



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

May 10, 2013

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

The County had local tax revenue of \$46,503,848 for the year ended June 30, 2012, which included \$552,248 in tax credits from the state. The County forwarded \$38,821,061 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,682,787 of the local tax revenue to finance County operations, a less than 1% increase over the prior year. Other revenues included charges for service of \$1,660,761, operating grants, contributions and restricted interest of \$4,312,063, capital grants, contributions and restricted interest of \$262,921, tax increment financing of \$755,022, local option sales tax of \$1,208,883, hotel/motel tax of \$53,598, unrestricted investment earnings of \$202,562 and other general revenues of \$134,024.

Expenses for County operations totaled \$14,134,191, a 3.2% increase over the prior year. Expenses included \$3,605,223 for roads and transportation, \$2,090,626 for county environment and education and \$2,216,464 for administration.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1210-0030-B00F.pdf>.

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

JUNE 30, 2012

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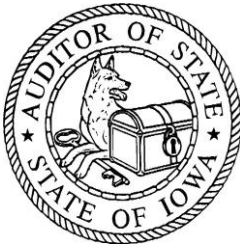
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Dickinson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Gottsche	Board of Supervisors	Jan 2013
Pam Jordan	Board of Supervisors	Jan 2013
Mardi Allen	Board of Supervisors	Jan 2015
Paul Johnson	Board of Supervisors	Jan 2015
William Leupold	Board of Supervisors	Jan 2015
Nancy Reiman	County Auditor	Jan 2013
Kris Rowley	County Treasurer	Jan 2015
Janice Bortscheller	County Recorder	(Resigned June 2012)
Ann Ditsworth (Appointed)	County Recorder	Jan 2015
Gregory Baloun	County Sheriff	Jan 2013
Jason Carlstrom	County Attorney	(Resigned Sept 2012)
Jon M. Martin (Appointed)	County Attorney	Nov 2014
Stephanie Sohn	County Assessor	Jan 2016

Dickinson County



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Independent Auditor's Report

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dickinson County's management. Our responsibility is to express opinions on these financial statements based on our audit.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 16, 2013 on our consideration of Dickinson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2004 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of the supplies inventory, pertaining primarily to the Secondary Roads Fund. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements due to the omission of general fixed assets and supplies inventory for the Secondary Roads Fund. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the 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.


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 16, 2013

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, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities decreased 7.9%, or approximately \$1,388,000, from fiscal year 2011 to fiscal year 2012. Property tax and other county tax decreased approximately \$129,000, charges for service decreased approximately \$48,000, operating grants, contributions and restricted interest increased approximately \$526,000, capital grants, contributions and restricted interest decreased approximately \$1,627,000, local option sales tax increased approximately \$81,000 and unrestricted investment earnings decreased approximately \$70,000.
- ◆ Program expenses of the County's governmental activities increased 3.2%, or approximately \$444,000, from fiscal year 2011 to fiscal year 2012. County environment and education, mental health, administration, non-program and public safety and legal services expenses increased approximately \$427,000, \$342,000, \$102,000, \$90,000 and \$63,000, respectively, while roads and transportation expenses decreased approximately \$550,000.
- ◆ The County's net assets increased 6.1%, or approximately \$2,139,000, from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, 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 Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 6.1%, from approximately \$35.16 million at June 30, 2011 to approximately \$37.30 million at June 30, 2012. The analysis that follows focuses on the changes in the net assets of governmental activities.

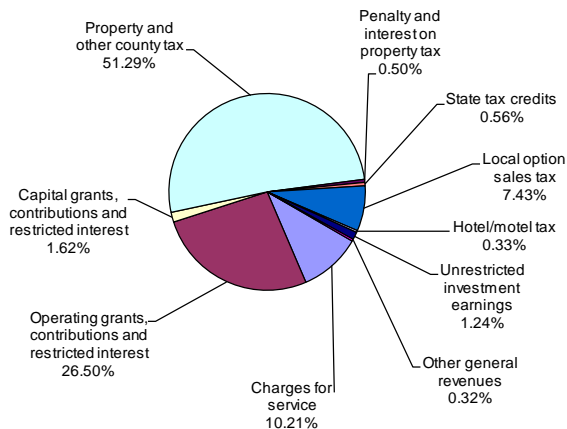
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2012	2011
Current and other assets	\$ 22,786	\$ 20,523
Capital assets	39,955	40,283
Total assets	62,741	60,806
Long-term liabilities	15,623	16,383
Other liabilities	9,820	9,264
Total liabilities	25,443	25,647
Net assets:		
Invested in capital assets, net of related debt	25,408	25,039
Restricted	8,426	6,706
Unrestricted	3,464	3,414
Total net assets	\$ 37,298	\$ 35,159

Net assets of Dickinson County's governmental activities increased approximately \$2,139,000 (approximately \$35.16 million compared to approximately \$37.30 million). A large portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—increased from approximately \$3,414,000 at June 30, 2011 to approximately \$3,464,000 at the end of this year, an increase of 1.5%.

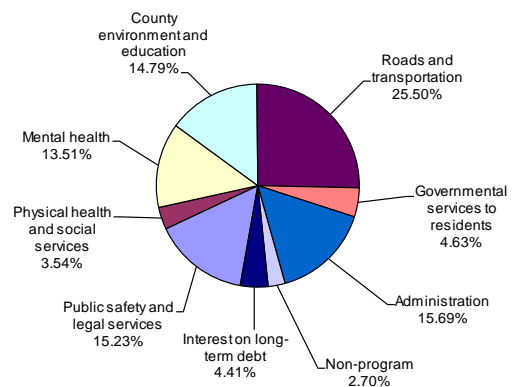
Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for service	\$ 1,661	\$ 1,709
Operating grants, contributions and restricted interest	4,312	3,786
Capital grants, contributions and restricted interest	263	1,890
General revenues:		
Property and other county tax, including tax increment financing	8,347	8,476
Penalty and interest on property tax	82	100
State tax credits	91	96
Local option sales tax	1,209	1,128
Hotel/motel tax	54	62
Unrestricted investment earnings	202	272
Other general revenues	52	142
Total revenues	16,273	17,661
Program expenses:		
Public safety and legal services	2,152	2,089
Physical health and social services	500	504
Mental health	1,910	1,568
County environment and education	2,091	1,664
Roads and transportation	3,605	4,155
Governmental services to residents	654	568
Administration	2,217	2,115
Non-program	381	291
Interest on long-term debt	624	736
Total expenses	14,134	13,690
Increase in net assets	2,139	3,971
Net assets beginning of year	35,159	31,188
Net assets end of year	\$ 37,298	\$ 35,159

Revenues by Source



Expenses by Function



The County decreased property tax rates for fiscal year 2012 an average of 3.2%, which was coupled with a taxable valuation increase of approximately 4.2%, resulting in a decrease in the County's property tax revenue of approximately \$129,000 for fiscal year 2012. Based on a small increase in the taxable valuation and a small increase in levy rates for fiscal year 2013, property tax is expected to increase slightly.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$12.48 million, an increase of approximately \$1,616,000 from last year's total of approximately \$10.86 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 \$255,000 and expenditures increased approximately \$433,600. The ending fund balance increased approximately \$220,000 from the prior year to approximately \$3.9 million, due primarily to an increase in property and other county tax due to taxable valuations increasing.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.9 million, an increase of approximately 21.7% over the prior year. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$360,000 from the prior year. Revenues increased approximately \$218,000, or 16.4%. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent tax are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look at eliminating programs and services currently fully funded. In fiscal year 2014 the County will be part of a region with the State assuming the costs.
- The Special Revenue, Rural Services Fund revenues increased approximately \$53,700. This was primarily due to an increase in property tax revenue of approximately \$68,600. Expenditures decreased approximately \$14,200. The County increased the amount transferred from the Rural Services Fund to the Special Revenue, Secondary Roads Fund approximately \$108,300. This resulted in a fund balance increase of approximately \$114,700 at June 30, 2012 to \$647,423.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$963,800 from the prior year, due principally to a decrease in roadway maintenance projects in fiscal year 2012. Secondary Roads Fund revenues decreased approximately \$1,070,000, which was primarily due to a decrease in state project reimbursements. Transfers from the Special Revenue, Rural Services Fund increased approximately \$108,300 while transfers from the General Fund increased approximately \$8,100. The decrease in expenditures, tempered with the overall decrease in revenues and transfers, resulted in an increase in the Secondary Roads Fund ending balance of approximately \$978,000, or 31.7%.
- The Special Revenue, TIF and Urban Renewal Fund reported a significant decrease in expenditures of approximately \$1,203,000. The balance in the fund at June 30, 2012 was approximately \$215,800. The decrease in expenditures of approximately \$1,203,000 was due primarily to most of the East Okoboji Beach and Dickinson County Orleans urban renewal projects being completed in fiscal year 2011.

