



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

June 13, 2014

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

The County had local tax revenue of \$47,160,473 for the year ended June 30, 2013, which included \$683,095 in tax credits from the state. The County forwarded \$38,903,234 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$8,257,239 of the local tax revenue to finance County operations, a 7.5% increase over the prior year. Other revenues included charges for service of \$1,247,380, operating grants, contributions and restricted interest of \$3,348,123, capital grants, contributions and restricted interest of \$2,670,384, tax increment financing of \$613,089, local option sales tax of \$1,115,638, hotel/motel tax of \$53,925, unrestricted investment earnings of \$113,041 and other general revenues of \$451,206.

Expenses for County operations for the year ended June 30, 2013 totaled \$13,603,452, a 3.8% decrease from the prior year. Expenses included \$3,563,690 for roads and transportation, \$2,332,470 for county environment and education and \$2,278,243 for public safety and legal services.

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/1310-0030-B00F.pdf>.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

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Dickinson County

Officials

(Before January 2013)

<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
Ann Ditsworth	County Recorder	Jan 2015
Gregory Baloun	County Sheriff	Jan 2013
Jon M. Martin	County Attorney	Jan 2015
Stephanie Sohn	County Assessor	Jan 2016

(After January 2013)

Mardi Allen	Board of Supervisors	Jan 2015
Paul Johnson	Board of Supervisors	Jan 2015
William Leupold	Board of Supervisors	Jan 2015
David Gottsche	Board of Supervisors	Jan 2017
Pam Jordan	Board of Supervisors	Jan 2017
Nancy Reiman	County Auditor	Jan 2017
Kris Rowley	County Treasurer	Jan 2015
Ann Ditsworth	County Recorder	Jan 2015
Gregory Baloun	County Sheriff	Jan 2017
Jon M. Martin	County Attorney	Jan 2015
Stephanie Sohn	County Assessor	Jan 2016

Dickinson County



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Independent Auditor's Report

To the Officials of Dickinson County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County as of June 30, 2013, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 17 and 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2012 (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 third 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. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2014 on our consideration of Dickinson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dickinson County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 27, 2014

Dickinson County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities increased 9.8%, or approximately \$1,597,000, from fiscal year 2012 to fiscal year 2013. Property and other county tax increased approximately \$398,000, capital grants, contributions and restricted interest increased approximately \$2,407,000 and operating grants, contributions and restricted interest decreased approximately \$964,000.
- ◆ Program expenses of the County's governmental activities decreased 3.7%, or approximately \$530,000, from fiscal year 2012 to fiscal year 2013. Non-program expenses increased approximately \$304,000 while mental health expenses decreased approximately \$1,424,000.
- ◆ The County's net position increased 11.4%, or approximately \$4,266,000, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Dickinson County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position 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 Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Dickinson County's combined net position increased 11.4%, from approximately \$37.30 million at June 30, 2012 to approximately \$41.56 million at June 30, 2013. The analysis that follows focuses on the changes in the net position of governmental activities.

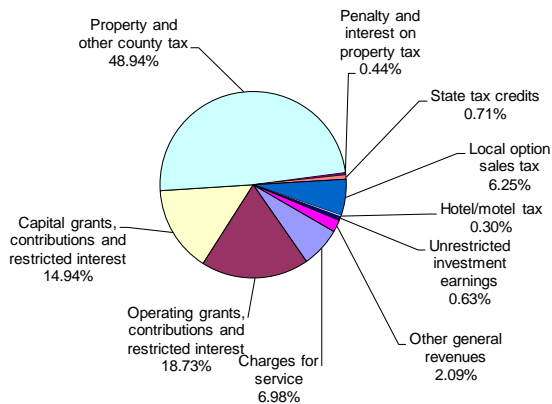
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012
Current and other assets	\$ 37,743	\$ 22,786
Capital assets	43,931	39,955
Total assets	<u>81,674</u>	<u>62,741</u>
Long-term liabilities	29,922	15,623
Other liabilities	10,188	9,820
Total liabilities	<u>40,110</u>	<u>25,443</u>
Net position:		
Invested in capital assets, net of related debt	30,043	25,408
Restricted	7,881	8,426
Unrestricted	3,640	3,464
Total net position	<u>\$ 41,564</u>	<u>\$ 37,298</u>

Net position of Dickinson County's governmental activities increased approximately \$4,266,000 (approximately \$37.30 million compared to approximately \$41.56 million). A large portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — increased from approximately \$3,464,000 at June 30, 2012 to approximately \$3,640,000 at the end of this year, an increase of 5.1%.

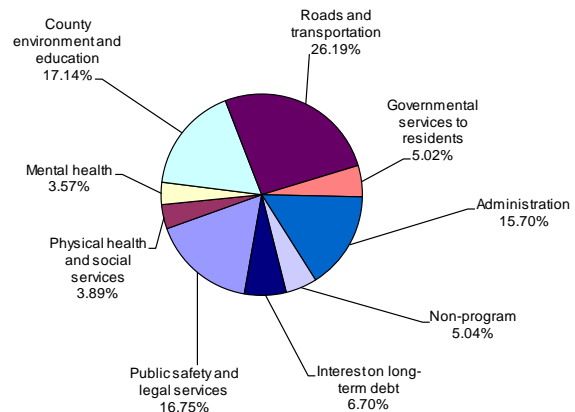
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2013	2012
Revenues:		
Program revenues:		
Charges for service	\$ 1,247	\$ 1,661
Operating grants, contributions and restricted interest	3,348	4,312
Capital grants, contributions and restricted interest	2,670	263
General revenues:		
Property and other county tax, including tax increment financing	8,745	8,347
Penalty and interest on property tax	78	82
State tax credits	126	91
Local option sales tax	1,116	1,209
Hotel/motel tax	54	54
Unrestricted investment earnings	113	202
Other general revenues	373	52
Total revenues	17,870	16,273
Program expenses:		
Public safety and legal services	2,278	2,152
Physical health and social services	529	500
Mental health	486	1,910
County environment and education	2,332	2,091
Roads and transportation	3,564	3,605
Governmental services to residents	683	654
Administration	2,136	2,217
Non-program	685	381
Interest on long-term debt	911	624
Total expenses	13,604	14,134
Change in net position	4,266	2,139
Net position beginning of year	37,298	35,159
Net position end of year	\$ 41,564	\$ 37,298

