



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

January 26, 2017

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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 \$52,294,864 for the year ended June 30, 2016, which included \$2,802,481 in tax credits from the state. The County forwarded \$43,041,153 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$9,253,711 of the local tax revenue to finance County operations, a 3.0% increase over the prior year. Other revenues included charges for service of \$1,229,568, operating grants, contributions and restricted interest of \$3,425,410, capital grants, contributions and restricted interest of \$1,177,818, tax increment financing of \$629,123, local option sales tax of \$1,284,840, hotel/motel tax of \$56,142, unrestricted investment earnings of \$168,951 and other general revenues of \$315,700.

Expenses for County operations for the year ended June 30, 2016 totaled \$14,728,480, a 4.1% increase over the prior year. Expenses included \$5,242,670 for roads and transportation, \$2,350,888 for public safety and legal services and \$2,188,399 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 <https://auditor.iowa.gov/reports/1610-0030-B00F>.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2016

Table of Contents

			<u>Page</u>
Officials			3
Independent Auditor’s Report			5-7
Management’s Discussion and Analysis			9-16
Basic Financial Statements:		<u>Exhibit</u>	
Government-wide Financial Statements:			
Statement of Net Position	A		18
Statement of Activities	B		19
Governmental Fund Financial Statements:			
Balance Sheet	C	20-21	
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D		23
Statement of Revenues, Expenditures and Changes in Fund Balances	E	24-25	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F		26
Proprietary Fund Financial Statements:			
Statement of Net Position	G		27
Statement of Revenues, Expenses and Changes in Fund Net Position	H		28
Statement of Cash Flows	I		29
Fiduciary Fund Financial Statement:			
Statement of Fiduciary Assets and Liabilities – Agency Funds	J		30
Notes to Financial Statements			31-57
Required Supplementary Information:			
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds			60-61
Budget to GAAP Reconciliation			62
Notes to Required Supplementary Information – Budgetary Reporting			63
Schedule of the County’s Proportionate Share of the Net Pension Liability			65
Schedule of County Contributions			66-67
Notes to Required Supplementary Information – Pension Liability			68
Schedule of Funding Progress for the Retiree Health Plan			69
Supplementary Information:		<u>Schedule</u>	
Nonmajor Governmental Funds:			
Combining Balance Sheet	1	72-73	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	74-75	
Agency Funds:			
Combining Schedule of Fiduciary Assets and Liabilities	3	76-77	
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	78-79	
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	80-81	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>			83-84
Schedule of Findings			85-90
Staff			91

Dickinson County

Officials

David Gottsche	Board of Supervisors	Jan 2017
Pam Jordan	Board of Supervisors	Jan 2017
Mardi Allen	Board of Supervisors	Jan 2019
Paul Johnson	Board of Supervisors	Jan 2019
William Leupold	Board of Supervisors	Jan 2019
Lori Pedersen	County Auditor	Jan 2017
Kris Rowley	County Treasurer	Jan 2019
Ann Ditsworth	County Recorder	Jan 2019
Gregory Baloun	County Sheriff	Jan 2017
Jon M. Martin	County Attorney	Jan 2019
Stephanie Sohn	County Assessor	Jan 2020

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, 2016, 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, 2016, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 16 and 60 through 69 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, 2015 (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 23, 2017 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

January 23, 2017

Dickinson County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 6.8%, or approximately \$1,111,000, from fiscal year 2015 to fiscal year 2016. Capital grants, contributions and restricted interest increased approximately \$687,000, state tax credits and replacements increased approximately \$155,000 and property and other county tax increased approximately \$143,000.
- Program expenses of the County's governmental activities increased 4.1%, or approximately \$578,000, over fiscal year 2015. Roads and transportation expenses increased 10.3%, or approximately \$488,000, over fiscal year 2015. Mental health expenses increased approximately \$241,000 while non-program expenses decreased approximately \$180,000.
- The County's net position at June 30, 2016 increased 6.3%, or approximately \$2,812,000, over the June 30, 2015 balance.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of 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, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

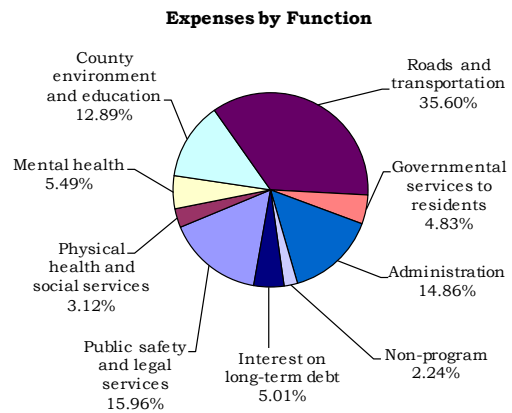
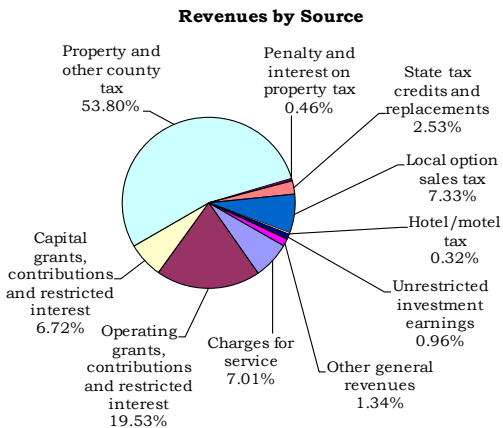
As noted earlier, net position may serve over time as a useful indicator of financial position. Dickinson County's combined net position increased from approximately \$44.5 million at June 30, 2015 to approximately \$47.3 million at June 30, 2016. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2016	2015
Current and other assets	\$ 37,220	37,963
Capital assets	46,841	45,858
Total assets	84,061	83,821
Deferred outflows of resources	552	536
Long-term liabilities	26,268	27,909
Other liabilities	882	1,266
Total liabilities	27,150	29,175
Deferred inflows of resources	10,136	10,667
Net position:		
Net investment in capital assets	36,794	34,500
Restricted	7,964	8,095
Unrestricted	2,569	1,920
Total net position	\$ 47,327	44,515

The net position of Dickinson County's governmental activities increased approximately 6.3% (approximately \$47.3 million compared to approximately \$44.5 million). A large portion of the County's net position is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how it can be used. 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 \$1,920,000 at June 30, 2015 to approximately \$2,569,000 at the end of this year, an increase of 33.8%.

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

	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	\$ 1,230	1,274
Operating grants, contributions and restricted interest	3,425	3,456
Capital grants, contributions and restricted interest	1,178	491
General revenues:		
Property and other county tax, including tax increment financing	9,438	9,295
Penalty and interest on property tax	81	71
State tax credits and replacements	444	289
Local option sales tax	1,285	1,178
Hotel/motel tax	56	52
Unrestricted investment earnings	169	156
Other general revenues	235	168
Total revenues	17,541	16,430
Program expenses:		
Public safety and legal services	2,351	2,404
Physical health and social services	459	440
Mental health	808	567
County environment and education	1,899	1,826
Roads and transportation	5,243	4,755
Governmental services to residents	712	703
Administration	2,189	2,151
Non-program	330	510
Interest on long-term debt	738	795
Total expenses	14,729	14,151
Change in net position	2,812	2,279
Net position beginning of year	44,515	42,236
Net position end of year	\$ 47,327	44,515