- Revenues of the Debt Service Fund decreased approximately \$291,700. Expenditures decreased approximately \$698,900 as a result of additional principal paid in fiscal year 2011 on the series 2004 general obligation bonds, which resulted in a smaller final principal and interest payment in fiscal year 2012 for those bonds. Debt service payments were approximately \$1.3 million in fiscal year 2012. The ending fund balance in the Debt Service Fund increased approximately \$196,200.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget once. The amendment was made on May 29, 2012 and resulted in an increase in budgeted disbursements of \$323,000. The following functions increased as a result of the amendment: \$160,000 for non-program, \$138,000 for mental health and \$25,000 for public safety and legal services.

The County's receipts were approximately \$238,000 more than budgeted, a variance of 1.5%. The most significant variance resulted from the County collecting more miscellaneous receipts than anticipated.

Total disbursements were approximately \$2,828,900 less than the amended budget. Actual disbursements for the capital projects, county environment and education and roads and transportation functions were approximately \$1,295,800, \$852,600 and \$227,300, respectively, less than budgeted.

Actual disbursements for the capital projects function were approximately \$1,295,800 less than the budgeted amount because of delays in road projects.

Actual disbursements for the county environment and education function were approximately \$852,600 less than the budgeted amount because of delays in the Nature Center and Dickinson County trails construction projects.

Actual disbursements for the roads and transportation function were approximately \$227,300 less than the budgeted amount because of delays in various road construction projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, Dickinson County had approximately \$40.0 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 decrease (including additions and deletions) of approximately \$300,000, or less than 1%.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2012	2011
Land	\$ 1,627	\$ 1,627
Buildings and improvements	15,335	15,668
Intangibles, road network	530	530
Equipment and vehicles	2,903	2,916
Construction in progress	6,774	8,151
Infrastructure	12,785	11,391
Total	\$ 39,954	\$ 40,283
This year's major additions included (in thousands):		
Construction in progress for:		
Nature Center improvements		\$ 22
DC/Orleans-Jones Project		69
Highway 86 bike trail		39
Dump trucks		222
Total		\$ 352

The County had depreciation expense of approximately \$1,333,000 in fiscal year 2012 and total accumulated depreciation of approximately \$7.7 million at June 30, 2012.

The County's fiscal year 2012 capital projects budget included approximately \$2.0 million for capital projects, principally for urban revitalization projects, trails and roadways. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$15.4 million of outstanding debt at June 30, 2012, which included approximately \$13.8 million of general obligation bonds and notes, approximately \$722,000 of general obligation capital loan notes and approximately \$722,000 of urban revitalization bonds, compared to total outstanding debt of approximately \$16.1 million at June 30, 2011.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2012	2011
General obligation bonds and notes	\$ 13,825	\$ 14,485
General obligation capital loan notes	722	759
Urban revitalization bonds	722	750
Drainage warrants	86	132
Total	\$ 15,355	\$ 16,126

Total debt decreased approximately \$770,000, primarily a result of making principal payments of \$697,000 on the County's general obligation debt.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$197,598,267. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 8.3% versus 7.8% a year ago. This compares with the State's unemployment rate of 5.0% and the national rate of 7.9%.

Inflation in the State is somewhat higher than the national Consumer Price Index (CPI) increase. The State's CPI increase was 2.2% for 2012 compared with the national increase of 2.0%. Inflation has been modest here due, in part, to the residential housing market.

The County's total fund balance is expected to decrease by the close of fiscal year 2013 from the fiscal year 2012 actual balance of approximately \$11.3 million to approximately \$7.4 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as the 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 2012 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 facility 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 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 2013 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars)

	2013 Dollars Certified	2012 Dollars Certified	Percentage Change
General basic levy	\$ 5,047,266	\$ 4,831,772	4.5%
Mental health levy	412,509	402,693	2.4%
Rural services levy	1,522,767	1,454,405	4.7%
Debt service levy	1,250,535	975,991	28.1%
Total	\$ 8,233,077	\$ 7,664,861	7.4%

Levy rates (expressed in \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2013 and fiscal year 2012 are as follows:

	2013	2012	Percentage Change
General basic levy	\$ 2.45135	\$ 2.45135	0.0%
Mental health levy	0.20035	0.20430	-1.9%
Rural services levy	1.84000	1.80410	2.0%
Debt service levy	0.54671	0.44259	23.5%
Total	\$ 5.03841	\$ 4.90234	2.8%

Budgeted receipts in the fiscal year 2013 operating budget are approximately \$8,000 more than the fiscal year 2012 actual receipts of approximately \$15.8 million, which is a decrease of 2.5% from the fiscal year 2011 final receipts. Budgeted disbursements in the fiscal year 2013 operating budget are approximately \$17.1 million, which is \$3.4 million more than the fiscal year 2012 actual final disbursements of approximately \$13.4 million. Total taxable valuations increased approximately \$90 million, from \$1.94 billion to \$2.03 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.

Dickinson County

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Cash, pooled investments and cash equivalents	\$ 12,422,457
Receivables:	
Property tax:	
Delinquent	948
Succeeding year	8,093,000
Succeeding year tax increment financing	620,000
Accounts	39,370
Accrued interest	10,234
Drainage assessments	84,136
Due from other governments	602,869
Inventories	877,928
Assets in excess of net OPEB obligation	35,400
Capital assets, net of accumulated depreciation	39,954,558
Total assets	<u>62,740,900</u>
Liabilities	
Accounts payable	386,555
Accrued interest payable	102,759
Salaries and benefits payable	174,554
Due to other governments	443,181
Deferred revenue:	
Succeeding year property tax	8,093,000
Succeeding year tax increment financing	620,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,050,000
General obligation capital loan notes	38,000
Urban revitalization bonds	126,792
Drainage warrants	86,223
Compensated absences	176,600
Portion due or payable after one year:	
General obligation bonds/notes	12,775,000
General obligation capital loan notes	683,749
Urban revitalization bonds	595,001
Compensated absences	91,877
Total liabilities	<u>25,443,291</u>
Net Assets	
Invested in capital assets, net of related debt	25,407,809
Restricted for:	
Mental health purposes	19,956
Rural services purposes	719,527
Secondary roads purposes	3,959,282
Capital projects	243,128
Debt service	438,194
Other purposes	3,045,695
Unrestricted	3,464,018
Total net assets	<u>\$ 37,297,609</u>

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,151,795	240,618	127,901	-	(1,783,276)
Physical health and social services	500,389	1,525	123,266	-	(375,598)
Mental health	1,910,336	267,619	875,781	-	(766,936)
County environment and education	2,090,626	170,384	1,107,592	189,815	(622,835)
Roads and transportation	3,605,223	171,903	2,077,397	73,106	(1,282,817)
Governmental services to residents	654,140	526,565	126	-	(127,449)
Administration	2,216,464	98,293	-	-	(2,118,171)
Non-program	381,382	183,854	-	-	(197,528)
Interest on long-term debt	623,836	-	-	-	(623,836)
Total	\$ 14,134,191	1,660,761	4,312,063	262,921	(7,898,446)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,625,570
Debt service					966,118
Tax increment financing					755,022
Penalty and interest on property tax					81,622
State tax credits					91,099
Local option sales tax					1,208,883
Hotel/motel tax					53,598
Unrestricted investment earnings					202,562
Gain on disposition of capital assets					13,500
Miscellaneous					38,902
Total general revenues					10,036,876
Change in net assets					2,138,430
Net assets beginning of year					35,159,179
Net assets end of year					\$ 37,297,609