Revenues by Source



Expenses by Function



The County increased property tax rates for fiscal year 2013 an average of 2.8%, which was coupled with a taxable valuation increase of approximately 3.9%, resulting in an increase in the County's property tax revenue of approximately \$398,000 for fiscal year 2013. Based on a small increase in the taxable valuation and no change in levy rates for fiscal year 2014, 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 \$26.98 million, an increase of approximately \$14,500,000 from last year's total of approximately \$12.48 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 \$417,000 and expenditures increased approximately \$367,000. The ending fund balance increased approximately \$195,000 from the prior year to approximately \$4.1 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 \$483,000, a decrease of approximately \$1,424,000 from the prior year, due primarily to the reorganization of mental health services and the change in the method the State pays for Medicaid reimbursed services. The Special Revenue, Mental Health Fund balance at year end increased approximately \$117,000 from the prior year. Revenues decreased approximately \$947,000. In fiscal year 2014, the County will be part of a region with the State assuming the costs.
- Special Revenue, Rural Services Fund revenues increased approximately \$143,000. This was primarily due to an increase in local option sales tax of approximately \$74,000. Expenditures increased approximately \$20,000. This resulted in the ending fund balance increasing approximately \$186,000 to \$833,393 at June 30, 2013.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$1,972,000 from the prior year, due principally to an increase in roadway maintenance projects in fiscal year 2013 and the purchase of 107 acres for future gravel needs. Secondary Roads Fund revenues increased approximately \$49,000, which was primarily due to an increase in state project reimbursements. Transfers from the Special Revenue, Rural Services Fund increased approximately \$52,000 while transfers from the General Fund increased approximately \$7,000. The increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of approximately \$244,000, or 6 %.
- The Special Revenue, TIF and Urban Renewal Fund reported a decrease in revenues of approximately \$164,000. TIF and Urban Renewal Fund expenditures decreased \$155,000. This was primarily due to the Silver Shore urban renewal project having no revenue or expenditures. The balance in the fund at June 30, 2013 was approximately \$100,000.
- Revenues of the Debt Service Fund increased approximately \$446,000, primarily due to an increase in property and other county tax due to increased taxable valuations. Expenditures increased approximately \$731,000 as a result of additional principal and interest paid in fiscal year 2013. Debt service payments were approximately \$1.9 million in fiscal year 2013. The ending fund balance in the Debt Service Fund increased approximately \$15,000,000. This increase was primarily due to the County issuing \$15 million of general obligation urban renewal bonds. The

proceeds from the bonds were placed in the Debt Service Fund and then were used to make a loan to the Lakes Regional Hospital for constructing, furnishing and equipping an addition to the hospital and renovating, equipping and furnishing portions of the existing hospital facilities. These bonds are anticipated to be paid by Lakes Regional Hospital and, therefore, no debt service tax will be levied at this time. The fund balance is restricted for debt service. The fund balance is large because the related debt is not recorded as a fund liability under the modified accrual basis of accounting.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget three times. The first amendment was made on March 5, 2013 to account for the sale of bonds for the Lakes Regional Hospital building project and resulted in an increase in budgeted disbursements of \$15,082,770. The following functions increased as a result of the amendment: \$15,000,000 for capital projects and \$82,770 for county environment and education. The second amendment was made on March 26, 2013 and resulted in an increase in budgeted disbursements of \$580,125. This was due to LMI monies expended to Lake Park Housing Authority, Inc. The third amendment was made on May 28, 2013 and resulted in an increase in budgeted disbursements of \$514,975. This was due to changes in Special Revenue, Secondary Roads Fund expenditures and construction costs carry-over between fiscal years. When the second and third amendments were published, they did not include the increases from the first amendment. Therefore, the increases from the first amendment are not included in the final budgeted amounts.

The County's receipts were approximately \$1,479,000 less than budgeted, a variance of 9.2%. The most significant variance resulted from the County collecting less intergovernmental receipts than anticipated.

Total disbursements were \$12,432,274 more than the amended budget. Actual disbursements for the county environment and education and mental health functions were approximately \$813,000 and \$759,000 respectively, less than budgeted. Capital projects function disbursements were approximately \$14,700,000 more than budgeted.

Actual disbursements for the county environment and education function were approximately \$813,000 less than the budgeted amount because of delays in the Nature Center project.

Actual disbursements for the mental health function were approximately \$759,000 less than the budgeted amount because the County didn't receive all of the money anticipated from the State.

Actual disbursements for the capital projects function were approximately \$14,700,000 more than the budgeted amount because the \$15,000,000 increase from the first budget amendment was omitted from total capital projects function budgeted disbursements on the second and third amendments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, Dickinson County had approximately \$43.9 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This is a net increase (including additions and deletions) of approximately \$4 million, or 10%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 2,270	\$ 1,627
Buildings and improvements	15,042	15,335
Intangibles, road network	530	530
Equipment and vehicles	2,970	2,903
Construction in progress	10,956	6,774
Infrastructure	12,163	12,785
Total	<u>\$ 43,931</u>	<u>\$ 39,954</u>

This year's major additions included (in thousands):

Construction in progress for:

County road resurfacing	\$ 3,162
Highway 86/Edgewood Drive bike trail	386
Dingle bridge project	324
Land	642
Excavator	219
Total	<u>\$ 4,733</u>

The County had depreciation expense of approximately \$1,381,000 in fiscal year 2013 and total accumulated depreciation of approximately \$8.7 million at June 30, 2013.

The County's fiscal year 2013 capital projects budget included approximately \$2.6 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 \$29.7 million of outstanding debt at June 30, 2013, which included approximately \$27.8 million of general obligation bonds and notes, approximately \$684,000 of general obligation capital loan notes, approximately \$681,000 of urban revitalization bonds and approximately \$429,000 of installment purchase agreement debt compared to total outstanding debt of approximately \$15.4 million at June 30, 2012.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
General obligation bonds and notes	\$ 27,775	\$ 13,825
General obligation capital loan notes	684	722
Urban revitalization bonds	681	722
Installment purchase agreement	429	-
Drainage warrants	85	86
Total	<u>\$ 29,654</u>	<u>\$ 15,355</u>

Total debt increased approximately \$14,300,000, primarily a result of issuing \$15,000,000 of general obligation urban renewal bonds for the Lakes Regional Hospital.

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 \$201,419,402. 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 2014 budget, tax rates and fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 5.3% versus 6.3% a year ago. This compares with the State's unemployment rate of 4.2% and the national rate of 6.7%.