The County's taxable valuation increase of approximately 2.9% resulted in an increase in the County's property tax revenue of approximately \$143,000 for fiscal year 2016. Based on a small increase in the taxable valuation and a slight decrease in levy rates for fiscal year 2017, 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 \$26.2 million, a decrease of approximately \$655,000 from last year's total of approximately \$26.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$106,000 and expenditures increased approximately \$170,000. The ending fund balance increased approximately \$348,000 over the prior year to approximately \$5.3 million. The increase in revenue was due primarily to an increase in property and other county tax as a result of an increase in taxable valuations.
- The County has continued to look for ways to effectively manage the cost of mental health services. Expenditures for the year totaled approximately \$812,000, an increase of approximately \$243,000 over the prior year. Revenues decreased approximately \$147,000 due, in part, to Social Services Block Grant (SSBG) funds receipted directly by the Mental Health Region and no longer passed through the County. The disbursement to the Northwest Iowa Care Connection Region increased approximately \$280,000 as a result of the reorganization of mental health services. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$389,000 from the prior year.
- Special Revenue, Rural Services Fund revenues increased approximately \$60,000. This was primarily due to an increase in business property tax credit and the commercial/industrial tax replacement of approximately \$20,000 and an increase in property tax of approximately \$43,000. Expenditures decreased approximately \$14,000, due primarily to the installation of emergency sirens throughout the County which took place in the prior year. This resulted in the ending fund balance increasing approximately \$223,000 to \$1,354,000 at June 30, 2016.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$899,000, or 19.4%, over the prior year, due primarily to the addition of a new county shop and additional road maintenance. Secondary Roads Fund revenues increased approximately \$373,000, primarily due to an increase in reimbursements from several cities for a concrete overlay project. The Secondary Roads Fund ending balance decreased approximately \$119,000, or 3.1%.
- The Special Revenue, TIF and Urban Renewal Fund reported an increase in revenues of approximately \$31,000, or 5.0%. TIF and Urban Renewal Fund expenditures decreased approximately \$54,000. This was primarily due to a developer payment for work at East Okoboji Beach in the prior fiscal year. The balance in the fund at June 30, 2016 was approximately \$576,000.
- Revenues of the Debt Service Fund decreased approximately \$37,000. Expenditures decreased approximately \$17,000 or less than 1%. Debt service payments were approximately \$2.6 million in fiscal year 2016. The ending fund balance in the Debt Service Fund decreased approximately \$765,000. The fund balance is large because the related debt for the Lakes Regional Hospital of \$12,980,000 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 two times. The first amendment was made on January 26, 2016 to increase the budget in the county environment and education function for additional disbursement costs incurred for the disposal of hazardous materials and resulted in an increase in budgeted disbursements of \$30,000. The second amendment was made on May 24, 2016 to increase the budget in the public safety and legal services, physical health and social services, roads and transportation, administration and nonprogram functions, also, to decrease the amount budgeted in the county environment and education function. The amendment was due to an increase in public health grants and services, general service and maintenance agreements, increased disbursements for sheriff training, increased need of granular maintenance on roads and an increase in case management settlement costs which resulted in an increase in budgeted disbursements of \$401,655.

The County's receipts were \$365,937 less than budgeted, a variance of 2.2%. The County did fewer road projects for other governments than anticipated, and as a result, intergovernmental receipts were less than projected.

Total disbursements were \$2,820,391 less than the amended budget. Actual disbursements for the roads and transportation function were approximately \$1,028,000 less than the budgeted amount because fewer road projects were undertaken than anticipated. Actual disbursements for the county environment and education function were approximately \$535,000 less than budgeted due to trail projects being delayed until fiscal year 2018.

Even with the budget amendment, the County exceeded the budgeted amounts in the mental health and non-program functions for the year ended June 30, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Dickinson County had approximately \$46.8 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 \$983,000, or 2.1%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2016	2015
Land	\$ 2,752	2,752
Buildings and improvements	15,586	15,953
Intangibles, road network	530	530
Equipment and vehicles	3,266	3,305
Construction in progress	2,889	1,111
Infrastructure	21,818	22,207
Total	\$ 46,841	45,858

The County had depreciation expense of approximately \$1,855,000 in fiscal year 2016 and total accumulated depreciation of approximately \$13.1 million at June 30, 2016.

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

Long-Term Debt

Dickinson County had approximately \$23.6 million of outstanding debt at June 30, 2016, which included approximately \$22.4 million of general obligation bonds and notes, approximately \$574,000 of general obligation capital loan notes, approximately \$540,000 of urban revitalization bonds, approximately \$48,000 of installment purchase agreement debt and approximately \$27,000 of drainage warrants compared to total outstanding debt of approximately \$25.7 million at June 30, 2015.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2016	2015
General obligation bonds and notes	\$ 22,405	24,265
General obligation capital loan notes	574	610
Urban revitalization bonds	540	588
Installment purchase agreement	48	173
Drainage warrants	27	29
Total	\$ 23,594	25,665

Total debt decreased approximately \$2,071,000, primarily a result of paying down outstanding debt.

The County continues to carry a general obligation bond rating of Aaa (Moody's) assigned by national rating agencies to the County's debt since 1998. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$213,415,000. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 4.4% versus 3.4% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 4.9%.

The County's total fund balance is expected to decrease by the close of fiscal year 2017 from the fiscal year 2016 actual balance of approximately \$12.3 million to approximately \$10.0 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 2016 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 2017 budget, which certified property tax as follows: (Amount certified includes utility replacement and property tax dollars.)

	2017 Dollars Certified	2016 Dollars Certified	Percentage Change
General basic levy	\$ 5,678,843	5,494,552	3.4%
Mental health levy	407,507	407,449	0.0%
Rural services levy	1,860,683	1,671,969	11.3%
Debt service levy	1,231,263	1,343,623	-8.4%
Total	\$ 9,178,296	8,917,593	2.9%

Levy rates (expressed per \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2017 and fiscal year 2016 are as follows:

	2017	2016	Percentage Change
General basic levy	\$ 2.35135	2.45135	-4.1%
Mental health levy	0.16873	0.18178	-7.2%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.46199	0.54341	-15.0%
Total	\$ 4.82207	5.01654	-3.9%

Budgeted receipts in the fiscal year 2017 operating budget are approximately \$1,328,000 more than the fiscal year 2016 actual receipts of approximately \$16.1 million. Budgeted disbursements in the fiscal year 2017 operating budget are approximately \$19.9 million, which is approximately \$3.7 million more than the fiscal year 2016 actual final disbursements of approximately \$16.2 million. Total taxable valuations increased approximately \$175 million, from approximately \$2.3 billion to approximately \$2.4 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.

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 13,103,003
Receivables:	
Property tax:	
Delinquent	1,706
Succeeding year	8,994,000
Succeeding year tax increment financing	546,000
Accounts	77,597
Loan to Lakes Regional Hospital	12,980,000
Accrued interest	12,055
Drainage assessments	287,543
Due from other governments	625,316
Inventories	569,118
Prepaid expenses	10,558
Assets in excess of net OPEB obligation	13,300
Capital assets, net of accumulated depreciation/amortization	46,841,251
Total assets	<u>84,061,447</u>
Deferred Outflows of Resources	
Pension related deferred outflows	551,831
Liabilities	
Accounts payable	639,541
Accrued interest payable	98,402
Salaries and benefits payable	77,267
Due to other governments	66,584
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,905,000
General obligation capital loan notes	37,000
Urban revitalization bonds	49,858
Installment purchase agreement	48,250
Drainage warrants	26,686
Compensated absences	114,888
Portion due or payable after one year:	
General obligation bonds/notes	20,500,000
General obligation capital loan notes	537,000
Urban revitalization bonds	489,938
Compensated absences	180,268
Net pension liability	2,379,424
Total liabilities	<u>27,150,106</u>
Deferred Inflows of Resources:	
Unavailable property tax revenue	8,994,000
Unavailable tax increment financing revenue	546,000
Pension related deferred inflows	595,763
Total deferred inflows of resources	<u>10,135,763</u>
Net Position	
Net investment in capital assets	36,794,001
Restricted for:	
Mental health purposes	243,122
Rural services purposes	1,355,892
Secondary roads purposes	3,664,458
Debt service	31,197
Other purposes	2,669,868
Unrestricted	2,568,871
Total net position	<u>\$ 47,327,409</u>

See notes to financial statements.