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2012

	General	Mental Health	Special Rural Services
Assets			
Cash, pooled investments and cash equivalents:			
County Treasurer	\$ 3,781,449	451,320	527,836
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	597	49	169
Succeeding year	4,968,000	406,000	1,486,000
Succeeding year tax increment financing	-	-	-
Accounts	30,042	-	-
Accrued interest	6,337	-	-
Drainage assessments	-	-	-
Advances to other funds	242,311	-	-
Due from other governments	189,389	50,741	198,785
Inventories	-	-	-
Total assets	\$ 9,218,125	908,110	2,212,790
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 144,507	43,853	6,387
Salaries and benefits payable	121,374	2,079	875
Due to other governments	14,912	426,569	-
Advances from other funds	-	-	-
Deferred revenue:			
Succeeding year property tax	4,968,000	406,000	1,486,000
Succeeding year tax increment financing	-	-	-
Other	51,722	49	72,105
Total liabilities	5,300,515	878,550	1,565,367
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	242,311	-	-
Restricted for:			
Mental health purposes	-	29,560	-
Rural services purposes	-	-	647,423
Secondary roads purposes	-	-	-
Conservation purposes	-	-	-
Drainage warrants	-	-	-
Conservation land acquisition/capital improvements	31,997	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Building and grounds	599,063	-	-
Revolving loans	149,151	-	-
Unassigned	2,895,088	-	-
Total fund balances	3,917,610	29,560	647,423
Total liabilities and fund balances	\$ 9,218,125	908,110	2,212,790

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
3,235,885	323,874	518,052	2,466,817	11,305,233
-	-	-	769,063	769,063
-	-	133	-	948
-	-	1,233,000	-	8,093,000
-	620,000	-	-	620,000
5,172	-	-	4,156	39,370
-	53	-	755	7,145
-	-	-	84,136	84,136
-	-	-	33,894	276,205
141,790	-	-	22,164	602,869
877,928	-	-	-	877,928
4,260,775	943,927	1,751,185	3,380,985	22,675,897
145,296	1,249	-	38,739	380,031
50,226	-	-	-	174,554
1,507	-	-	193	443,181
-	106,894	-	169,311	276,205
-	-	1,233,000	-	8,093,000
-	620,000	-	-	620,000
-	-	133	84,445	208,454
197,029	728,143	1,233,133	292,688	10,195,425
877,928	-	-	-	877,928
-	-	-	33,894	276,205
-	-	-	-	29,560
-	-	-	-	647,423
3,185,818	-	-	-	3,185,818
-	-	-	769,063	769,063
-	-	-	91,781	91,781
-	-	-	-	31,997
-	-	518,052	-	518,052
-	-	-	243,128	243,128
-	215,784	-	2,067,794	2,283,578
-	-	-	-	599,063
-	-	-	-	149,151
-	-	-	(117,363)	2,777,725
4,063,746	215,784	518,052	3,088,297	12,480,472
4,260,775	943,927	1,751,185	3,380,985	22,675,897

Dickinson County

Dickinson County

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

June 30, 2012

Total governmental fund balances (page 21) \$ 12,480,472

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$47,621,150 and the accumulated depreciation is \$7,666,592. 39,954,558

Other long-term assets, including other postemployment benefit assets of \$35,400, are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 243,854

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 344,726

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (15,726,001)

Net assets of governmental activities (page 18) \$ 37,297,609

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2012

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,839,288	398,780	1,436,999
Tax increment financing	-	-	-
Local option sales tax	278,242	-	834,727
Interest and penalty on property tax	81,622	-	-
Intergovernmental	584,401	1,065,766	19,815
Licenses and permits	26,438	-	-
Charges for service	624,754	-	-
Use of money and property	178,882	-	-
Miscellaneous	125,608	82,526	-
Total revenues	6,739,235	1,547,072	2,291,541
Expenditures:			
Operating:			
Public safety and legal services	2,102,390	-	34,879
Physical health and social services	496,257	-	-
Mental health	-	1,907,359	-
County environment and education	968,809	-	182,929
Roads and transportation	-	-	-
Governmental services to residents	640,539	-	-
Administration	1,886,325	-	-
Non-program	186,959	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	6,281,279	1,907,359	217,808
Excess (deficiency) of revenues over (under) expenditures	457,956	(360,287)	2,073,733
Other financing sources (uses):			
Sale of capital assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(237,916)	-	(1,958,985)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(237,916)	-	(1,958,985)
Change in fund balances	220,040	(360,287)	114,748
Fund balances beginning of year	3,697,570	389,847	532,675
Fund balances end of year	\$ 3,917,610	29,560	647,423

See notes to financial statements.

Revenue					
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor		Total
-	-	966,208	-	-	7,641,275
-	755,022	-	-	-	755,022
-	-	-	-	-	1,112,969
-	-	-	-	-	81,622
2,086,637	39,518	11,303	166,579	-	3,974,019
-	-	-	-	-	26,438
74,272	-	-	84,063	-	783,089
13,820	2,892	62	46,359	-	242,015
74,071	-	-	1,019,482	-	1,301,687
2,248,800	797,432	977,573	1,316,483	-	15,918,136
-	-	-	7,652	-	2,144,921
-	-	-	-	-	496,257
-	-	-	-	-	1,907,359
-	194,789	-	784,296	-	2,130,823
3,006,073	-	-	-	-	3,006,073
-	-	-	8,176	-	648,715
-	-	-	-	-	1,886,325
-	-	-	25,131	-	212,090
-	62,736	1,284,092	56,962	-	1,403,790
381,932	86,108	-	-	-	468,040
3,388,005	343,633	1,284,092	882,217	-	14,304,393
(1,139,205)	453,799	(306,519)	434,266	-	1,613,743
500	-	-	-	-	500
2,116,901	-	502,685	183,173	-	2,802,759
-	(605,858)	-	-	-	(2,802,759)
-	-	-	1,702	-	1,702
2,117,401	(605,858)	502,685	184,875	-	2,202
978,196	(152,059)	196,166	619,141	-	1,615,945
3,085,550	367,843	321,886	2,469,156	-	10,864,527
4,063,746	215,784	518,052	3,088,297	-	12,480,472

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, 2012

Change in fund balances - Total governmental funds (page 25) \$ 1,615,945

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

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

Expenditures for capital assets	\$ 917,638	
Capital assets contributed by the Iowa Department of Transportation	73,106	
Depreciation expense	<u>(1,332,521)</u>	(341,777)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the proceeds from the disposition is an increase in financial resources in the governmental funds. 13,500

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

Property tax	(710)	
Other	<u>117,854</u>	117,144

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

Issued	(1,702)	
Repaid	<u>773,531</u>	771,829

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	(12,009)	
Interest on long-term debt	6,422	
Other postemployment benefits	<u>16,800</u>	11,213

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 assets of the Internal Service Fund is reported with governmental activities. (49,424)

Change in net assets of governmental activities (page 19) \$ 2,138,430

See notes to financial statements.

Dickinson County
Statement of Net Assets
Proprietary Fund

June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash, pooled investments and cash equivalents	\$ 348,161
Accrued interest receivable	3,089
Total assets	<u>351,250</u>
Liabilities	
Accounts payable	<u>6,524</u>
Net Assets	
Unrestricted	<u><u>\$ 344,726</u></u>

See notes to financial statements.

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

Year ended June 30, 2012

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 54,950
Reimbursements from others	3,550
Total operating revenues	<u>58,500</u>
Operating expenses:	
Medical claims	103,767
Administrative fees	8,523
Total operating expenses	<u>112,290</u>
Operating loss	(53,790)
Non-operating revenues:	
Interest income	<u>4,366</u>
Net loss	(49,424)
Net assets beginning of year	<u>394,150</u>
Net assets end of year	<u>\$ 344,726</u>

See notes to financial statements.

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2012

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 55,277
Cash received from others	3,550
Cash paid to suppliers for services	(120,360)
Net cash used by operating activities	(61,533)
Cash flows from investing activities:	
Interest on investments	4,345
Net decrease in cash and cash equivalents	(57,188)
Cash and cash equivalents beginning of year	405,349
Cash and cash equivalents end of year	\$ 348,161
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (53,790)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts receivable	327
Decrease in accounts payable	(8,070)
Net cash used by operating activities	\$ (61,533)

See notes to financial statements.

Dickinson County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

Assets

Cash, pooled investments and cash equivalents:

County Treasurer	\$ 1,485,349
Other County officials	163,378

Receivables:

Property tax:

Delinquent	4,566
Succeeding year	37,730,000
Accounts	21,314
Accrued interest	223
Special assessments	290,386
Succeeding year drainage assessments	361,084

Due from other governments

13,751

Prepaid insurance

1,039

Total assets40,071,090**Liabilities**

Accounts payable

2,346

Salaries and benefits payable

11,969

Due to other governments

40,001,687

Trusts payable

29,729

Compensated absences

25,359

Total liabilities40,071,090**Net assets**\$ -

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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.