Inflation in the State is somewhat lower than the national Consumer Price Index (CPI) increase. The State's CPI increase was 1.4% for 2013 compared with the national increase of 1.6%.

The County's total fund balance is expected to decrease by the close of fiscal year 2014 from the fiscal year 2013 actual balance of approximately \$10.4 million to approximately \$7.9 million.

The budget was influenced by the following factors: 1) the budget reflects an increase in employee pay as well as ongoing increases in health insurance, fuel costs, utilities and workers compensation insurance, 2) it reflects ongoing expenses continuing to increase and replace the one-time expenses in each budget year, 3) it reflects the efforts of departments to reduce department budgets, where possible, in order to keep the tax asking as low as possible, 4) it reflects a serious concern for the economic effects on fiscal year 2013 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 Special Revenue, Rural Services Fund from increasing substantially, especially in light of the debt service levy to pay interest and principal on the bonds for the Courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months, requiring additional County services such as law enforcement, planning and zoning and County Attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion.

These factors were considerations for the fiscal year 2014 budget, which certified taxes as follows: (Amount certified includes utility replacement and property tax dollars.)

	2014 Dollars Certified	2013 Dollars Certified	Percentage Change
General basic levy	\$ 5,266,406	\$ 5,047,266	4.3%
Mental health levy	412,509	412,509	0.0%
Rural services levy	1,600,017	1,522,767	5.1%
Debt service levy	1,318,741	1,250,535	5.5%
Total	\$ 8,597,673	\$ 8,233,077	4.4%

Levy rates (expressed per \$1,000 of taxable valuation) to produce the above dollars for fiscal year 2014 and fiscal year 2013 are as follows:

	2014	2013	Percentage Change
General basic levy	\$ 2.45135	\$ 2.45135	0.0%
Mental health levy	0.19201	0.20035	-4.2%
Rural services levy	1.84000	1.84000	0.0%
Debt service levy	0.55289	0.54671	1.1%
Total	\$ 5.03625	\$ 5.03841	0.0%

Budgeted receipts in the fiscal year 2014 operating budget are approximately \$2.3 million more than the fiscal year 2013 actual receipts of approximately \$14.6 million. Budgeted disbursements in the fiscal year 2014 operating budget are approximately \$18.4 million, which is \$12.3 million less than the fiscal year 2013 actual final disbursements of approximately \$30.7 million. Total taxable valuations increased approximately \$90 million, from \$2.03 billion to \$2.12 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 Position
June 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 11,400,144
Receivables:	
Property tax:	
Delinquent	907
Succeeding year	8,435,000
Succeeding year tax increment financing	630,000
Accounts	43,922
Loan to Lakes Regional Hospital	15,000,000
Accrued interest	7,893
Drainage assessments	77,533
Due from other governments	834,706
Inventories	1,265,230
Assets in excess of net OPEB obligation	47,500
Capital assets, net of accumulated depreciation	43,931,251
Total assets	<u>81,674,086</u>
Liabilities	
Accounts payable	689,703
Accrued interest payable	186,004
Salaries and benefits payable	183,066
Due to other governments	64,626
Deferred revenue:	
Succeeding year property tax	8,435,000
Succeeding year tax increment financing	630,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds/notes	1,680,000
General obligation capital loan notes	39,000
Urban revitalization bonds	46,768
Installment purchase agreement	100,000
Drainage warrants	84,688
Compensated absences	179,211
Portion due or payable after one year:	
General obligation bonds/notes	26,095,000
General obligation capital loan notes	644,749
Urban revitalization bonds	634,536
Installment purchase agreement	329,500
Compensated absences	88,053
Total liabilities	<u>40,109,904</u>
Net Position	
Net investment in capital assets	30,043,002
Restricted for:	
Mental health purposes	134,904
Rural services purposes	833,625
Secondary roads purposes	4,001,056
Capital projects	273,128
Debt service	380,341
Other purposes	2,258,060
Unrestricted	3,640,066
Total net position	<u>\$ 41,564,182</u>

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions and Restricted Interest	Capital Grants and Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 2,278,243	251,343	92,097	-	(1,934,803)
Physical health and social services	529,119	2,542	182,929	-	(343,648)
Mental health	485,648	4,891	181,584	-	(299,173)
County environment and education	2,332,470	106,806	386,977	116,944	(1,721,743)
Roads and transportation	3,563,690	167,034	2,130,399	2,553,440	1,287,183
Governmental services to residents	683,368	553,292	-	-	(130,076)
Administration	2,135,522	81,522	39	-	(2,053,961)
Non-program	684,496	79,950	205,109	-	(399,437)
Interest on long-term debt	910,896	-	168,989	-	(741,907)
Total	\$ 13,603,452	1,247,380	3,348,123	2,670,384	(6,337,565)
General Revenues:					
Property and other county tax levied for:					
General purposes					6,895,459
Debt service					1,236,372
Tax increment financing					613,089
Penalty and interest on property tax					77,837
State tax credits					125,408
Local option sales tax					1,115,638
Hotel/motel tax					53,925
Unrestricted investment earnings					113,041
Miscellaneous					373,369
Total general revenues					10,604,138
Change in net position					4,266,573
Net position beginning of year					37,297,609
Net position end of year					\$ 41,564,182
See notes to financial statements.					

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2013

	General	Mental Health	Special Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 4,117,526	176,693	655,338
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	517	41	232
Succeeding year	5,173,000	405,000	1,560,000
Succeeding year tax increment financing	-	-	-
Accounts	34,634	-	-
Loan to Lakes Regional Hospital	-	-	-
Accrued interest	6,813	-	-
Drainage assessments	-	-	-
Advances to other funds	133,398	-	-
Due from other governments	170,625	4,891	178,968
Inventories	-	-	-
Total assets	\$ 9,636,513	586,625	2,394,538
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 150,921	32,646	340
Salaries and benefits payable	131,598	2,144	573
Due to other governments	54,946	276	-
Advances from other funds	-	-	-
Deferred revenue:			
Succeeding year property tax	5,173,000	405,000	1,560,000
Succeeding year tax increment financing	-	-	-
Other	13,701	41	232
Total liabilities	5,524,166	440,107	1,561,145
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Advances to other funds	133,398	-	-
Restricted for:			
Mental health purposes	-	146,518	-
Rural services purposes	-	-	833,393
Secondary roads purposes	-	-	-
Conservation purposes	7,173	-	-
Drainage warrants	-	-	-
Conservation land acquisition/capital improvements	27,078	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Building and grounds	753,480	-	-
Revolving loans	159,151	-	-
Unassigned	3,032,067	-	-
Total fund balances	4,112,347	146,518	833,393
Total liabilities and fund balances	\$ 9,636,513	586,625	2,394,538