Dickinson County

Statement of Activities

Year ended June 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,350,888	251,952	48,067	-	(2,050,869)
Physical health and social services	459,134	4,044	219,569	-	(235,521)
Mental health	808,234	-	-	-	(808,234)
County environment and education	1,898,634	170,537	180,238	91,954	(1,455,905)
Roads and transportation	5,242,670	148,660	2,695,914	1,085,864	(1,312,232)
Governmental services to residents	712,079	527,828	-	-	(184,251)
Administration	2,188,399	61,522	-	-	(2,126,877)
Non-program	330,268	65,025	8,222	-	(257,021)
Interest on long-term debt	738,174	-	273,400	-	(464,774)
Total	\$ 14,728,480	1,229,568	3,425,410	1,177,818	(8,895,684)
General Revenues:					
Property and other county tax levied for:					
General purposes					7,489,211
Debt service					1,320,127
Tax increment financing					629,123
Penalty and interest on property tax					80,917
State tax credits and replacements					444,373
Local option sales tax					1,284,840
Hotel/motel tax					56,142
Unrestricted investment earnings					168,951
Miscellaneous					234,783
Total general revenues					11,708,467
Change in net position					2,812,783
Net position beginning of year					44,514,626
Net position end of year					\$ 47,327,409

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2016

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 4,917,175	261,677	1,173,903
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	924	69	505
Succeeding year	5,564,000	399,000	1,830,000
Succeeding year tax increment financing	-	-	-
Accounts	25,474	-	-
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	10,663	-	-
Drainage assessments	-	-	-
Advances to other funds	88,398	-	-
Due from other funds	253,484	-	-
Due from other governments	236,169	-	185,131
Inventories	-	-	-
Prepaid expenditures	10,558	-	-
Total assets	\$ 11,106,845	660,746	3,189,539
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 93,107	-	3,399
Salaries and benefits payable	52,909	992	248
Due to other funds	-	-	-
Due to other governments	59,462	5,238	-
Advances from other funds	-	-	-
Total liabilities	205,478	6,230	3,647
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,564,000	399,000	1,830,000
Succeeding year tax increment financing	-	-	-
Other	39,051	69	1,892
Total deferred inflows of resources	5,603,051	399,069	1,831,892
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	10,558	-	-
Advances to other funds	88,398	-	-
Restricted for:			
Mental health purposes	-	255,447	-
Rural services purposes	-	-	1,354,000
Secondary roads purposes	-	-	-
Conservation purposes	182,713	-	-
Debt service	-	-	-
Other purposes	-	-	-
Assigned for:			
Buildings and grounds	741,390	-	-
Revolving loans	42,000	-	-
Unassigned	4,233,257	-	-
Total fund balances	5,298,316	255,447	1,354,000
Total liabilities, deferred inflows of resources and fund balances	\$ 11,106,845	660,746	3,189,539

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
3,549,059	644,558	117,483	1,502,324	12,166,179
-	-	-	626,554	626,554
-	-	208	-	1,706
-	-	1,201,000	-	8,994,000
-	546,000	-	-	546,000
5,015	17,450	-	29,658	77,597
-	-	12,980,000	-	12,980,000
-	366	49	738	11,816
-	-	-	287,543	287,543
-	-	-	33,894	122,292
-	-	-	-	253,484
204,016	-	-	-	625,316
569,118	-	-	-	569,118
-	-	-	-	10,558
4,327,208	1,208,374	14,298,740	2,480,711	37,272,163
517,354	-	-	16,068	629,928
23,118	-	-	-	77,267
-	-	-	253,484	253,484
1,884	-	-	-	66,584
-	68,894	-	53,398	122,292
542,356	68,894	-	322,950	1,149,555
-	-	1,201,000	-	8,994,000
-	546,000	-	-	546,000
-	17,450	208	287,543	346,213
-	563,450	1,201,208	287,543	9,886,213
569,118	-	-	-	569,118
-	-	-	-	10,558
-	-	-	33,894	122,292
-	-	-	-	255,447
-	-	-	-	1,354,000
3,215,734	-	-	-	3,215,734
-	-	-	626,554	809,267
-	-	13,097,532	-	13,097,532
-	576,030	-	1,524,025	2,100,055
-	-	-	-	741,390
-	-	-	-	42,000
-	-	-	(314,255)	3,919,002
3,784,852	576,030	13,097,532	1,870,218	26,236,395
4,327,208	1,208,374	14,298,740	2,480,711	37,272,163

Dickinson County

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

June 30, 2016

Total governmental fund balances (page 21)		\$ 26,236,395
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
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 \$59,945,660 and the accumulated depreciation is \$13,104,409.		46,841,251
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 \$13,300 are not available to pay current year expenditures.		359,513
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.		300,896
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 551,831	
Deferred inflows of resources	<u>(595,763)</u>	(43,932)
Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, installment purchase agreement, drainage warrants, compensated absences, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(26,366,714)</u>
Net position of governmental activities (page 18)		<u><u>\$ 47,327,409</u></u>

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2016

	Special		
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,482,404	402,306	1,660,726
Tax increment financing	-	-	-
Local option sales tax	321,210	-	963,630
Interest and penalty on property tax	80,917	-	-
Intergovernmental	776,181	20,927	69,555
Licenses and permits	24,665	-	-
Charges for service	650,234	-	-
Use of money and property	223,330	-	-
Miscellaneous	179,324	-	-
Total revenues	<u>7,738,265</u>	<u>423,233</u>	<u>2,693,911</u>
Expenditures:			
Operating:			
Public safety and legal services	2,492,465	-	7,317
Physical health and social services	465,906	-	-
Mental health	2,280	812,442	-
County environment and education	1,094,341	-	218,949
Roads and transportation	-	-	-
Governmental services to residents	736,362	-	-
Administration	1,960,764	-	-
Non-program	152,022	-	-
Debt service	-	-	-
Capital projects	134,939	-	-
Total expenditures	<u>7,039,079</u>	<u>812,442</u>	<u>226,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>699,186</u>	<u>(389,209)</u>	<u>2,467,645</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(351,547)	-	(2,244,723)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	<u>(351,547)</u>	<u>-</u>	<u>(2,244,723)</u>
Change in fund balances	347,639	(389,209)	222,922
Fund balances beginning of year	4,950,677	644,656	1,131,078
Fund balances end of year	<u>\$ 5,298,316</u>	<u>255,447</u>	<u>1,354,000</u>

See notes to financial statements.