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

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

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

drainage assessments receivable represents remaining assessments which are payable but not yet due.

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

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

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, 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 Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. 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 Assets.

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

Fund Equity – In the governmental fund financial statements, 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 Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated prior to amendment.

(2) Cash, Pooled Investments and Cash Equivalents

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$435 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

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

The Conservation Foundation's investments at June 30, 2012 consist of stocks and stock mutual funds with a fair value of \$323,532. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.

(3) Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	TIF and Urban Renewal	\$ 73,000
	Resource Enhancement and Protection	169,311
Special Revenue:	Special Revenue:	
Low and Moderate Income	TIF and Urban Renewal	33,894
Total		<u>\$ 276,205</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. The County also advanced \$33,894 from the Special Revenue, Low and Moderate Income Fund to the Special Revenue, TIF and Urban Renewal Fund. The advances to the TIF and Urban Renewal Fund were to help finance completion of the Dickinson County/Orleans Urban Renewal area project. The TIF and Urban Renewal Fund is to repay these advances with tax increment financing revenues collected in the project area.

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 157,916
	Special Revenue:	
	Rural Services	1,958,985
Low and Moderate Income	TIF and Urban Renewal	103,173
Trails Maintenance	General	70,000
Resource Enhancement and Protection	General	10,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	502,685
Total		<u>\$ 2,802,759</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,627,490	-	-	1,627,490
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	1,638,426	437,662	(2,010,180)	65,908
Construction in progress	6,511,939	196,197	-	6,708,136
Total capital assets not being depreciated	<u>10,307,755</u>	<u>633,859</u>	<u>(2,010,180)</u>	<u>8,931,434</u>
Capital assets being depreciated:				
Buildings	16,651,634	-	-	16,651,634
Improvements other than buildings	166,495	-	-	166,495
Equipment and vehicles	6,507,245	370,385	(102,014)	6,775,616
Infrastructure, road network	10,907,961	2,010,180	-	12,918,141
Infrastructure, other	2,177,830	-	-	2,177,830
Total capital assets being depreciated	<u>36,411,165</u>	<u>2,380,565</u>	<u>(102,014)</u>	<u>38,689,716</u>
Less accumulated depreciation for:				
Buildings	1,140,438	328,956	-	1,469,394
Improvements other than buildings	9,990	3,330	-	13,320
Equipment and vehicles	3,591,067	383,960	(102,014)	3,873,013
Infrastructure, road network	1,599,748	534,314	-	2,134,062
Infrastructure, other	94,842	81,961	-	176,803
Total accumulated depreciation	<u>6,436,085</u>	<u>1,332,521</u>	<u>(102,014)</u>	<u>7,666,592</u>
Total capital assets being depreciated, net	<u>29,975,080</u>	<u>1,048,044</u>	<u>-</u>	<u>31,023,124</u>
Governmental activities capital assets, net	<u>\$ 40,282,835</u>	<u>1,681,903</u>	<u>(2,010,180)</u>	<u>39,954,558</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 61,201
Physical health and social services	1,386
County environment and education	83,869
Roads and transportation	824,978
Administration	361,087
Total depreciation expense - governmental activities	<u>\$ 1,332,521</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2012 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 14,912
Special Revenue:		
Mental Health	Services	426,569
Secondary Roads	Services	1,507
County Recorder's Records Management	Services	32
Dickinson County Trails	Services	161
Total for governmental funds		<u>\$ 443,181</u>
Agency:		
County Offices	Collections	\$ 169,061
Agricultural Extension Education		205,540
County Assessor		808,935
Schools		18,826,947
Community Colleges		1,567,006
Corporations		11,882,579
Townships		401,945
Auto License, Use Tax and Drivers' License		443,990
All other		5,695,684
Total for agency funds		<u>\$ 40,001,687</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>General</u>					<u>Total</u>
	<u>General</u>	<u>Obligation</u>	<u>Urban</u>	<u>Drainage</u>	<u>Compen-</u>	
	<u>Obligation</u>	<u>Capital Loan</u>	<u>Revitalization</u>	<u>Warrants</u>	<u>sated</u>	
	<u>Bonds/Notes</u>	<u>Notes</u>	<u>Bonds</u>	<u>Warrants</u>	<u>Absences</u>	
Balance beginning of year	\$ 14,485,000	758,749	750,439	132,406	256,468	16,383,062
Increases	-	-	-	1,702	213,530	215,232
Decreases	660,000	37,000	28,646	47,885	201,521	975,052
Balance end of year	<u>\$ 13,825,000</u>	<u>721,749</u>	<u>721,793</u>	<u>86,223</u>	<u>268,477</u>	<u>15,623,242</u>
Due within one year	<u>\$ 1,050,000</u>	<u>38,000</u>	<u>126,792</u>	<u>86,223</u>	<u>176,600</u>	<u>1,477,615</u>

General Obligation Bonds/Notes

A summary of the County's June 30, 2012 general obligation indebtedness is as follows:

General Obligation Bonds/Notes						
Year Ending June 30,	Shore Acres Urban Renewal Project Issued Dec 1, 2007			Courthouse Construction Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	3.60%	\$ 90,000	17,875	3.25%	\$ 755,000	387,706
2014	3.65	90,000	14,635	3.25	780,000	363,169
2015	3.70	100,000	11,350	3.25	800,000	337,819
2016	3.80	100,000	7,650	3.375	825,000	311,819
2017	3.85	100,000	3,850	4.00	860,000	283,975
2018-2022		-	-	4.00-4.25	4,880,000	866,037
2023-2027		-	-	4.25	1,100,000	46,750
2028-2029		-	-		-	-
Total		\$ 480,000	55,360		\$ 10,000,000	2,597,275

General Obligation Bonds/Notes						
Year Ending June 30,	East Okoboji Beach Urban Renewal Project Issued May 1, 2009			Dickinson County/Orleans Urban Renewal Project Issued Apr 1, 2009		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2013	3.00%	\$ 130,000	117,217	2.70%	\$ 75,000	18,137
2014	3.00	130,000	113,318	3.00	80,000	16,113
2015	3.00	135,000	109,417	3.25	85,000	13,713
2016	3.20	140,000	105,368	3.50	85,000	10,950
2017	3.40	140,000	100,887	3.75	90,000	7,975
2018-2022	3.60-4.25	775,000	423,473	4.00	115,000	4,600
2023-2027	4.40-5.00	935,000	245,037		-	-
2028-2029	5.00	430,000	32,500		-	-
Total		\$ 2,815,000	1,247,217		\$ 530,000	71,488

Year Ending June 30,	General Obligation Bonds/Notes Total		
	Principal	Interest	Total
2013	\$ 1,050,000	540,935	1,590,935
2014	1,080,000	507,235	1,587,235
2015	1,120,000	472,299	1,592,299
2016	1,150,000	435,787	1,585,787
2017	1,190,000	396,687	1,586,687
2018-2022	5,770,000	1,294,110	7,064,110
2023-2027	2,035,000	291,787	2,326,787
2028-2029	430,000	32,500	462,500
Total	\$ 13,825,000	3,971,340	17,796,340

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 \$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 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. As funds are needed, the County draws loan proceeds from the State Revolving Fund. As of June 30, 2012, the County has drawn \$829,749 in capital loan note proceeds. During the year ended June 30, 2012, the County paid principal and interest of \$37,000 and \$22,766, respectively.

Since repayment of the capital loan notes is dependent upon the amount of loan proceeds drawn down, a formal repayment schedule has not been established for the general obligation capital loan notes. Interest is due and payable from tax increment financing revenues on November 1, 2009 and semi-annually thereafter until final maturity on June 1, 2029. The capital loan notes are a general obligation of the County subject to the constitutional debt limitation of the County.

Urban Revitalization Bonds

The County issued \$790,000 of urban revitalization bonds in November 2005 for the purpose of carrying out an urban renewal project, including funding a \$700,000 forgivable loan to B.V. Building L.L.C. The notes are payable solely from the tax increment financing (TIF) receipts generated by increased property values in the Dickinson County/Spirit Lake urban renewal area and credited to the Special Revenue, TIF and Urban Renewal Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the bonds. The proceeds of the urban revitalization bonds shall be expended only for purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County. Total principal and interest remaining on the notes is \$980,102 payable through June 2025. For the current year, principal and interest paid for the Dickinson County/Spirit Lake urban renewal area were \$28,646 and \$34,090, respectively.