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
2,677,068	174,878	542,616	2,054,693	10,398,812
-	-	-	659,671	659,671
-	-	117	-	907
-	-	1,297,000	-	8,435,000
-	630,000	-	-	630,000
3,426	-	-	5,862	43,922
-	-	15,000,000	-	15,000,000
-	92	4	769	7,678
-	-	-	77,533	77,533
-	-	-	37,710	171,108
472,588	-	-	7,634	834,706
1,265,230	-	-	-	1,265,230
4,418,312	804,970	16,839,737	2,843,872	37,524,567
263,797	2,279	-	231,225	681,208
48,751	-	-	-	183,066
1,483	-	-	7,921	64,626
-	72,710	-	98,398	171,108
-	-	1,297,000	-	8,435,000
-	630,000	-	-	630,000
284,971	-	117	77,553	376,615
599,002	704,989	1,297,117	415,097	10,541,623
1,265,230	-	-	-	1,265,230
-	-	-	37,710	171,108
-	-	-	-	146,518
-	-	-	-	833,393
2,554,080	-	-	-	2,554,080
-	-	-	659,671	666,844
-	-	-	104,787	104,787
-	-	-	-	27,078
-	-	15,542,620	-	15,542,620
-	-	-	273,128	273,128
-	99,981	-	1,450,799	1,550,780
-	-	-	-	753,480
-	-	-	-	159,151
-	-	-	(97,320)	2,934,747
3,819,310	99,981	15,542,620	2,428,775	26,982,944
4,418,312	804,970	16,839,737	2,843,872	37,524,567

Dickinson County

Dickinson County

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

June 30, 2013

Total governmental fund balances (page 23) \$ 26,982,944

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$52,667,248 and the accumulated depreciation is \$8,735,997. 43,931,251

Other long-term assets, including other postemployment benefit assets of \$47,500, are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 424,115

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 333,381

Long-term liabilities, including general obligation bonds/notes, general obligation capital loan notes, urban revitalization bonds, installment purchase agreement, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (30,107,509)

Net position of governmental activities (page 20) \$ 41,564,182

See notes to financial statements.

Dickinson County

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

Year ended June 30, 2013

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 5,030,090	407,718	1,498,442
Tax increment financing	-	-	-
Local option sales tax	302,888	-	908,664
Interest and penalty on property tax	77,837	-	-
Intergovernmental	846,591	192,181	27,884
Licenses and permits	29,192	-	-
Charges for service	639,566	-	-
Use of money and property	96,589	-	-
Miscellaneous	133,822	383	-
Total revenues	7,156,575	600,282	2,434,990
Expenditures:			
Operating:			
Public safety and legal services	2,261,278	-	32,892
Physical health and social services	531,217	-	-
Mental health	-	483,324	-
County environment and education	1,004,985	-	205,083
Roads and transportation	-	-	-
Governmental services to residents	652,718	-	-
Administration	1,854,961	-	-
Non-program	342,746	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	6,647,905	483,324	237,975
Excess (deficiency) of revenues over (under) expenditures	508,670	116,958	2,197,015
Other financing sources (uses):			
General obligation urban renewal bonds issued	-	-	-
Premium on bonds issued	-	-	-
Installment purchase agreement	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(313,933)	-	(2,011,045)
Drainage warrants issued	-	-	-
Total other financing sources (uses)	(313,933)	-	(2,011,045)
Change in fund balances	194,737	116,958	185,970
Fund balances beginning of year	3,917,610	29,560	647,423
Fund balances end of year	\$ 4,112,347	146,518	833,393

See notes to financial statements.

Revenue				
Secondary Roads	TIF and Urban Renewal	Debt Service	Nonmajor	Total
-	-	1,236,388	-	8,172,638
-	613,089	-	-	613,089
-	-	-	-	1,211,552
-	-	-	-	77,837
2,172,581	19,532	186,632	46,713	3,492,114
-	-	-	-	29,192
45,995	-	-	65,037	750,598
18,204	1,200	70	39,705	155,768
60,653	-	-	403,553	598,411
2,297,433	633,821	1,423,090	555,008	15,101,199
-	-	-	3,816	2,297,986
-	-	-	-	531,217
-	-	-	-	483,324
-	126,083	-	1,381,034	2,717,185
3,777,499	-	-	-	3,777,499
-	-	-	27,306	680,024
-	-	-	450	1,855,411
-	-	123,300	84,900	550,946
-	62,294	1,891,378	46,154	1,999,826
1,582,133	300	-	-	1,582,433
5,359,632	188,677	2,014,678	1,543,660	16,475,851
(3,062,199)	445,144	(591,588)	(988,652)	(1,374,652)
-	-	15,000,000	-	15,000,000
-	-	193,100	-	193,100
642,000	-	-	-	642,000
2,175,763	170,945	594,001	287,106	3,227,815
-	(731,892)	(170,945)	-	(3,227,815)
-	-	-	42,024	42,024
2,817,763	(560,947)	15,616,156	329,130	15,877,124
(244,436)	(115,803)	15,024,568	(659,522)	14,502,472
4,063,746	215,784	518,052	3,088,297	12,480,472
3,819,310	99,981	15,542,620	2,428,775	26,982,944

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, 2013

Change in fund balances - Total governmental funds (page 27) \$ 14,502,472

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

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

Expenditures for capital assets	\$ 3,094,930	
Capital assets contributed by the Iowa Department of	2,268,469	
Depreciation expense	<u>(1,381,457)</u>	3,981,942

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (5,249)

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

Property tax	(41)	
Other	<u>168,202</u>	168,161

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

Issued	(15,684,024)	
Repaid	<u>1,384,548</u>	(14,299,476)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	1,213	
Interest on long-term debt	(83,245)	
Other postemployment benefits	<u>12,100</u>	(69,932)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's employee health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (11,345)

Change in net position of governmental activities (page 21) \$ 4,266,573

See notes to financial statements.

Dickinson County
Statement of Net Position
Proprietary Fund
June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 341,661
Accrued interest receivable	215
Total assets	<u>341,876</u>
Liabilities	
Accounts payable	<u>8,495</u>
Net Position	
Unrestricted	<u><u>\$ 333,381</u></u>

See notes to financial statements.