Revenue				
Secondary	TIF and	Debt		
Roads	Urban Renewal	Service	Nonmajor	Total
-	-	1,320,149	-	8,865,585
-	629,123	-	-	629,123
-	-	-	-	1,284,840
-	-	-	-	80,917
2,836,162	24,144	343,742	14,849	4,085,560
-	-	-	-	24,665
46,949	-	-	83,273	780,456
37,799	5,095	965	9,481	276,670
61,269	-	-	186,845	427,438
2,982,179	658,362	1,664,856	294,448	16,455,254
-	-	-	447	2,500,229
-	-	-	-	465,906
-	-	-	-	814,722
-	133,575	-	511,270	1,958,135
4,679,053	-	-	-	4,679,053
-	-	-	-	736,362
-	-	-	-	1,960,764
-	-	-	164,666	316,688
-	65,786	2,625,487	4,537	2,695,810
848,832	-	-	-	983,771
5,527,885	199,361	2,625,487	680,920	17,111,440
(2,545,706)	459,001	(960,631)	(386,472)	(656,186)
2,426,270	-	195,447	308,705	2,930,422
-	(334,152)	-	-	(2,930,422)
-	-	-	1,511	1,511
2,426,270	(334,152)	195,447	310,216	1,511
(119,436)	124,849	(765,184)	(76,256)	(654,675)
3,904,288	451,181	13,862,716	1,946,474	26,891,070
3,784,852	576,030	13,097,532	1,870,218	26,236,395

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, 2016

Change in fund balances - Total governmental funds (page 25) \$ (654,675)

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

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

Expenditures for capital assets	\$ 1,889,109	
Capital assets contributed by the Iowa Department of Transportation	949,481	
Depreciation/amortization expense	<u>(1,855,417)</u>	983,173

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	105	
Other	<u>121,713</u>	121,818

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	(1,511)	
Repaid	<u>2,073,551</u>	2,072,040

The current year County's share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 424,110

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	(28,304)	
Interest on long-term debt	9,085	
Pension expense	(146,071)	
Other postemployment benefits	<u>(19,000)</u>	(184,290)

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. 50,607

Change in net position of governmental activities (page 19) \$ 2,812,783

See notes to financial statements.

Dickinson County
Statement of Net Position
Proprietary Fund
June 30, 2016

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 310,270
Accrued interest receivable	<u>239</u>
Total assets	310,509
Liabilities	
Accounts payable	<u>9,613</u>
Net Position	
Unrestricted	<u>\$ 300,896</u>

See notes to financial statements.

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

Year ended June 30, 2016

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 150,325
Reimbursements from others		<u>2,625</u>
Total operating revenues		152,950
Operating expenses:		
Medical claims	\$ 96,526	
Administrative fees	<u>8,602</u>	<u>105,128</u>
Operating income		47,822
Non-operating revenues:		
Interest income		<u>2,785</u>
Net income		50,607
Net position beginning of year		<u>250,289</u>
Net position end of year		<u><u>\$ 300,896</u></u>

See notes to financial statements.

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2016

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 150,325
Cash received from others	2,625
Cash paid to suppliers for services	(109,154)
Net cash provided by operating activities	43,796
Cash flows from investing activities:	
Interest on investments	2,777
Net increase in cash and cash equivalents	46,573
Cash and cash equivalents beginning of year	263,697
Cash and cash equivalents end of year	\$ 310,270
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 47,822
Adjustment to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(4,026)
Net cash provided by operating activities	\$ 43,796

See notes to financial statements.

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets	
Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,676,883
Other County officials	187,686
Receivables:	
Property tax:	
Delinquent	6,085
Succeeding year	40,375,000
Accounts	40,754
Accrued interest	453
Special assessments	172,394
Succeeding year drainage assessments	225,818
Due from other governments	47,242
Prepaid insurance	1,157
Total assets	<u>42,733,472</u>
Liabilities	
Accounts payable	5,019
Salaries and benefits payable	5,669
Due to other governments	42,684,653
Trusts payable	5,876
Compensated absences	32,255
Total liabilities	<u>42,733,472</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2016

(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 are 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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 and non-negotiable certificates of deposit which is valued at amortized cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax 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, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

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 and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County’s reporting period.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The net pension liability attributed to governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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.

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, 2016, disbursements exceeded the amounts budgeted in the mental health and non-program functions and disbursements for one department exceeded the amount appropriated prior to amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2016, the County had the following investments:

Investment	Fair Value	Maturity
Federal Home Loan Bank (FHLB)	\$ 240,000	March 2020
Federal Home Loan Bank (FHLB)	150,000	April 2020
Federal Home Loan Bank (FHLB)	600,000	May 2020
Total	\$ 990,000	

At June 30, 2016 the Conservation Foundation, a blended component unit, had the following investments:

Investment	Fair Value	Maturity
Mutual funds	\$ 377,907	N/A

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

The recurring fair value measurements for the FHLB securities of \$990,000 and the mutual funds of \$377,907 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$162 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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

Credit risk – The FHLB investments at June 30, 2016 are rated AA+ by Moody's Investors Service.

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

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

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Drainage Districts	<u>\$253,484</u>

(4) Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue: TIF and Urban Renewal	\$ 35,000
	Resource Enhancement and Protection	53,398
Special Revenue: Low and Moderate Income	Special Revenue: TIF and Urban Renewal	<u>33,894</u>
Total		<u>\$122,292</u>

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. 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 from 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.

(5) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 181,547
	Special Revenue:	
	Rural Services	2,244,723
Low and Moderate Income	Special Revenue:	
	TIF and Urban Renewal	138,705
Trails Maintenance	General	170,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	195,447
Total		<u>\$ 2,930,422</u>

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

(6) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,752,578	-	-	2,752,578
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	723,651	1,076,684	(739,496)	1,060,839
Construction in progress	386,852	1,440,834	-	1,827,686
Total capital assets not being depreciated/amortized	4,392,981	2,517,518	(739,496)	6,171,003
Capital assets being depreciated/amortized:				
Buildings	18,198,265	-	-	18,198,265
Improvements other than buildings	303,124	-	-	303,124
Equipment and vehicles	7,284,834	321,072	(91,608)	7,514,298
Infrastructure, road network	18,854,068	739,496	-	19,593,564
Infrastructure, other	8,165,406	-	-	8,165,406
Total capital assets being depreciated/amortized	52,805,697	1,060,568	(91,608)	53,774,657
Less accumulated depreciation/amortized for:				
Buildings	2,519,348	360,072	-	2,879,420
Improvements other than buildings	28,873	6,992	-	35,865
Equipment and vehicles	3,979,842	359,613	(91,608)	4,247,847
Infrastructure, road network	4,141,717	835,320	-	4,977,037
Infrastructure, other	670,820	293,420	-	964,240
Total accumulated depreciation/amortized	11,340,600	1,855,417	(91,608)	13,104,409
Total capital assets being depreciated/amortized, net	41,465,097	(794,849)	-	40,670,248
Governmental activities capital assets, net	<u>\$ 45,858,078</u>	<u>1,722,669</u>	<u>(739,496)</u>	<u>46,841,251</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 52,592
Physical health and social services		1,261
County environment and education		198,838
Roads and transportation		1,240,073
Administration		362,653
Total depreciation/amortization expense - governmental activities		<u>\$ 1,855,417</u>

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	\$ 59,462
Special Revenue:		
Mental Health	Services	5,238
Secondary Roads	Services	1,884
Total for governmental funds		<u>\$ 66,584</u>
Agency:		
County Offices	Collections	\$ 190,982
Agricultural Extension Education		226,209
County Assessor		547,808
Schools		18,983,831
Community Colleges		2,315,028
Corporations		12,643,691
Townships		481,661
Auto License, Use Tax and Drivers' License		576,263
All other		6,719,180
Total for agency funds		<u>\$ 42,684,653</u>