A summary of the County's June 30, 2012 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	4.50%	\$ 126,792	32,550	159,342
2014	4.60	40,000	30,976	70,976
2015	4.70	40,000	29,136	69,136
2016	4.80	40,000	27,256	67,256
2017	4.90	45,000	25,336	70,336
2018-2022	5.00 - 5.40	245,000	91,918	336,918
2023-2025	5.50 - 5.70	185,000	21,138	206,138
Total		\$ 721,792	258,310	980,102

The \$126,792 principal amount due for the year ending June 30, 2013 includes prior year scheduled amounts of bonds not paid which will be paid as incremental property tax collections from the urban renewal project area increase.

Senior Housing Revenue Bonds

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

Drainage Warrants

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

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

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$335,490, \$292,285 and \$273,421, respectively, equal to the required contributions for each year.

(9) 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 85 active and 4 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 that, 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, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 31,900
Interest on net OPEB obligation	(800)
Adjusted to annual required contribution	<u>1,100</u>
Annual OPEB cost	32,200
Contributions made	<u>(49,000)</u>
Decrease in net OPEB obligation	(16,800)
(Assets in excess of) net OPEB obligation beginning of year	<u>(18,600)</u>
(Assets in excess of) net OPEB obligation end of year	<u><u>\$ (35,400)</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$49,000 to the medical plan. Plan members eligible for benefits contributed \$47,500, or 49% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	(Assets in excess of) Net OPEB Obligation
2010	\$ 31,913	107%	\$ (1,797)
2011	31,900	153	(18,600)
2012	32,200	152	(35,400)

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$320,928, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$320,298. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,548,000 and the ratio of the UAAL to covered payroll was 9%. As of June 30, 2012, 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, 2009 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 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 2004 United States Life Tables, projected to 2010 using scale AA. Annual retirement and termination probabilities were based on historical retirement patterns for the covered group.

Projected claim costs of the medical plan are \$1,175 per month for retirees less than age 65. The salary increase rate was assumed to be 2% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) 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, 2012.

(11) 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 663 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims

expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2012 were \$240,417.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$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.

(12) Public Health

On July 1, 1996, an agreement was entered into between Dickinson County Memorial Hospital (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 agrees 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.

(13) Employee Group Health Fund

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Two Rivers Insurance Company, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2012 was \$54,950.

The amounts payable from the Employee Group Health Fund at June 30, 2012 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(14) 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, 2012:

Additions:

Contributions from governmental units:

Dickinson County	\$ 70,297	
City of Spirit Lake	28,000	
City of Okobojo	23,000	
City of Arnolds Park	12,298	
City of Milford	13,000	
City of West Okobojo	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	169	\$ 182,564
Interest on investments		1,798
Total additions		<u>184,362</u>

Deductions:

Dickinson County	61	
Dickinson County Soil and Water Conservation District	98,231	
Iowa Natural Heritage Foundation	75,544	
Iowa Department of Natural Resources	2,412	
Silver Lake Improvement Association	3,000	
City of Spirit Lake	33,000	
Okobojo Protective Association	17,469	
Iowa Municipalities Workers' Compensation Association	580	
East Okobojo Lakes	1,548	231,845
Net		<u>(47,483)</u>
Balance beginning of year		98,683
Balance end of year		<u><u>\$ 51,200</u></u>

(15) Development Agreements

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

Silver Shores Urban Renewal Area – In January 2002, the County entered into a private development agreement with the City of Lake Park and Silver Lake Development, LLC. The County agreed to rebate 66.4% of the incremental property tax paid by the developer in exchange for the development of a new 157-acre development abutting Silver Lake in the City of Lake Park. The project includes single-family residential lots, multi-family housing which will be available for low-and-moderate-income (LMI) families and commercial development on lots abutting roadways and parks and green space areas. In accordance with the agreement, 33.6% of the incremental property tax paid by the developer is required to provide assistance for LMI housing, either by ensuring at least 33.6% of the units constructed in the area are occupied by families whose income is at or below 80% of the median County income or by setting aside 33.6% of the project costs for LMI

housing activities elsewhere in the County. The amount of LMI funds held by the County for this project at June 30, 2012 in the Special Revenue, Low and Moderate Income Fund was \$114,400. The County started rebating the incremental property tax received under Chapter 403.19 of the Code of Iowa to the developer during the year ended June 30, 2005. The total to be paid by the County under this agreement is not to exceed \$400,000. During the year ended June 2012, \$67,439 was rebated to the developer and the cumulative amount rebated at June 30, 2012 was \$400,000. No property tax was levied for fiscal year 2013.

West Bay Estates Urban Renewal Area – In October 2004, the County entered into an agreement with the City of Lake Park establishing an urban renewal area. The project involves two primary components, which are the extension of the City’s sanitary sewer line to serve a residentially developed area located west of the Silver Shores Addition and the construction of infrastructure necessary to support the new West Bay Estates Subdivision. The County is going to use tax increment financing to support residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families and must be set aside for LMI housing projects. The amount of LMI funds held by the County for this project at June 30, 2012 in the Special Revenue, Low and Moderate Income Fund was \$258,416. The developer’s project involves the establishment of a 33-acre lakeshore residential subdivision. The first \$650,000 generated through tax increment financing will be granted to the developer. After the developer has received a total of \$650,000, the tax increment revenue generated for the district will be allocated one-half to the developer and one-half to the City until the developer has received a total of \$800,000. The collection of incremental property tax in the area is limited to ten (10) fiscal years but may be extended for a maximum of fifteen (15) years. For project costs related to commercial development, the collection of incremental property tax shall be limited to twenty (20) years. During the year ended June 30, 2012, \$127,169 was rebated to the developer and the cumulative amount rebated at June 30, 2012 was \$441,644. Property tax levied for fiscal year 2013 totals \$199,000.

Dickinson County/Spirit Lake Urban Renewal Area – In July 2005, the County entered into a private development agreement for an urban renewal project with the City of Spirit Lake and two private developers. The agreement provided the County would make a forgivable loan of \$700,000 to the developer in exchange for the construction of certain minimum improvements located within the County’s TIF district. Urban revitalization bonds totaling \$790,000 were sold during the year ended June 30, 2006 and \$700,000 was forwarded to the developers. In addition, the County agreed to purchase a parcel of real estate for \$350,000 from the developer. The parcel was purchased during the year ended June 30, 2006. The loans are to be amortized and forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. During the year ended June 30, 2012, \$62,736 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2013 totals \$52,000.

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 tax increment financing to support this residential development. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds

held by the County for this project at June 30, 2012 in the Special Revenue, Low and Moderate Income Fund was \$11,530. Property tax levied for fiscal year 2013 totals \$33,000.

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 this plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2012 in the Special Revenue, Low and Moderate Income Fund was \$115,209. During the year ended June 30, 2012, nothing was provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2013.

Dickinson County/Orleans Urban Renewal Area – In April 2006, the County established an urban renewal area for the purpose of stimulating, through public involvement and commitment, private investment in a new residential development. The project involves roadway, water and sanitary sewer system improvements to support the development of 64 new single-family residential lots. The County is using tax increment financing to support this residential development, which has an estimated total cost of \$1,230,000, including low-and-moderate-income (LMI) funds which are to be set aside. In addition, general obligation bonds totaling \$700,000 were sold during the year ended June 30, 2009 for additional construction costs. Under this plan, 37% of the TIF revenues generated by the project must be used to provide assistance to LMI families. The amount of LMI funds held by the County for this project at June 30, 2012 in the Special Revenue, Low and Moderate Income Fund was \$178,157. 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, 2012, \$95,438 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2013 totals \$142,000.

(16) Deficit Fund Balance

The Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$117,363 as of June 30, 2012. The deficit balance will be eliminated through the future collection of the County's REAP allocation from the State.

(17) Construction Commitments

The County has entered into contracts totaling \$1,099,363 for roadway paving. As of June 30, 2012, costs of \$22,802 on the projects have been incurred. The balance of \$1,076,561 remaining on the contracts at June 30, 2012 will be paid as work on the project progresses.