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

Year ended June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 59,650
Reimbursements from others	2,500
Miscellaneous reimbursements	441
Total operating revenues	<u>62,591</u>
Operating expenses:	
Medical claims	70,790
Administrative fees	8,623
Total operating expenses	<u>79,413</u>
Operating loss	(16,822)
Non-operating revenues:	
Interest income	<u>5,477</u>
Net loss	(11,345)
Net position beginning of year	<u>344,726</u>
Net position end of year	<u><u>\$ 333,381</u></u>
See notes to financial statements.	

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2013

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 59,650
Cash received from others	2,500
Cash received from miscellaneous reimbursements	441
Cash paid to suppliers for services	<u>(77,442)</u>
Net cash used by operating activities	(14,851)
Cash flows from investing activities:	
Interest on investments	<u>8,351</u>
Net decrease in cash and cash equivalents	(6,500)
Cash and cash equivalents beginning of year	<u>348,161</u>
Cash and cash equivalents end of year	<u>\$ 341,661</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (16,822)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts payable	<u>1,971</u>
Net cash used by operating activities	<u>\$ (14,851)</u>
See notes to financial statements.	

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 1,433,225
Other County officials	156,912
Receivables:	
Property tax:	
Delinquent	3,412
Succeeding year	37,762,000
Accounts	25,433
Accrued interest	236
Special assessments	296,677
Succeeding year drainage assessments	326,522
Due from other governments	39,582
Prepaid insurance	1,022
Total assets	<u>40,045,021</u>
Liabilities	
Accounts payable	7,410
Salaries and benefits payable	12,719
Due to other governments	39,985,888
Trusts payable	9,661
Compensated absences	29,343
Total liabilities	<u>40,045,021</u>
Net position	<u>\$ -</u>

See notes to financial statements.

Dickinson County

Notes to Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as 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 Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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, intellectual disabilities and developmental disabilities services.

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

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

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

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

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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 Position 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, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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

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

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the capital projects function and disbursements in the non-program function and certain departments exceeded the amounts budgeted/appropriated prior to amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County’s deposits in banks at June 30, 2013 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 \$210 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, 2013 consist of stocks and stock mutual funds with a fair value of \$353,591. Disclosure of concentration of credit risk and interest rate risk do not apply to these investments.

(3) Advances To and From Other Funds

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	TIF and Urban Renewal	\$ 35,000
	Resource Enhancement and Protection	98,398
Special Revenue:	Special Revenue:	
Low and Moderate Income	TIF and Urban Renewal	37,710
Total		\$ 171,108

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

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

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 164,718
	Special Revenue:	
	Rural Services	2,011,045
TIF and Urban Renewal	Debt Service	170,945
	Special Revenue:	
Low and Moderate Income	TIF and Urban Renewal	137,891
Resource Enhancement and Protection	General	9,215
Dickinson County Trails	General	50,000
Trails Maintenance	General	90,000
Debt Service	Special Revenue:	
	TIF and Urban Renewal	594,001
Total		\$ 3,227,815

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, 2013 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,627,490	642,000	-	2,269,490
Intangibles, road network	529,900	-	-	529,900
Construction in progress, road network	65,908	3,754,089	-	3,819,997
Construction in progress	6,708,136	428,196	-	7,136,332
Total capital assets not being depreciated	8,931,434	4,824,285	-	13,755,719
Capital assets being depreciated:				
Buildings	16,651,634	33,522	-	16,685,156
Improvements other than buildings	166,495	7,016	-	173,511
Equipment and vehicles	6,775,616	526,416	(345,141)	6,956,891
Infrastructure, road network	12,918,141	-	-	12,918,141
Infrastructure, other	2,177,830	-	-	2,177,830
Total capital assets being depreciated	38,689,716	566,954	(345,141)	38,911,529
Less accumulated depreciation for:				
Buildings	1,469,394	329,810	-	1,799,204
Improvements other than buildings	13,320	3,681	-	17,001
Equipment and vehicles	3,873,013	425,663	(312,052)	3,986,624
Infrastructure, road network	2,134,062	540,343	-	2,674,405
Infrastructure, other	176,803	81,960	-	258,763
Total accumulated depreciation	7,666,592	1,381,457	(312,052)	8,735,997
Total capital assets being depreciated, net	31,023,124	(814,503)	(33,089)	30,175,532
Governmental activities capital assets, net	\$ 39,954,558	4,009,782	(33,089)	43,931,251

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 61,559
Physical health and social services	1,656
County environment and education	87,092
Roads and transportation	848,054
Administration	383,096
Total depreciation expense - governmental activities	<u>\$ 1,381,457</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, 2013 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 54,946
Special Revenue:		
Mental Health	Services	276
Secondary Roads	Services	1,483
Drainage Districts	Services	256
Trails Maintenance	Services	7,665
Total for governmental funds		<u>\$ 64,626</u>
Agency:		
County Offices	Collections	\$ 163,829
Agricultural Extension Education		225,225
County Assessor		589,587
Schools		18,023,817
Community Colleges		2,226,385
Corporations		12,087,411
Townships		406,689
Auto License, Use Tax and Drivers' License		435,779
All other		5,827,166
Total for agency funds		<u>\$ 39,985,888</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	<u>General Obligation Bonds/Notes</u>	<u>General Obligation Capital Loan Notes</u>	<u>Urban Revital- ization Bonds</u>	<u>Installment Purchase Agreement</u>	<u>Drainage Warrants</u>	<u>Compen- sated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 13,825,000	721,749	721,793	-	86,223	268,477	15,623,242
Increases	15,000,000	-	-	642,000	42,024	228,851	15,912,875
Decreases	1,050,000	38,000	40,489	212,500	43,559	230,064	1,614,612
Balance end of year	<u>\$ 27,775,000</u>	<u>683,749</u>	<u>681,304</u>	<u>429,500</u>	<u>84,688</u>	<u>267,264</u>	<u>29,921,505</u>
Due within one year	\$ 1,680,000	39,000	46,768	100,000	84,688	179,211	2,129,667

General Obligation Bonds/Notes

A summary of the County's June 30, 2013 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
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	-	-	-	4.00	895,000	249,575
2019-2023	-	-	-	4.00-4.25	5,085,000	663,212
2024-2028	-	-	-	-	-	-
2029-2032	-	-	-	-	-	-
Total		\$ 390,000	37,485		\$ 9,245,000	2,209,569

