment.

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

Response – County Board of Supervisors approved changes to the Personnel Policy on July 1, 2014; compensatory time being one of the changes. “The maximum number of hours of compensatory time which can be accumulated and used during the fiscal year (July 1 to June 30) is sixty four (64) hours. Compensatory time hours which are not used by June 15 shall be paid for in cash in the last paycheck in June. However, at Employees request, fifty percent (50%) of accrued compensatory hours may be carried over after July 1<sup>st</sup>. Carryover compensation time will be paid-out at the earned rate. Any Employee who has accrued sixty four (64) hours of compensatory time off shall be paid overtime compensation for additional overtime of work.

Conclusion – Response accepted.

- (F) County Credit Card – Per the County’s credit card policy, original receipts documenting charges are required for all purchases. For five of thirty transactions tested, an original itemized receipt was not submitted, although a credit card receipt was submitted.

Recommendation – Itemized receipts should be maintained for all credit card charges.

Response – Department Heads and direct Supervisors will be instructed regarding the importance of obtaining original, itemized receipts that document the purpose of the transaction. Department Heads/Supervisors in turn will educate their employees that all credit card transactions need to be supported in their entirety regarding purpose and itemization.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Dickinson County  
 Schedule of Findings  
 Year ended June 30, 2014

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted for any function. However, disbursements for two departments exceeded the amounts appropriated prior to amendment.

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

Response – The County will be assiduous in our efforts to be in compliance with Chapter 331.434(6) of Code of Iowa. Budgets will be amended prior to any expenditures being authorized and budget appropriations being exceeded.

Conclusion – Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs	Vehicle equipment installs/uninstalls	\$ 2,961

The transactions may represent a conflict of interest in accordance with Chapter 331.342 of the Code of Iowa since total transactions were more than \$1,500 during the year and the transactions were not competitively bid.

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

Response – Beginning in fiscal year 2015, we have put these services out for bid.

Conclusion – Response accepted.

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

Dickinson County

Schedule of Findings

Year ended June 30, 2014

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

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

The Water Quality Commission is also required to publish meeting minutes per Chapter 349.18 of the Code of Iowa. There were two instances noted where meeting minutes were not published.

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

Responses –

County Auditor – The County will make every effort possible to publish minutes within the time period specified by Chapter 349.18 of the Code of Iowa. Additionally, minutes are approved at the next regularly scheduled meeting and then forwarded on to the County newspaper and website.

Water Quality Commission – I have contacted the paper and investigated why the meeting minutes were not published. They have suggested that perhaps the email messages went into a junk mail folder. The solution which was decided upon was the paper will respond to all messages requesting the publishing of legal publication stating they have received and will publish the minutes. On my end, I will ensure a response message is received from the newspaper and then place a reminder in my calendar to check for meeting minutes billing and the paper in question to ensure the minutes were actually posted in a timely manner. If the minutes do not post in the paper in a timely manner I will investigate why they were not published and request the minutes be published.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2014 for the County Extension Office did not exceed the amount budgeted.

Dickinson County

Schedule of Findings

Year ended June 30, 2014

- (10) Noncurrent Advance To/From Other Funds – On May 20, 2014, the County advanced \$3,641 from the Debt Service Fund to the Special Revenue, TIF and Urban Renewal Fund. The advance was approved by the Board of Supervisors. However, the County did not publish notice of or hold a public hearing prior to authorizing the advance as noncurrent debt as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should comply with Chapters 331.478 and 331.479 of the Code of Iowa when entering into future noncurrent debt obligations. A public hearing should be held to comply with Chapter 331.47 and 331.479 of the Code of Iowa.

Response – Dickinson County will make every possible effort to comply with the Code of Iowa Chapters 331.478 and 331.479 regarding the publication of and holding of a public hearing prior to the authorization of a loan advance for non-current debt.

Conclusion – Response accepted.

- (11) Annual Urban Renewal Report – The Urban Renewal Annual Report was approved and certified to the Iowa Department of Management by December 1.

However, the the County's expenses and ending cash balance of the Special Revenue, TIF and Urban Renewal Fund reported on the Levy Authority Summary do not agree with the County's general ledger. Also, the TIF Debt Outstanding reported on the Levy Authority Summary was not fully supported.

Recommendation – The County should file the Urban Renewal Annual Report timely and ensure the amounts reported on the Levy Authority Summary page agree with and are supported by the County's records.

Response – The County has had lengthy conversations with TIF experts at the Department of Management to help the County better understand the reporting process, ensuring going forward that a complete, accurate and total documented report will be produced that can be 100% supported.

Conclusion – Response accepted

- (12) Financial Condition – At June 30, 2014, the Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$82,096.

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

Response – The REAP Fund balance is the direct result of an advance from the General Fund, which in due time will be paid off as the REAP funds are collected.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2014

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

Dickinson County/Orleans urban renewal area incurred project costs in excess of the amount of debt issued and certified as TIF debt in 2009.

As of June 30, 2014, the development agreement associated with the Silver Shore urban renewal area was fully paid and the required Low and Moderate Income funds had been allocated to the Silver Shore LMI account. However, the Silver Shore Urban Renewal account has a balance of \$101,816 at June 30, 2014, which represents TIF collections in excess of the TIF debt certified.

The County Auditor has not prepared a reconciliation of tax increment financing remitted to the amount of debt certified for the County urban renewal areas as well as the urban renewal areas of the Cities within the County.

Recommendation – By resolution of the Board of Supervisors, the County should establish TIF debt for the additional costs for the Dickinson County/Orleans urban renewal area and certify the debt as TIF debt. The County should consult TIF legal counsel to determine the appropriate resolution for the excess TIF collections in the Silver Shore Urban Renewal account. The County Auditor should annually prepare a reconciliation of tax increment financing remitted to the amount of debt certified for all urban renewal areas within the County.

Response – The County Board of Supervisors and County Auditor will meet/converse with TIF Council regarding the excess collections in Silver Shores UR Area, and on TIF Council recommendation regarding how these funds should be re-distributed to the affected entities. The County will, by resolution, certify additional debt for Dickinson County/Orleans UR Area. Auditors office will annually prepare a TIF reconciliation of monies remitted to amount of debt certified and will meet with individual cities in the County to provide them with the same.

Conclusion – Response accepted.

- (14) County Annual Financial Report (AFR) – The County did not publish its Cash Basis AFR by December 1, 2014.

Recommendation – The County should establish procedures to ensure the Cash Basis AFR is published by December 1 each year.

Response – Dickinson County will comply with the publication requirement of December 1 for the Cash Basis AFR Report. This was an oversight on our part this past fiscal year and will not happen again.

Conclusion – Response accepted.

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Dickinson County

Staff

This audit was performed by:

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