The County has also entered into a contract with the Iowa Department of Transportation to help fund a project on Iowa Highway 86. The County has agreed to pay \$600,000 over three years upon completion of the project. As the project had not started by June 30, 2012, a liability has not been recorded.

(18) Subsequent Events

On August 7, 2012, the Board of Supervisors authorized a loan agreement and other documents providing for the sale and issuance of \$10,000,000 of general obligation urban renewal hospital bonds, series 2012. The County also signed a note agreement with the Dickinson County Memorial Hospital whereby the Hospital has agreed to pay the County an amount equal to the debt service requirements of the bonds each year.

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 \$91,792 in delinquent principal, as well as amending the repayment schedule and interest rate.

On October 2, 2012, the Board of Supervisors approved an installment purchase contract to purchase 107 acres of farm land for \$642,000. A \$100,000 down payment will be followed by quarterly installments over five years with interest at 5% per annum. The land will be used for future gravel resources for the Secondary Roads Department.

On February 5, 2013, the Board of Supervisors authorized a loan agreement and other documents providing for the sale of \$5,000,000 of general obligation urban renewal hospital bonds, series 2013. The County also signed a note agreement with the Dickinson County Memorial Hospital whereby the Hospital has agreed to pay the County an amount equal to the debt service requirements of the bonds each year.

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, 2012

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,528,412	-	9,528,412
Interest and penalty on property tax	81,622	-	81,622
Intergovernmental	4,460,198	-	4,460,198
Licenses and permits	105,189	-	105,189
Charges for service	699,592	-	699,592
Use of money and property	259,387	-	259,387
Miscellaneous	1,539,532	856,104	683,428
Total receipts	<u>16,673,932</u>	<u>856,104</u>	<u>15,817,828</u>
Disbursements:			
Public safety and legal services	2,134,717	-	2,134,717
Physical health and social services	509,474	-	509,474
Mental health	1,630,899	-	1,630,899
County environment and education	1,533,374	-	1,533,374
Roads and transportation	3,198,669	-	3,198,669
Governmental services to residents	644,807	-	644,807
Administration	1,854,450	-	1,854,450
Non-program	643,188	471,107	172,081
Debt service	1,403,790	56,962	1,346,828
Capital projects	686,263	-	686,263
Total disbursements	<u>14,239,631</u>	<u>528,069</u>	<u>13,711,562</u>
Excess (deficiency) of receipts over (under) disbursements	2,434,301	328,035	2,106,266
Other financing sources, net	18,264	1,702	16,562
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,452,565	329,737	2,122,828
Balance beginning of year	<u>9,621,731</u>	<u>555,223</u>	<u>9,066,508</u>
Balance end of year	<u>\$ 12,074,296</u>	<u>884,960</u>	<u>11,189,336</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
9,540,348	9,540,348	(11,936)
72,650	72,650	8,972
4,392,579	4,571,217	(111,019)
79,800	79,800	25,389
609,186	609,186	90,406
336,165	336,165	(76,778)
370,905	370,905	312,523
15,401,633	15,580,271	237,557
2,260,776	2,285,776	151,059
562,504	562,504	53,030
1,509,948	1,647,948	17,049
2,385,990	2,385,990	852,616
3,425,965	3,425,965	227,296
651,647	651,647	6,840
1,914,287	1,914,287	59,837
167,000	327,000	154,919
1,357,252	1,357,252	10,424
1,982,086	1,982,086	1,295,823
16,217,455	16,540,455	2,828,893
(815,822)	(960,184)	3,066,450
1,000	1,000	15,562
(814,822)	(959,184)	3,082,012
8,807,094	8,807,094	259,414
7,992,272	7,847,910	3,341,426

Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 16,673,932	(755,796)	15,918,136
Expenditures	14,239,631	64,762	14,304,393
Net	2,434,301	(820,558)	1,613,743
Other financing sources, net	18,264	(16,062)	2,202
Beginning fund balances	9,621,731	1,242,796	10,864,527
Ending fund balances	\$ 12,074,296	406,176	12,480,472

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

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

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

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$323,000. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted by function. However, disbursements for one department exceeded the amount appropriated prior to amendment.

Dickinson County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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

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

See accompanying independent auditor's report.

Supplementary Information

Dickinson County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Assets					
Cash, pooled investments and cash equivalents:					
County Treasurer	\$ 110,838	1,613	51,942	115,897	586
Conservation Foundation	-	-	-	-	-
Receivables:					
Accounts	1,656	-	-	-	-
Accrued interest	68	6	6	-	-
Drainage assessments	-	-	-	84,136	-
Advances to other funds	-	-	-	-	-
Due from other governments	-	-	-	-	309
Total assets	\$ 112,562	1,619	51,948	200,033	895
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 772	-	-	6,784	-
Due to other governments	32	-	-	-	-
Advances from other funds	-	-	169,311	-	-
Deferred revenue:					
Other	-	-	-	84,136	309
Total liabilities	804	-	169,311	90,920	309
Fund balances:					
Nonspendable:					
Advances to other funds	-	-	-	-	-
Restricted for:					
Conservation purposes	-	-	-	-	-
Drainage warrants	-	-	-	91,781	-
Capital projects	-	-	-	-	-
Other purposes	111,758	1,619	-	17,332	586
Unassigned	-	-	(117,363)	-	-
Total fund balances	111,758	1,619	(117,363)	109,113	586
Total liabilities and fund balances	\$ 112,562	1,619	51,948	200,033	895

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	Capital Projects	Total	
677,712	13,853	3	1,192,088	61,036	-	621	240,628	2,466,817	
-	-	-	-	-	769,063	-	-	769,063	
-	-	-	-	-	-	-	2,500	4,156	
-	-	-	673	-	-	2	-	755	
-	-	-	-	-	-	-	-	84,136	
33,894	-	-	-	-	-	-	-	33,894	
-	21,855	-	-	-	-	-	-	22,164	
711,606	35,708	3	1,192,761	61,036	769,063	623	243,128	3,380,985	
-	15,973	-	12,359	2,851	-	-	-	38,739	
-	-	-	161	-	-	-	-	193	
-	-	-	-	-	-	-	-	169,311	
-	-	-	-	-	-	-	-	84,445	
-	15,973	-	12,520	2,851	-	-	-	292,688	
33,894	-	-	-	-	-	-	-	33,894	
-	-	-	-	-	769,063	-	-	769,063	
-	-	-	-	-	-	-	-	91,781	
-	-	-	-	-	-	-	243,128	243,128	
677,712	19,735	3	1,180,241	58,185	-	623	-	2,067,794	
-	-	-	-	-	-	-	-	(117,363)	
711,606	19,735	3	1,180,241	58,185	769,063	623	243,128	3,088,297	
711,606	35,708	3	1,192,761	61,036	769,063	623	243,128	3,380,985	

Dickinson County

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

Year ended June 30, 2012

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Revenues:					
Intergovernmental	\$ -	-	11,541	-	-
Charges for service	9,199	-	-	-	-
Use of money and property	1,543	22	96	-	-
Miscellaneous	-	-	-	30,809	157
Total revenues	10,742	22	11,637	30,809	157
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	-	7,652
County environment and education	-	-	-	-	-
Governmental services to residents	8,176	-	-	-	-
Non-program	-	-	-	25,131	-
Debt service	-	-	-	56,962	-
Total expenditures	8,176	-	-	82,093	7,652
Excess (deficiency) of revenues over (under) expenditures	2,566	22	11,637	(51,284)	(7,495)
Other financing sources:					
Operating transfers in	-	-	10,000	-	-
Drainage warrants issued	-	-	-	1,702	-
Total other financing sources	-	-	10,000	1,702	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	2,566	22	21,637	(49,582)	(7,495)
Fund balances beginning of year	109,192	1,597	(139,000)	158,695	8,081
Fund balances end of year	\$ 111,758	1,619	(117,363)	109,113	586

See accompanying independent auditor's report.