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bonds/Notes	General Obligation Capital Loan Notes	Urban Revital- ization Bonds	Installment Purchase Agreement	Drainage Warrants	Compen- sated Absences	Net Pension Liability	Total
Balance beginning of year	\$ 24,265,000	610,000	588,181	173,250	29,341	266,852	1,976,246	27,908,870
Increases	-	-	-	-	1,511	267,137	403,178	671,826
Decreases	1,860,000	36,000	48,385	125,000	4,166	238,833	-	2,312,384
Balance end of year	\$ 22,405,000	574,000	539,796	48,250	26,686	295,156	2,379,424	26,268,312
Due within one year	\$ 1,905,000	37,000	49,858	48,250	26,686	114,888	-	2,181,682

General Obligation Bonds/Notes

A summary of the County's June 30, 2016 general obligation indebtedness is as follows:

General Obligation Bonds/Notes						
Year Ending June 30,	Shore Acres Urban Renewal Project			Courthouse Construction		
	Courthouse Bonds			Urban Renewal Bonds		
	Issued Dec 1, 2007			Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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		-	-	4.25	975,000	176,375
2021		-	-	4.25	1,025,000	134,937
2022-2026		-	-	4.25	2,150,000	138,125
2027-2031		-	-		-	-
2032		-	-		-	-
Total		\$ 100,000	3,850		\$ 6,840,000	1,196,762

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
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	4.00	155,000	85,133		-	-
2021	4.10	160,000	78,932		-	-
2022-2026	4.25-4.85	900,000	285,910		-	-
2027-2031	5.00	630,000	64,000		-	-
2032		-	-		-	-
Total		\$ 2,280,000	801,897		\$ 205,000	12,575

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
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		-	218,050	1.50	740,000	12,150
2021	2.00%	680,000	218,050	1.50	70,000	1,050
2022-2026	2.00	3,975,000	866,250		-	-
2027-2031	2.13-2.38	4,400,000	432,125		-	-
2032	2.50	945,000	23,625		-	-
Total		\$ 10,000,000	2,412,250		\$ 2,980,000	114,975

Year Ending June 30,	General Obligation Bonds/Notes		
	Principal	Interest	Total
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	1,870,000	491,708	2,361,708
2021	1,935,000	432,969	2,367,969
2022-2026	7,025,000	1,290,285	8,315,285
2027-2031	5,030,000	496,125	5,526,125
2032	945,000	23,625	968,625
Total	\$ 22,405,000	4,542,309	26,947,309

General Obligation Hospital Urban Renewal Bonds

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

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

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

General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for up to \$929,000 to pay for expenditures incurred in conjunction with one or more urban renewal projects in the East Okoboji Beach Urban Renewal Area. Projects include the construction of roads, water, sewer and storm sewer improvements. The total amount drawn was \$829,749. The capital loan notes bear interest at 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, 2016, the County paid principal and interest of \$36,000 and \$18,300, respectively, on the capital loan notes.

A summary of the County's June 30, 2016 general obligation capital loan note indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
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	3.00	40,000	13,800	53,800
2021	3.00	41,000	12,600	53,600
2022-2026	3.00	227,000	43,620	270,620
2027-2029	3.00	152,000	9,210	161,210
Total		\$ 574,000	127,530	701,530

Urban Revitalization Bonds

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

On August 28, 2012, the Board of Supervisors approved an amendment to the loan agreement providing for the reissuance of \$630,000 of urban revitalization bonds plus \$91,793 of delinquent principal, as well as amending the repayment schedule and interest rate. Principal and interest remaining on the bonds is \$634,052 is payable through December 2025. For the current year, principal and interest paid on the urban revitalization bonds were \$48,386 and \$17,400, respectively.

A summary of the County's June 30, 2016 urban revitalization bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
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	3.02	54,549	11,237	65,786
2021	3.02	56,208	9,577	65,785
2022-2026	3.02	274,868	30,255	305,123
Total		\$ 539,796	94,256	634,052

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. The remaining principal and interest of \$48,250 and \$815, respectively, is due during fiscal year 2017.

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 County, or a lien, charge or encumbrance, legal or equitable, against the County's property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the County, 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 2015 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 County or a lien, charge or encumbrance, legal or equitable, against the County's property, revenues or general credit and do not give rise to a charge against the general credit or taxing powers of the County, 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.

(9) Lakes Regional Hospital Loan Receivable

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

(10) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 totaled \$424,110.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$2,379,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers.

At June 30, 2015, the County's proportion was 0.0481618%, which was a decrease of 0.001669% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$146,071. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,616	28,794
Changes of assumptions	64,903	21,533
Net difference between projected and actual earnings on IPERS' investments	-	272,284
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	27,202	273,152
County contributions subsequent to the measurement date	424,110	-
Total	<u>\$ 551,831</u>	<u>595,763</u>

\$424,110 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2017	\$ (183,355)
2018	(183,355)
2019	(183,355)
2020	89,690
2021	(7,667)
Total	<u>\$ (468,042)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 4,825,990	2,379,424	316,715

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2016, the County reported payables to IPERS of \$16,151 for legally required employer contributions and \$11,534 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(11) 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 86 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, 2016, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 18,500
Interest on net OPEB obligation	(1,500)
Adjusted to annual required contribution	<u>2,000</u>
Annual OPEB cost	19,000
Contributions made	<u>-</u>
Decrease in net OPEB obligation	19,000
(Assets in excess of) net OPEB obligation beginning of year	<u>(32,300)</u>
(Assets in excess of) net OPEB obligation end of year	<u>\$ (13,300)</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, 2016.

For the year ended June 30, 2016, the County made no contributions to the medical plan. Plan members eligible for benefits contributed \$23,900, or 100% 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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in excess of) Net OPEB Obligation
2014	\$ 22,700	133.00%	\$ (55,100)
2015	22,800	0.00	(32,300)
2016	19,000	0.00	(13,300)

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$121,361, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$121,361. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,162,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2016, 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, 2015 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 5%. The ultimate medical trend rate is 5%. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the 2011 United States Life Tables. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are \$1,701 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Revolving Loan Account

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2016.

(13) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2016 were \$272,401.

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 \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the Pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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

(14) Public Health

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

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

(15) Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement with Employee Benefit Systems is renewable on an annual basis. After an eligible employee with single coverage has paid \$500 of the applicable deductible amount under the contract during a calendar year or an eligible employee with family coverage has paid \$1,000 of the applicable deductible amount under the contract during a calendar year, the County will pay directly or reimburse any eligible employee for 60% (80% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any calendar year for deductibles and co-insurance shall be \$1,000 with respect to single coverage and \$2,000 with respect to family coverage. After an employee has made the maximum prescribed payments, the County will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, 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 Employee Benefit Systems from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2016 was \$150,325.

The amounts payable from the Employee Group Health Fund at June 30, 2016 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion. These amounts are not expected to be material to the financial statements. The County is exempt from the requirements of Chapter 509A.15 of the Code of Iowa due to claims being less than 2% of the General Fund budget.

(16) 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, 2016:

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		1,511
Total additions		201,711
Deductions:		
Iowa Natrual Heritage Fund	100,000	
Dickinson County Soil and Water Conservation District	79,534	
Okoboji Protective Association	20,000	
Team Wave	43,000	
University of Iowa	17,000	
Miscellaneous	10,124	269,658
Net		(67,947)
Balance beginning of year		154,879
Balance end of year		\$ 86,932

(17) Development Agreements

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

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The project involves two primary components, which are the extension of the City’s sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing (TIF) to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. In the prior year, the balance of LMI funds, \$478,740, 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, \$78,449 was paid to the 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 of TIF revenue will be granted to the developer. After the developer has received a total of \$650,000, the TIF 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, 2016, \$133,575 was rebated to the developer and the City and the cumulative amount rebated at June 30, 2016 was \$948,726. Property tax levied for fiscal year 2017 totals \$237,000.