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
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	3.60	145,000	96,128	4.00	115,000	4,600
2019-2023	3.85-4.40	805,000	392,705	-	-	-
2024-2028	4.50-5.00	970,000	201,177	-	-	-
2029-2032	5.00	220,000	11,000	-	-	-
Total		\$ 2,685,000	1,130,000		\$ 455,000	53,351

General Obligation Bonds/Notes						
Year Ending June 30,	Hospital Urban Renewal Issued Aug 22, 2012			Hospital Urban Renewal Issued Feb 21, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014		\$ -	218,050	1.50%	\$ 600,000	95,833
2015		-	218,050	1.50	710,000	66,000
2016		-	218,050	1.50	710,000	55,350
2017		-	218,050	1.50	715,000	44,700
2018		-	218,050	1.50	725,000	33,975
2019-2023	2.00%	2,225,000	1,047,750	1.50	1,540,000	36,300
2024-2028	2.00-2.25	4,130,000	704,700	-	-	-
2029-2032	2.38-2.50	3,645,000	223,700	-	-	-
Total		\$ 10,000,000	3,066,400		\$ 5,000,000	332,158

Year Ending June 30,	General Obligation Bonds/Notes		
	Total		
	Principal	Interest	Total
2014	\$ 1,680,000	821,118	2,501,118
2015	1,830,000	756,349	2,586,349
2016	1,860,000	709,187	2,569,187
2017	1,905,000	659,437	2,564,437
2018	1,880,000	602,328	2,482,328
2019-2023	9,655,000	2,139,967	11,794,967
2024-2028	5,100,000	905,877	6,005,877
2029-2032	3,865,000	234,700	4,099,700
Total	\$ 27,775,000	6,828,963	34,603,963

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

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

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

General Obligation Capital Loan Notes

On May 6, 2009, the County entered into a general obligation capital loan note agreement with the Iowa Finance Authority for \$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 of June 30, 2013, the County has drawn \$829,749 of capital loan note proceeds, which is the final draw amount as the remaining funds available have been released back to the Iowa Finance Authority. During the year ended June 30, 2013, the County paid principal and interest of \$38,000 and \$21,652, respectively.

A summary of the County's June 30, 2013 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	3.00%	\$ 39,000	20,512	59,512
2015	3.00	34,749	19,342	54,091
2016	3.00	36,000	18,300	54,300
2017	3.00	37,000	17,220	54,220
2018	3.00	38,000	16,110	54,110
2019-2023	3.00	207,000	62,820	269,820
2024-2028	3.00	240,000	29,820	269,820
2029	3.00	52,000	1,560	53,560
Total		\$ 683,749	185,684	869,433

Urban Revitalization Bonds

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

On August 28, 2012, the Board of Supervisors approved an amendment to the loan agreement providing for the reissuance of \$630,000 of urban revitalization bonds plus \$91,793 in delinquent principal, as well as amending the repayment schedule and interest rate. Total principal and interest remaining on the bonds is \$821,650 payable through December 2025. For the current year, principal and interest paid for the Dickinson County/Spirit Lake urban renewal area were \$40,489 and \$21,806, respectively.

A summary of the County's June 30, 2013 urban revitalization bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	3.02%	\$ 46,768	19,026	65,794
2015	3.02	46,355	18,752	65,107
2016	3.02	48,385	17,400	65,785
2017	3.02	49,858	15,928	65,786
2018	3.02	51,375	14,411	65,786
2019-2023	3.02	281,295	47,634	328,929
2024-2026	3.02	157,268	7,195	164,463
Total		\$ 681,304	140,346	821,650

Installment Purchase Agreement

On September 11, 2012, the County entered into a \$642,000 installment purchase agreement to purchase 107 acres of land to be used for gravel resources. The agreement requires quarterly payments, including interest at 5% per annum, beginning on October 1, 2012.

A summary of the installment purchase agreement is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	5.00%	\$ 100,000	14,778	114,778
2015	5.00	125,000	14,131	139,131
2016	5.00	125,000	7,881	132,881
2017	5.00	79,500	1,809	81,309
Total		\$ 429,500	38,599	468,099

Senior Housing Revenue Bonds

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

Drainage Warrants

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

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

(8) Loan Receivable

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

(9) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% 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, 2013, 2012 and 2011 were \$372,496, \$335,490 and \$292,285, respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 85 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 21,900
Interest on net OPEB obligation	(1,600)
Adjusted to annual required contribution	<u>2,200</u>
Annual OPEB cost	22,500
Contributions made	<u>(34,600)</u>
Decrease in net OPEB obligation	(12,100)
(Assets in excess of) net OPEB obligation beginning of year	<u>(35,400)</u>
(Assets in excess of) net OPEB obligation end of year	<u><u>\$ (47,500)</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, 2013.

For the year ended June 30, 2013, the County contributed \$34,600 to the medical plan. Plan members eligible for benefits contributed \$33,600, 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
2011	\$ 31,900	153%	\$ (18,600)
2012	32,200	152	(35,400)
2013	22,500	154	(47,500)

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$162,647, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$162,647. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,576,000 and the ratio of the UAAL to covered payroll was 4.5%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, a simplified version of the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

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

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

(11) Revolving Loan Account

The Revolving Economic Development Account was established within the General Fund to promote economic development in the County through grants and loans. Upon receipt of loan payments from the businesses, the funds remain in the Revolving Economic Development Account for subsequent loans to other businesses. There are no outstanding loans at June 30, 2013.

(12) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 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 at a level determined by the Board not to exceed 300% 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, 2013 were \$243,735.

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 \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington 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, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, 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 the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

(13) Public Health

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

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

(14) Employee Group Health Fund

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

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

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Two Rivers Insurance Company, Inc. from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2013 was \$59,650.

The amounts payable from the Employee Group Health Fund at June 30, 2013 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion. These amounts are not expected to be material to the financial statements. The County is exempt from the requirements of Chapter 509A.15 of the Code of Iowa due to claims being less than 2% of the General Fund budget.