Special Revenue									
Low and Moderate Income	Waste Management Reduction	Supplemental Environmental Project	Dickinson County Trails	Trails Maintenance	Conservation Foundation	Courthouse Memorial	Capital Projects	Total	
-	-	-	153,869	1,169	-	-	-	166,579	
-	74,864	-	-	-	-	-	-	84,063	
-	-	-	14,690	-	-	8	30,000	46,359	
-	1,713	-	161,508	-	825,295	-	-	1,019,482	
-	76,577	-	330,067	1,169	825,295	8	30,000	1,316,483	
-	-	-	-	-	-	-	-	7,652	
52,186	82,648	-	104,699	93,778	450,985	-	-	784,296	
-	-	-	-	-	-	-	-	8,176	
-	-	-	-	-	-	-	-	25,131	
-	-	-	-	-	-	-	-	56,962	
52,186	82,648	-	104,699	93,778	450,985	-	-	882,217	
(52,186)	(6,071)	-	225,368	(92,609)	374,310	8	30,000	434,266	
103,173	-	-	-	70,000	-	-	-	183,173	
-	-	-	-	-	-	-	-	1,702	
103,173	-	-	-	70,000	-	-	-	184,875	
50,987	(6,071)	-	225,368	(22,609)	374,310	8	30,000	619,141	
660,619	25,806	3	954,873	80,794	394,753	615	213,128	2,469,156	
711,606	19,735	3	1,180,241	58,185	769,063	623	243,128	3,088,297	

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, pooled investments and cash equivalents:				
County Treasurer	\$ -	1,516	330,035	137,573
Other County officials	163,378	-	-	-
Receivables:				
Property tax:				
Delinquent	-	24	61	2,374
Succeeding year	-	204,000	503,000	18,687,000
Accounts	5,683	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	5,629	-
Prepaid insurance	-	-	-	-
Total assets	\$ 169,061	205,540	838,725	18,826,947
Liabilities				
Accounts payable	\$ -	-	150	-
Salaries and benefits payable	-	-	9,943	-
Due to other governments	169,061	205,540	808,935	18,826,947
Trusts payable	-	-	-	-
Compensated absences	-	-	19,697	-
Total liabilities	\$ 169,061	205,540	838,725	18,826,947

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
10,819	110,884	2,902	443,990	447,630	1,485,349
-	-	-	-	-	163,378
187	1,309	43	-	568	4,566
1,556,000	11,480,000	399,000	-	4,901,000	37,730,000
-	-	-	-	15,631	21,314
-	-	-	-	223	223
-	290,386	-	-	-	290,386
-	-	-	-	361,084	361,084
-	-	-	-	8,122	13,751
-	-	-	-	1,039	1,039
1,567,006	11,882,579	401,945	443,990	5,735,297	40,071,090
-	-	-	-	2,196	2,346
-	-	-	-	2,026	11,969
1,567,006	11,882,579	401,945	443,990	5,695,684	40,001,687
-	-	-	-	29,729	29,729
-	-	-	-	5,662	25,359
1,567,006	11,882,579	401,945	443,990	5,735,297	40,071,090

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 101,144	194,380	668,830	18,687,008
Additions:				
Property and other county tax	-	222,232	504,229	18,747,748
E911 surcharges	-	-	-	-
State tax credits	-	2,579	5,670	241,144
Office fees and collections	439,982	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	730,093	-	-	-
Miscellaneous	-	-	6,828	-
Total additions	1,170,075	224,811	516,727	18,988,892
Deductions:				
Agency remittances:				
To other funds	437,175	-	-	-
To other governments	-	213,651	346,832	18,848,953
Trusts paid out	664,983	-	-	-
Total deductions	1,102,158	213,651	346,832	18,848,953
Balances end of year	\$ 169,061	205,540	838,725	18,826,947

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License, Use Tax and Drivers' License	Other	Total
1,513,908	11,823,631	354,716	483,538	5,891,329	39,718,484
1,560,666	11,434,088	464,031	-	5,426,918	38,359,912
-	-	-	-	101,781	101,781
18,408	146,471	6,685	-	40,192	461,149
-	-	-	-	-	439,982
-	-	-	5,647,179	-	5,647,179
-	94,016	-	-	114,585	208,601
-	-	-	-	195,773	925,866
-	-	-	-	363,274	370,102
1,579,074	11,674,575	470,716	5,647,179	6,242,523	46,514,572
-	-	-	206,776	-	643,951
1,525,976	11,615,627	423,487	5,479,951	6,212,035	44,666,512
-	-	-	-	186,520	851,503
1,525,976	11,615,627	423,487	5,686,727	6,398,555	46,161,966
1,567,006	11,882,579	401,945	443,990	5,735,297	40,071,090

Dickinson County

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

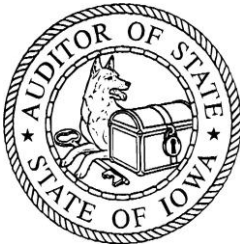
For the Last Ten Years

	2012	2011	2010	2009
Revenues:				
Property and other county tax	\$ 7,641,275	7,637,937	6,634,100	6,138,717
Tax increment financing	755,022	902,236	810,056	726,935
Local option sales tax	1,112,969	1,128,037	976,690	1,094,722
Interest and penalty on property tax	81,622	102,332	109,867	106,336
Intergovernmental	3,974,019	4,723,680	4,539,983	3,884,878
Licenses and permits	26,438	21,003	21,852	55,517
Charges for service	783,089	811,289	702,101	728,348
Use of money and property	242,015	350,878	315,118	367,074
Miscellaneous	1,301,687	1,174,143	1,721,288	681,048
Total	\$ 15,918,136	16,851,535	15,831,055	13,783,575
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,144,921	2,075,000	2,100,461	2,156,711
Physical health and social services	496,257	503,091	504,145	480,887
Mental health	1,907,359	1,567,038	1,459,058	1,411,752
County environment and education	2,130,823	1,822,520	2,544,159	1,768,270
Roads and transportation	3,006,073	3,596,528	2,907,392	3,321,261
Governmental services to residents	648,715	546,284	573,635	573,533
Administration	1,886,325	1,749,855	1,682,226	1,787,404
Non-program	212,090	162,512	337,982	215,994
Debt service	1,403,790	2,040,341	2,111,933	1,809,695
Capital projects	468,040	2,167,881	5,509,379	2,414,730
Total	\$ 14,304,393	16,231,050	19,730,370	15,940,237

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
6,005,253	6,373,101	6,139,577	5,906,749	4,720,535	4,596,022
339,504	290,732	171,729	2,323	4,113	-
1,099,717	1,160,279	1,047,358	1,058,442	916,299	941,677
92,108	75,523	81,543	62,408	58,733	60,667
3,445,434	3,721,046	3,485,650	2,845,820	3,259,793	2,744,395
27,664	95,448	81,844	62,898	38,780	78,449
714,019	641,431	614,667	588,365	593,054	518,611
604,102	768,551	653,734	451,300	284,191	202,093
903,971	910,311	365,884	302,052	220,397	403,562
13,231,772	14,036,422	12,641,986	11,280,357	10,095,895	9,545,476
2,053,184	1,901,283	1,714,531	1,720,927	1,587,426	1,604,315
516,069	511,953	514,913	421,851	449,745	357,515
1,443,277	1,265,297	1,248,013	1,223,340	1,278,802	1,308,190
1,924,663	1,556,431	899,827	984,730	846,446	726,174
3,061,942	2,716,267	2,313,687	2,312,848	1,489,590	2,116,774
509,223	445,929	533,722	384,786	402,091	404,188
1,400,817	1,414,191	1,312,669	1,203,923	1,104,097	1,030,319
506,128	449,629	178,861	149,786	158,392	210,738
2,106,582	1,417,441	1,387,082	1,247,880	163,663	216,824
1,761,521	3,617,262	7,535,865	6,691,149	1,606,225	1,213,017
15,283,406	15,295,683	17,639,170	16,341,220	9,086,477	9,188,054

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 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, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 16, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

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

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

Compliance and Other Matters

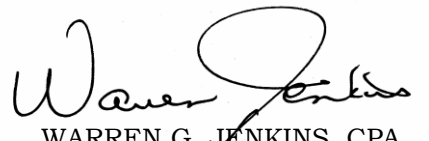
As part of obtaining reasonable assurance about whether Dickinson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 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 identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Dickinson County's responses and, accordingly, we express no opinion on them.