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 developers in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developers. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2016, \$65,786 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2017 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 193rd Avenue. The County’s primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated to be between \$400,000 and \$500,000. The County is going to use TIF revenue to support this residential development. Under the plan, 37% of the TIF revenue generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2016 in the Special Revenue, Low and Moderate Income Fund was \$54,233. Property tax levied for fiscal year 2017 totals \$37,000.

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. LMI funds were not held by the County for this project at June 30, 2016 in the Special Revenue, Low and Moderate Income Fund. During the year ended June 30, 2016, no funds were provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2017.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in a new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is using tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. For this urban renewal area, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2016 in the Special Revenue, Low and Moderate Income Fund was \$413,650. 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, 2016, \$74,743 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2017 totals \$164,000.

(18) Deficit Fund Balances

The Special Revenue, Resource Enhancement and Protection (REAP) and Drainage Districts Funds had deficit unassigned fund balances of \$53,398 and \$260,857, respectively, at June 30, 2016. The deficit balances will be eliminated through the future collection of the County's REAP allocation from the State and future drainage assessments.

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

Northwest Iowa Care Connection Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Clay County, Dickinson County, Lyon County, O'Brien County, Osceola County and Palo Alto County. The financial activity of Dickinson County's Special Revenue, Mental Health Fund is included as part of the Northwest Iowa Care Connection Region for the year ended June 30, 2016 as follows:

Revenues:		
Property and other county tax		\$ 402,306
Intergovernmental revenues:		
State tax credits	\$ 11,349	
Other intergovernmental revenues	9,578	20,927
Total revenues		<u>423,233</u>
Expenditures:		
General administration:		
Direct administration	108,824	
Distribution to regional fiscal agent	703,618	812,442
Total expenditures		<u>812,442</u>
Excess of expenditures over revenues		(389,209)
Fund balance beginning of the year		<u>644,656</u>
Fund balance end of the year		<u>\$ 255,447</u>

(20) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

(21) Subsequent Events

In October 2016, the County entered into a loan agreement to issue \$2,405,000 of general obligation refunding bonds series 2016A, for an advanced refunding of general obligation bonds. The bonds bear interest rates ranging from 1.50% to 2.00% per annum for a term of 13 years. The final payment is due on May 1, 2030.

In October 2016, the County entered into a loan agreement to issue \$5,170,000 of general obligation refunding bonds, series 2016B, for an advanced refunding of general obligation bonds. The bonds bear interest rates ranging from 1.00% to 1.25% per annum for a term of 6 years. The final payment is due on May 1, 2023.

Dickinson County

Required Supplementary Information

Dickinson County

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

Required Supplementary Information

Year ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 10,729,560	-	10,729,560
Interest and penalty on property tax	80,917	-	80,917
Intergovernmental	3,883,082	-	3,883,082
Licenses and permits	70,127	-	70,127
Charges for service	760,344	-	760,344
Use of money and property	275,985	-	275,985
Miscellaneous	410,210	94,702	315,508
Total receipts	16,210,225	94,702	16,115,523
Disbursements:			
Public safety and legal services	2,573,743	-	2,573,743
Physical health and social services	471,531	-	471,531
Mental health	842,163	-	842,163
County environment and education	1,914,198	38,161	1,876,037
Roads and transportation	4,499,504	-	4,499,504
Governmental services to residents	751,321	-	751,321
Administration	2,026,363	-	2,026,363
Non-program	347,605	60,904	286,701
Debt service	1,712,408	4,537	1,707,871
Capital projects	1,199,106	-	1,199,106
Total disbursements	16,337,942	103,602	16,234,340
Deficiency of receipts under disbursements	(127,717)	(8,900)	(118,817)
Other financing sources, net	2,473	1,511	962
Deficiency of receipts and other financing sources under disbursements and other financing uses	(125,244)	(7,389)	(117,855)
Balance beginning of year	12,917,977	633,943	12,284,034
Balance end of year	\$ 12,792,733	626,554	12,166,179

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
10,612,028	10,612,028	117,532
42,100	42,100	38,817
4,432,875	4,469,197	(586,115)
63,100	63,100	7,027
677,430	677,430	82,914
227,080	227,080	48,905
390,525	390,525	(75,017)
<u>16,445,138</u>	<u>16,481,460</u>	<u>(365,937)</u>
2,629,903	2,663,403	89,660
535,967	560,300	88,769
826,871	826,871	(15,292)
2,405,960	2,410,960	534,923
5,278,350	5,528,350	1,028,846
804,900	804,900	53,579
2,075,205	2,165,205	138,842
257,500	286,322	(379)
1,707,873	1,707,873	2
2,100,547	2,100,547	901,441
<u>18,623,076</u>	<u>19,054,731</u>	<u>2,820,391</u>
(2,177,938)	(2,573,271)	2,454,454
1,100	1,100	(138)
(2,176,838)	(2,572,171)	2,454,316
<u>10,580,888</u>	<u>10,580,888</u>	<u>1,703,146</u>
<u>8,404,050</u>	<u>8,008,717</u>	<u>4,157,462</u>

Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information

Year ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,210,225	245,029	16,455,254
Expenditures	16,337,942	773,498	17,111,440
Net	(127,717)	(528,469)	(656,186)
Other financing sources, net	2,473	(962)	1,511
Beginning fund balances	12,917,977	13,973,093	26,891,070
Ending fund balances	\$ 12,792,733	13,443,662	26,236,395

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2016

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 and the Debt Service Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$431,655. 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, 2016, disbursements exceed the amounts budgeted for the mental health and nonprogram function and disbursements for one department exceeded the amount appropriated.

Dickinson County

Dickinson County

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

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

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.0481618%	0.0498309%
County's proportionate share of the net pension liability	\$ 2,379	1,976
County's covered-employee payroll	\$ 4,301	4,226
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.31%	46.76%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Dickinson County

Schedule of County Contributions

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

Required Supplementary Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 424	395	386	372
Contributions in relation to the statutorily required contribution	(424)	(395)	(386)	(372)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered-employee payroll	\$ 4,634	4,301	4,226	4,194
Contributions as a percentage of covered-employee payroll	9.15%	9.18%	9.13%	8.87%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
335	292	273	256	225	204
(335)	(292)	(273)	(256)	(225)	(204)
-	-	-	-	-	-
4,007	4,002	3,986	3,898	3,610	3,351
8.36%	7.30%	6.85%	6.57%	6.23%	6.09%

Dickinson County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
2015	Jul 1, 2012	-	163	163	0.00	4,087	4.00
2016	Jul 1, 2015	-	121	121	0.00	4,162	2.90

See Note 11 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.