(15) Jointly Governed Organization

The County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2013:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Wahpeton	16,000	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	\$ 200,200
Interest on investments		974
Total additions		<u>201,174</u>

Deductions:

Dickinson County	32,528	
Dickinson County Soil and Water Conservation District	41,352	
Iowa Natural Heritage Foundation	6,387	
Iowa Department of Natural Resources	8,741	
Silver Lake Improvement Association	2,720	
Okoboji Protective Association	15,548	
Ducks Unlimited	30,000	137,276
Net		<u>63,898</u>
Balance beginning of year		51,200
Balance end of year		<u>\$ 115,098</u>

(16) 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 balance of LMI funds, \$114,400, were paid to the Lake Park Housing Authority to be used to provide housing

assistance to low and moderate income families. 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. As of June 30, 2013, the cumulative amount rebated 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 balance of LMI funds, \$332,089, was paid to the Lake Park Housing Authority to be used to provide housing assistance to low and moderate income families. 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, 2013, \$126,083 was rebated to the developer and the cumulative amount rebated at June 30, 2013 was \$567,727. Property tax levied for fiscal year 2014 totals \$200,000.

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, 2013, \$62,294 was provided for debt service on the urban revitalization bonds. Property tax levied for fiscal year 2014 totals \$53,000.

West Sioux Estates Urban Renewal Area – In September 2005, the County entered into an agreement with the City of Milford to establish an urban renewal area. The project involves roadway improvements of approximately 2,800 linear feet on 193rd Avenue. The County's primary objective in this urban renewal area is to promote new residential development. The cost of paving, including engineering, is estimated to be between \$400,000 and \$500,000. The County is going to use tax increment financing to support this residential development. Under the plan, 37% of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income (LMI) families. As a result, the amount set aside for LMI housing projects would range between \$148,000 and \$185,000. The amount of LMI funds held by the County for this project at June 30, 2013 in the Special Revenue, Low and Moderate Income Fund was \$23,863. Property tax levied for fiscal year 2014 totals \$31,000.

Shore Acres Urban Renewal Area – In October 2005, the County established an urban renewal area for the purpose of grading and new paving of an access road into the Shore Acres subdivision and a service road within the subdivision. The County is using tax increment financing to support this development, which has an estimated cost of \$150,000. In addition, general obligation bonds totaling \$800,000 were sold during the year ended June 30, 2007 for additional construction costs. Under the plan, a percentage of the TIF revenues generated by the project must be used to provide assistance to low-and-moderate-income families. The amount of LMI funds held by the County for this project at June 30, 2013 in the Special Revenue, Low and Moderate Income Fund was \$90,209. During the year ended June 30, 2013, no funds were provided for debt service on the general obligation bonds. No property tax has been levied for fiscal year 2014.

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, 2013 in the Special Revenue, Low and Moderate Income Fund was \$263,936. 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, 2013, \$50,469 was provided for debt service on the general obligation bonds. Property tax levied for fiscal year 2014 totals \$144,000.

(17) Deficit Fund Balance

The Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$97,320 as of June 30, 2013. The deficit balance will be eliminated through the future collection of the County's REAP allocation from the State.

(18) Construction Commitments

The County has entered into contracts totaling \$2,081,727 for roadway paving and bridge projects. As of June 30, 2013, costs of \$592,271 on the projects have been incurred. The balance of \$1,489,456 remaining on the contracts at June 30, 2013 will be paid as work on the projects progress.

(19) Subsequent Event

On November 26, 2013, the Board of Supervisors authorized the issuance of \$5,000,000 of Senior Housing Revenue Notes for the purpose of paying costs of constructing, equipping and furnishing an addition to an existing senior housing facility.

Dickinson County

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2013

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 9,939,595	-	9,939,595
Interest and penalty on property tax	77,837	-	77,837
Intergovernmental	3,287,612	-	3,287,612
Licenses and permits	73,740	-	73,740
Charges for service	734,002	-	734,002
Use of money and property	158,829	-	158,829
Miscellaneous	617,911	276,912	340,999
Total receipts	<u>14,889,526</u>	<u>276,912</u>	<u>14,612,614</u>
Disbursements:			
Public safety and legal services	2,290,836	-	2,290,836
Physical health and social services	522,861	-	522,861
Mental health	920,760	-	920,760
County environment and education	1,647,488	-	1,647,488
Roads and transportation	3,423,978	-	3,423,978
Governmental services to residents	677,947	-	677,947
Administration	1,818,040	-	1,818,040
Non-program	712,147	371,170	340,977
Debt service	1,761,037	46,154	1,714,883
Capital projects	17,296,135	-	17,296,135
Total disbursements	<u>31,071,229</u>	<u>417,324</u>	<u>30,653,905</u>
Excess (deficiency) of receipts over (under) disbursements	(16,181,703)	(140,412)	(16,041,291)
Other financing sources, net	<u>15,165,890</u>	<u>42,024</u>	<u>15,123,866</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,015,813)	(98,388)	(917,425)
Balance beginning of year	<u>12,074,296</u>	<u>884,960</u>	<u>11,189,336</u>
Balance end of year	<u>\$ 11,058,483</u>	<u>786,572</u>	<u>10,271,911</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
9,842,647	9,842,647	96,948
62,900	62,900	14,937
4,597,933	4,854,324	(1,566,712)
59,800	59,800	13,940
640,317	640,317	93,685
264,285	264,285	(105,456)
357,617	367,617	(26,618)
<u>15,825,499</u>	<u>16,091,890</u>	<u>(1,479,276)</u>
2,315,500	2,333,500	42,664
591,120	591,120	68,259
1,679,330	1,679,330	758,570
2,460,624	2,460,624	813,136
3,499,982	3,693,689	269,711
746,133	746,133	68,186
1,954,225	1,954,225	136,185
196,000	399,268	58,291
1,723,617	1,723,617	8,734
1,960,000	2,640,125	(14,656,010)
<u>17,126,531</u>	<u>18,221,631</u>	<u>(12,432,274)</u>
(1,301,032)	(2,129,741)	(13,911,550)
<u>1,000</u>	<u>15,174,300</u>	<u>(50,434)</u>
(1,300,032)	13,044,559	(13,961,984)
8,743,249	8,743,249	2,446,087
<u>7,443,217</u>	<u>21,787,808</u>	<u>(11,515,897)</u>

Dickinson County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,889,526	211,673	15,101,199
Expenditures	31,071,229	(14,595,378)	16,475,851
Net	(16,181,703)	14,807,051	(1,374,652)
Other financing sources, net	15,165,890	711,234	15,877,124
Beginning fund balances	12,074,296	406,176	12,480,472
Ending fund balances	\$ 11,058,483	15,924,461	26,982,944

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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, three budget amendments increased budgeted disbursements by \$1,095,100. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2013, disbursements exceeded the amount budgeted in the capital projects function. Also, disbursements for the non-program function and six departments exceeded the amounts budgeted/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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 321	321	0.00%	\$ 3,443	9.30%
2011	Jul 1, 2009	-	321	321	0.00	3,179	10.10
2012	Jul 1, 2009	-	321	321	0.00	3,548	9.00
2013	Jul 1, 2012	-	163	163	0.00	3,576	4.50

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

See accompanying independent auditor's report.