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

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


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 16, 2013

Dickinson County

Schedule of Findings

Year ended June 30, 2012

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

	Applicable Offices
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting of cash receipts.	County Recorder And Ag Extension
(2) Preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety. The change fund is shared among employees and is not verified by surprise counts.	County Recorder
(3) All incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. An initial listing is not completed and compared to receipt records by an independent person.	County Recorder and County Sheriff

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

Responses –

Ag Extension - The ISU Dickinson County Extension Office has five county employees and one state employee who can and do collect and record any monies collected on behalf of the office. The Administrative Assistant is the lead person to reconcile the receipt book and make bank deposits. however, a Part-Time Office Assistant and the County Extension Director also make bank deposits and reconcile with the receipt book throughout the year. The state-housed Extension employee opens and signs monthly bank statements and those are scanned and emailed to the outsourced bookkeeper to reconcile the monthly statement.

Dickinson County

Schedule of Findings

Year ended June 30, 2012

County Sheriff – I will try to watch checks as they go through.

County Recorder – The Recorder’s Office segregation of duties has been reviewed and updated with changes for fiscal year 2013.

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

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

Response – A draft written disaster recovery plan has been given to the Sheriff and EM Coordinator for review. This is an ongoing project.

Conclusion – Response accepted.

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

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

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

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

Dickinson County

Schedule of Findings

Year ended June 30, 2012

Response – Compensatory time, including compensatory time for holiday pay in the Sheriff's Office, will be addressed by the Personnel Policy committee when they review the policy scheduled for April 2013.

Conclusion – Response accepted.

- (D) Job Descriptions – The County has not established employee job descriptions.

Recommendation – The County should develop employee job descriptions.

Response – The job description project is nearly complete with only a couple offices left to finish their descriptions. It is anticipated the job descriptions will be approved by the Supervisors before July 1, 2013.

Conclusion – Response accepted.

- (E) Accounts Payable – Accounts payable were improperly coded to the fiscal year ended June 30, 2012. Due to immateriality, the financial statements were not adjusted for these items.

Recommendation – The County should ensure expenditures during the accrual period are coded to the proper fiscal year.

Response – Every effort will be made to comply with this recommendation ensuring the proper coding of expenditures.

Conclusion – Response accepted.

- (F) Receipts – Two state warrants received by the County for fiscal year 2012 were not properly accrued to the fiscal year ending June 30, 2012. Due to immateriality, the financial statements were not adjusted for these items.

Recommendation – The County should ensure receipts during the accrual period are coded to the proper fiscal year.

Response – The Treasurer and staff will continue to ask department heads to mark revenue brought into the Treasurer's office as accrued to the previous fiscal year if it is the previous year's revenue. Currently, the Treasurer emails all department heads at the end of June to remember to mark accruals, and then follows up with each department head later in August/September regarding their revenue reports to identify missed accruals.

The Treasurer will work with the State offices to identify money received directly from the State in check form as well as online deposits as to whether the amounts should be accrued to the previous fiscal year. The Treasurer will especially scrutinize all deposits coming in July and August.

The two checks identified which were not accrued have been reviewed by the Treasurer. One was written by the State to the County Auditor's office and the other was written by the State to the Treasurer's office. Both were received and receipted into the county financials on August 20, 2012. The Treasurer's office will contact the

Dickinson County

Schedule of Findings

Year ended June 30, 2012

Iowa Department of Management when receiving State checks not identified as to fiscal year and receipt them as directed. The Treasurer recommends the State implement a policy where all checks and online deposits from the State be marked as to which fiscal year the money is to be tagged. This would greatly reduce errors.

Conclusion – Response accepted.

- (G) County Recorder – The County Recorder’s Office prepared a listing monthly of the amounts owed to the County and to the State of Iowa. However, a year-to-date listing of receipts and disbursements was not prepared and reconciled to the beginning and ending book balances.

Recommendation – The County Recorder’s Office should reconcile the year-to-date receipts and disbursements to the beginning and ending book balances.

Response – The Recorder’s staff will work to provide a clear report of revenue and expense for fiscal year 2013.

Conclusion – Response accepted.

- (H) Tax Increment Financing (TIF) – For the year ended June 30, 2012, the County did not reconcile TIF receipts with the amount of TIF debt certified for the various urban renewal areas.

Recommendation – The County should reconcile TIF receipts with the amount of TIF debt certified for all urban renewal areas within the County.

Response – The County started a reconciliation process of worksheets with TIF receipts and the debt certified for each urban renewal area in the County. Annually we will reconcile the TIF receipts with the amount certified for all the urban renewal areas within the County going forward.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County

Schedule of Findings

Year ended June 30, 2012

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted by function. Disbursements for one department exceeded the amount appropriated prior to amendment.

Recommendation – Departmental appropriations should be amended in accordance with Chapter 331.434(6) of the Code of Iowa before disbursements are allowed to exceed the appropriation.

Response – The County will make efforts to comply with Chapter 331.434 of the Code of Iowa concerning the amendment of department appropriations.

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 – No business transactions between the County and County officials or employees were noted.
- (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.

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

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

Response – The County will make every effort to comply with this recommendation.

Conclusion – Response accepted.

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

Dickinson County

Schedule of Findings

Year ended June 30, 2012

- (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, 2012 for the County Extension Office did not exceed the amount budgeted.

- (10) Noncurrent Advance To/From Other Funds – On June 28, 2011, the Board approved an advance of up to \$73,000 from the General Fund to the Special Revenue, TIF and Urban Renewal Fund. During fiscal year 2011, \$25,100 was advanced, while the remaining \$43,900 was advanced in fiscal year 2012 from the General Fund to the Special Revenue, TIF and Urban Renewal Fund. However, the County did not publish notice of or hold a public hearing prior to authorizing the advance as noncurrent debt as required by Chapters 331.478 and 331.479 of the Code of Iowa.

On May 9, 2012, the County advanced \$33,894 from the Special Revenue, Low and Moderate Income Fund to the Special Revenue, TIF and Urban Renewal Fund. However, the advance was not approved by the Board of Supervisors and the County did not publish notice of or hold a public hearing prior to authorizing the advance as noncurrent debt as required by Chapters 331.478 and 331.479 of the Code of Iowa.

Recommendation – The County should comply with Chapters 331.478 and 331.479 of the Code of Iowa when entering into future noncurrent debt obligations. After a public hearing is held, the Board of Supervisors should approve the advance before it is made.

Response – The County will make every effort to comply with Iowa Code Chapters 331.478 and 331.479 regarding a public hearing prior to incurring noncurrent debt. The Board of Supervisors will approve by taking board action for any future advances they feel may be needed between funds.

Conclusion – Response accepted.

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

Dickinson County

Schedule of Findings

Year ended June 30, 2012

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, 2012, the development agreement associated with the Silver Shore urban renewal area was fully paid and the required Low to Moderate Income funds had been allocated to the Silver Shore LMI account. However, the Silver Shore Urban Renewal account has a balance of \$101,816 at June 30, 2012, which represents TIF collections in excess of the TIF debt certified.

Recommendation – By resolution of the Board of Supervisors, the County should establish TIF debt for the additional costs for the Dickinson County/Orleans urban renewal area and certify the debt as TIF debt. The County should consult TIF legal counsel to determine the appropriate resolution for the excess TIF collections in the Silver Shore Urban Renewal account.

Response – The County acknowledges additional debt needs to be certified for project overruns in Dickinson County/Orleans Urban Renewal and excess funds have been collected in Silver Shores Urban Renewal. These two matters will be referred to legal counsel for the appropriate resolutions to be prepared so action by the Board of Supervisors to resolve the issues as appropriate can be taken.

Conclusion – Response accepted.

- (12) Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

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

Response – The County will make every effort in the future to comply with Chapter 509A.15 of the Code of Iowa concerning an actuarial opinion of the County's partially self-funded health insurance benefit plan.

Conclusion – Response accepted.

- (13) Financial Condition – At June 30, 2012, the Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$117,363.

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

Response – The County has taken this recommendation under advisement for consideration as this will be corrected.

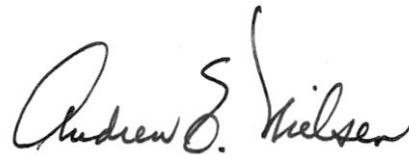
Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Keith C. Kistenmacher, Senior Auditor
Karie A. Meisgeier, CPA, Staff Auditor
Brooke A. Robb, Staff Auditor
Benjamin P. James, Assistant Auditor
Laura E. Grinnell, Assistant Auditor
Stephen J. Hoffman, Assistant Auditor
Daniel J. Mikels, Assistant Auditor
Ashley J. Moser, Auditor Intern

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

Andrew E. Nielsen, CPA
Deputy Auditor of State