Dickinson County

Supplementary Information

Dickinson County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ 89,456	5,739	1,079	-	2,830
Conservation Foundation	-	-	-	-	-
Receivables:					
Accounts	633	-	-	-	-
Accrued interest	69	4	1	-	-
Drainage assessments	-	-	-	287,543	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 90,158	5,743	1,080	287,543	2,830
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	-	7,373	-
Due to other funds	-	-	-	253,484	-
Advances from other funds	-	-	53,398	-	-
Total liabilities	-	-	53,398	260,857	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	287,543	-
Fund balances:					
Nonspendable:					
Advances to other funds	-	-	-	-	-
Restricted for:					
Conservation purposes	-	-	-	-	-
Other purposes	90,158	5,743	1,080	-	2,830
Unassigned	-	-	(53,398)	(260,857)	-
Total fund balances	90,158	5,743	(52,318)	(260,857)	2,830
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 90,158	5,743	1,080	287,543	2,830

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	Court-house Memorial	Total
433,989	64,051	3	858,259	46,736	-	182	1,502,324
-	-	-	-	-	626,554	-	626,554
-	-	-	29,025	-	-	-	29,658
-	-	-	663	-	-	1	738
-	-	-	-	-	-	-	287,543
33,894	-	-	-	-	-	-	33,894
467,883	64,051	3	887,947	46,736	626,554	183	2,480,711
-	1,987	-	6,052	656	-	-	16,068
-	-	-	-	-	-	-	253,484
-	-	-	-	-	-	-	53,398
-	1,987	-	6,052	656	-	-	322,950
-	-	-	-	-	-	-	287,543
33,894	-	-	-	-	-	-	33,894
-	-	-	-	-	626,554	-	626,554
433,989	62,064	3	881,895	46,080	-	183	1,524,025
-	-	-	-	-	-	-	(314,255)
467,883	62,064	3	881,895	46,080	626,554	183	1,870,218
467,883	64,051	3	887,947	46,736	626,554	183	2,480,711

Dickinson County

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

Year ended June 30, 2016

	County Recorder's Records Management	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Revenues:					
Intergovernmental	\$ -	-	14,849	-	-
Charges for service	6,579	-	-	-	-
Use of money and property	811	54	76	-	-
Miscellaneous	-	-	-	63,930	80
Total revenues	7,390	54	14,925	63,930	80
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	447
County environment and education	-	-	-	-	-
Non-program	-	-	-	164,666	-
Debt service	-	-	-	4,537	-
Total expenditures	-	-	-	169,203	447
Excess (deficiency) of revenues over (under) expenditures	7,390	54	14,925	(105,273)	(367)
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Drainage warrants issued	-	-	-	1,511	-
Total other financing sources (uses)	-	-	-	1,511	-
Change in fund balances	7,390	54	14,925	(103,762)	(367)
Fund balances beginning of year	82,768	5,689	(67,243)	(157,095)	3,197
Fund balances end of year	\$ 90,158	5,743	(52,318)	(260,857)	2,830

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		Total
-	-	-	-	-	-	-	-	14,849
-	76,694	-	-	-	-	-	-	83,273
-	-	-	8,538	-	-	-	2	9,481
-	109	-	91,954	-	30,772	-	-	186,845
-	76,803	-	100,492	-	30,772	2	-	294,448
-	-	-	-	-	-	-	-	447
83,448	57,404	-	182,747	149,510	38,161	-	-	511,270
-	-	-	-	-	-	-	-	164,666
-	-	-	-	-	-	-	-	4,537
83,448	57,404	-	182,747	149,510	38,161	-	-	680,920
(83,448)	19,399	-	(82,255)	(149,510)	(7,389)	2	-	(386,472)
138,705	-	-	-	170,000	-	-	-	308,705
-	-	-	-	-	-	-	-	1,511
138,705	-	-	-	170,000	-	-	-	310,216
55,257	19,399	-	(82,255)	20,490	(7,389)	2	-	(76,256)
412,626	42,665	3	964,150	25,590	633,943	181	-	1,946,474
467,883	62,064	3	881,895	46,080	626,554	183	-	1,870,218

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,172	201,177	99,827
Other County officials	187,686	-	-	-
Receivables:				
Property tax:				
Delinquent	-	37	87	3,004
Succeeding year	-	225,000	377,000	18,881,000
Accounts	3,296	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	-	-
Total assets	\$ 190,982	226,209	578,264	18,983,831
Liabilities				
Accounts payable	\$ -	-	94	-
Salaries and benefits payable	-	-	4,723	-
Due to other governments	190,982	226,209	547,808	18,983,831
Trusts payable	-	-	-	-
Compensated absences	-	-	25,639	-
Total liabilities	\$ 190,982	226,209	578,264	18,983,831

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
11,654	70,073	3,564	548,703	740,713	1,676,883
-	-	-	-	-	187,686
374	1,224	97	-	1,262	6,085
2,303,000	12,400,000	478,000	-	5,711,000	40,375,000
-	-	-	-	37,458	40,754
-	-	-	-	453	453
-	172,394	-	-	-	172,394
-	-	-	-	225,818	225,818
-	-	-	27,560	19,682	47,242
-	-	-	-	1,157	1,157
<u>2,315,028</u>	<u>12,643,691</u>	<u>481,661</u>	<u>576,263</u>	<u>6,737,543</u>	<u>42,733,472</u>
-	-	-	-	4,925	5,019
-	-	-	-	946	5,669
2,315,028	12,643,691	481,661	576,263	6,719,180	42,684,653
-	-	-	-	5,876	5,876
-	-	-	-	6,616	32,255
<u>2,315,028</u>	<u>12,643,691</u>	<u>481,661</u>	<u>576,263</u>	<u>6,737,543</u>	<u>42,733,472</u>

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

Assets and Liabilities	County Offices	Agricultural Extension Education	County Assessor	Schools
Balances beginning of year	\$ 213,061	220,238	722,952	17,698,061
Additions:				
Property and other county tax	-	226,404	378,995	18,954,007
E911 surcharges	-	-	-	-
State tax credits	-	11,466	26,635	941,862
Office fees and collections	430,286	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,326,891	-	-	-
Miscellaneous	-	-	61	-
Total additions	1,757,177	237,870	405,691	19,895,869
Deductions:				
Agency remittances:				
To other funds	445,010	-	-	-
To other governments	296,266	231,899	550,379	18,610,099
Trusts paid out	1,037,980	-	-	-
Total deductions	1,779,256	231,899	550,379	18,610,099
Balances end of year	\$ 190,982	226,209	578,264	18,983,831

See accompanying independent auditor's report.

Community			Auto License, Use Tax and Drivers' License	Other	Total
Colleges	Corporations	Townships			
2,191,105	11,976,767	453,122	519,312	6,499,593	40,494,211
2,312,543	12,391,140	482,302	-	5,937,654	40,683,045
-	-	-	-	277,722	277,722
114,051	979,377	24,348	-	260,369	2,358,108
-	-	-	-	-	430,286
-	-	-	6,501,978	-	6,501,978
-	19,174	-	-	53,103	72,277
-	-	-	-	90,310	1,417,201
-	-	-	27,560	344,160	371,781
2,426,594	13,389,691	506,650	6,529,538	6,963,318	52,112,398
-	-	-	238,813	13,986	697,809
2,302,671	12,722,767	478,111	6,233,774	6,622,173	48,048,139
-	-	-	-	89,209	1,127,189
2,302,671	12,722,767	478,111	6,472,587	6,725,368	49,873,137
2,315,028	12,643,691	481,661	576,263	6,737,543	42,733,472

Dickinson County

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

For the Last Ten Years

	2016	2015	2014	2013
Revenues:				
Property and other county tax	\$ 8,865,585	8,745,388	8,520,932	8,172,638
Tax increment financing	629,123	601,203	623,530	613,089
Local option sales tax	1,284,840	1,284,712	1,070,286	1,211,552
Interest and penalty on property tax	80,917	70,657	71,953	77,837
Intergovernmental	4,085,560	3,898,652	4,603,348	3,492,114
Licenses and permits	24,665	27,475	31,398	29,192
Charges for service	780,456	831,957	746,058	750,598
Use of money and property	276,670	254,292	218,678	155,768
Miscellaneous	427,438	572,372	968,175	598,411
Total	\$ 16,455,254	16,286,708	16,854,358	15,101,199
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,500,229	2,469,254	2,309,002	2,297,986
Physical health and social services	465,906	441,405	488,597	531,217
Mental health	814,722	569,695	458,537	483,324
County environment and education	1,958,135	1,981,743	2,654,821	2,717,185
Roads and transportation	4,679,053	3,417,401	3,610,183	3,777,499
Governmental services to residents	736,362	715,146	711,827	680,024
Administration	1,960,764	1,904,593	1,962,582	1,855,411
Non-program	316,688	494,081	336,776	550,946
Debt service	2,695,810	3,042,341	2,666,176	1,999,826
Capital projects	983,771	1,414,329	1,879,197	1,582,433
Total	\$ 17,111,440	16,449,988	17,077,698	16,475,851

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
7,641,275	7,637,937	6,634,100	6,138,717	6,005,253	6,373,101
755,022	902,236	810,056	726,935	339,504	290,732
1,112,969	1,128,037	976,690	1,094,722	1,099,717	1,160,279
81,622	102,332	109,867	106,336	92,108	75,523
3,974,019	4,723,680	4,539,983	3,884,878	3,445,434	3,721,046
26,438	21,003	21,852	55,517	27,664	95,448
783,089	811,289	702,101	728,348	714,019	641,431
242,015	350,878	315,118	367,074	604,102	768,551
1,301,687	1,174,143	1,721,288	681,048	903,971	910,311
15,918,136	16,851,535	15,831,055	13,783,575	13,231,772	14,036,422
2,144,921	2,075,000	2,100,461	2,156,711	2,053,184	1,901,283
496,257	503,091	504,145	480,887	516,069	511,953
1,907,359	1,567,038	1,459,058	1,411,752	1,443,277	1,265,297
2,130,823	1,822,520	2,544,159	1,768,270	1,924,663	1,556,431
3,006,073	3,596,528	2,907,392	3,321,261	3,061,942	2,716,267
648,715	546,284	573,635	573,533	509,223	445,929
1,886,325	1,749,855	1,682,226	1,787,404	1,400,817	1,414,191
212,090	162,512	337,982	215,994	506,128	449,629
1,403,790	2,040,341	2,111,933	1,809,695	2,106,582	1,417,441
468,040	2,167,881	5,509,379	2,414,730	1,761,521	3,617,262
14,304,393	16,231,050	19,730,370	15,940,237	15,283,406	15,295,683

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, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 23, 2017.

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 a significant deficiency.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 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

January 23, 2017

Dickinson County
Schedule of Findings
Year ended June 30, 2016

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County’s financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

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

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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

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.

Dickinson County

Schedule of Findings

Year ended June 30, 2016

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.

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

County Treasurer – (1) We will try to segregate duties as much as possible to ensure responsibilities for collection, deposit preparation and reconciliation functions are segregated from those for recording and accounting for cash receipts. (2) When the mail opener is absent or assistance is needed to open the mail we will try to utilize staff which are not authorized to make entries to the accounting records for additional help.

County Recycling Center – The Recycling Center will continue to improve the segregation of duties and provide additional controls through financial reviews and reports.

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

(B) Financial Reporting

Criteria – A Deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County’s financial statements.

Condition – Material amounts of capital asset additions were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

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

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County’s financial statements were necessary.

Response – The County will make every effort possible to ensure that all capital asset additions are included in the County’s financial statements and work closely with all Departments to ensure these requirements are met. The County Board of Supervisors will become partners in this process by working with the Auditor and Departmental staff and instituting better procedures going forward, reducing these omissions in the Financial Report.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2016

(C) County Credit Cards

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – The County has credit cards for use by various employees while on County business. Per the County’s credit card policy, original receipts documenting charges are required for all purchases. For seven of ninety-six transactions tested, an original itemized receipt was not submitted, although a credit card receipt was submitted.

Cause – County Staff are not consistently following the credit card policy.

Effect – The use of credit cards could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The County’s credit card policy should be followed which requires original itemized receipts be received and maintained for all credit card charges.

Response – Department Heads and direct Supervisors will continue to be instructed regarding credit card purchases. Per Dickinson County policy, an original itemized receipt is required for reimbursement for the expenditure. The Board of Supervisors will take a lead in ensuring this policy is followed verbatim, and that failure of an itemized receipt will cause non-payment of a submitted claim, and will ultimately lead to employee payment of the expense (non-reimbursable for failure to provide proper documentation).

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County

Schedule of Findings

Year ended June 30, 2016

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the mental health and nonprogram function. Also, disbursements for one department exceeded the amount appropriated prior to amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget. Also, Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – The County will make every effort possible to comply with Iowa Code Chapters 331.434(6) and 331.435 by not allowing disbursements to exceed the amount budgeted prior to an amendment, and by authorizing, by resolution, an increase or decrease in appropriations prior to any shortfall. These events can be avoided by being fastidious in checking balances in the fund, department, activity or service area prior to any payments being finalized.

Conclusion – Response accepted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs	Vehicle equipment installs/uninstalls	\$ 4,742

These 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 2017, we have put these services out for bid.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2016

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (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, 2016 for the County Extension Office did not exceed the amount budgeted.

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

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

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

Response – The County has submitted the Annual Urban Renewal Report in a timely fashion, and will continue to be in compliance with doing so. We have worked extensively with our Auditor to get the TIF Reconciliation balanced and LMI balances adjusted. We are confident that going forward the balances will be fully supported and the report will be filed accurately.

Conclusion – Response accepted.

- (11) Financial Condition – At June 30, 2016, the Special Revenue, Resource Enhancement and Protection (REAP) and Drainage Districts Funds had deficit unassigned fund balances of \$53,398 and \$260,857, respectively.

Recommendation – The County should investigate alternatives to eliminate these deficits to return the funds to a sound financial position.

Dickinson County

Schedule of Findings

Year ended June 30, 2016

Response – The REAP Fund deficit balance is the result of an advance from the General Fund, which in time will be paid off as the REAP funds are collected. The Special Revenue, Drainage District Fund deficit will be eliminated from the collection of future assessments. The drainage deficit was a result of a large claim which was to have been paid by stamped warrants. A Completion Hearing has been set for these districts, so collection will begin in calendar year 2017.

Conclusion – Response accepted.

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

The 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, 2016, the development agreement associated with the Silver Shore urban renewal area and the Shore Acres urban renewal area were fully paid and the required low-and-moderate-income funds had been allocated to the respective LMI accounts. However, the Silver Shore Urban Renewal and the Shore Acres urban renewal account have balances of \$101,816 and \$38,101, respectively, at June 30, 2016, 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 urban renewal areas of the Cities within the County.

Recommendation – By resolution, the County Board of Supervisors 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 and Shore Acres Urban Renewal accounts. 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 shall adopt by resolution the additional TIF debt which was incurred in the Dickinson County/Orleans Urban Renewal Area. The Board of Supervisors additionally will instruct the County Treasurer to apportion the excess TIF monies collected in the Silver Shore and Shore Acres Urban Renewal Areas back to the appropriate taxing entities. The County Auditor will work diligently to prepare annual reconciliations of tax increment financing for each of the cities in the county that has certified.

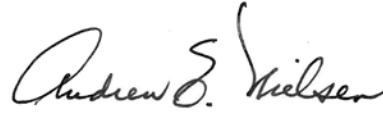
Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
Jamie T. Reuter, Senior Auditor II
Sarah J. Swisher, Staff Auditor
Robert Q. Barrett, Assistant Auditor
Preston R. Grygiel, Assistant Auditor
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Rachel E. Sigmon, Auditor Intern

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

Andrew E. Nielsen, CPA
Deputy Auditor of State