Supplementary Information

Dickinson County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2013

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Assets						
Cash, cash equivalents and pooled investments:						
County Treasurer	\$ 94,758	1,626	5,572	1,077	126,901	895
Conservation Foundation	-	-	-	-	-	-
Receivables:						
Accounts	840	-	-	-	-	-
Accrued interest	60	6	-	1	-	-
Drainage assessments	-	-	-	-	77,533	-
Advances to other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 95,658	1,632	5,572	1,078	204,434	895
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 2,281	-	-	-	13,126	-
Due to other governments	-	-	-	-	256	-
Advances from other funds	-	-	-	98,398	-	-
Deferred revenue:						
Other	-	-	-	-	77,533	-
Total liabilities	2,281	-	-	98,398	90,915	-
Fund balances:						
Nonspendable:						
Advances to other funds	-	-	-	-	-	-
Restricted for:						
Conservation purposes	-	-	-	-	-	-
Drainage warrants	-	-	-	-	104,787	-
Capital projects	-	-	-	-	-	-
Other purposes	93,377	1,632	5,572	-	8,732	895
Unassigned	-	-	-	(97,320)	-	-
Total fund balances	93,377	1,632	5,572	(97,320)	113,519	895
Total liabilities and fund balances	\$ 95,658	1,632	5,572	1,078	204,434	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
340,298	31,353	3	1,135,222	45,734	-	626	270,628	2,054,693
-	-	-	-	-	659,671	-	-	659,671
-	2,522	-	-	-	-	-	2,500	5,862
-	-	-	700	-	-	2	-	769
-	-	-	-	-	-	-	-	77,533
37,710	-	-	-	-	-	-	-	37,710
-	7,634	-	-	-	-	-	-	7,634
378,008	41,509	3	1,135,922	45,734	659,671	628	273,128	2,843,872
1,338	7,297	-	200,587	6,146	-	450	-	231,225
-	-	-	-	7,665	-	-	-	7,921
-	-	-	-	-	-	-	-	98,398
-	20	-	-	-	-	-	-	77,553
1,338	7,317	-	200,587	13,811	-	450	-	415,097
37,710	-	-	-	-	-	-	-	37,710
-	-	-	-	-	659,671	-	-	659,671
-	-	-	-	-	-	-	-	104,787
-	-	-	-	-	-	-	273,128	273,128
338,960	34,192	3	935,335	31,923	-	178	-	1,450,799
-	-	-	-	-	-	-	-	(97,320)
376,670	34,192	3	935,335	31,923	659,671	178	273,128	2,428,775
378,008	41,509	3	1,135,922	45,734	659,671	628	273,128	2,843,872

Dickinson County

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

Year ended June 30, 2013

	County Recorder's Records Management	County Recorder's Electronic Transfer Fees	Sheriff Forfeiture	Resource Enhance- ment and Protection	Drainage Districts	Confiscated Property Fees
Revenues:						
Intergovernmental	\$ -	-	-	10,785	-	-
Charges for service	8,117	-	-	-	-	-
Use of money and property	808	13	-	43	-	-
Miscellaneous	-	-	9,388	-	93,436	309
Total revenues	8,925	13	9,388	10,828	93,436	309
Expenditures:						
Operating:						
Public safety and legal services	-	-	3,816	-	-	-
County environment and education	-	-	-	-	-	-
Governmental services to residents	27,306	-	-	-	-	-
Administration	-	-	-	-	-	-
Non-program	-	-	-	-	84,900	-
Debt service	-	-	-	-	46,154	-
Total expenditures	27,306	-	3,816	-	131,054	-
Excess (deficiency) of revenues over (under) expenditures	(18,381)	13	5,572	10,828	(37,618)	309
Other financing sources:						
Operating transfers in	-	-	-	9,215	-	-
Drainage warrants issued	-	-	-	-	42,024	-
Total other financing sources	-	-	-	9,215	42,024	-
Change in fund balances	(18,381)	13	5,572	20,043	4,406	309
Fund balances beginning of year	111,758	1,619	-	(117,363)	109,113	586
Fund balances end of year	\$ 93,377	1,632	5,572	(97,320)	113,519	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	Courthouse Memorial	Capital Projects	Total
-	-	-	35,928	-	-	-	-	46,713
-	56,920	-	-	-	-	-	-	65,037
-	-	-	8,836	-	-	5	30,000	39,705
-	-	-	116,944	-	183,476	-	-	403,553
-	56,920	-	161,708	-	183,476	5	30,000	555,008
-	-	-	-	-	-	-	-	3,816
472,827	42,463	-	456,614	116,262	292,868	-	-	1,381,034
-	-	-	-	-	-	-	-	27,306
-	-	-	-	-	-	450	-	450
-	-	-	-	-	-	-	-	84,900
-	-	-	-	-	-	-	-	46,154
472,827	42,463	-	456,614	116,262	292,868	450	-	1,543,660
(472,827)	14,457	-	(294,906)	(116,262)	(109,392)	(445)	30,000	(988,652)
137,891	-	-	50,000	90,000	-	-	-	287,106
-	-	-	-	-	-	-	-	42,024
137,891	-	-	50,000	90,000	-	-	-	329,130
(334,936)	14,457	-	(244,906)	(26,262)	(109,392)	(445)	30,000	(659,522)
711,606	19,735	3	1,180,241	58,185	769,063	623	243,128	3,088,297
376,670	34,192	3	935,335	31,923	659,671	178	273,128	2,428,775

Dickinson County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,203	299,346	114,111
Other County officials	156,912	-	-	-
Receivables:				
Property tax:				
Delinquent	-	22	33	1,706
Succeeding year	-	224,000	324,000	17,908,000
Accounts	6,917	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Drainage assessments	-	-	-	-
Due from other governments	-	-	-	-
Prepaid insurance	-	-	-	-
Total assets	\$ 163,829	225,225	623,379	18,023,817
Liabilities				
Accounts payable	\$ -	-	15	-
Salaries and benefits payable	-	-	10,630	-
Due to other governments	163,829	225,225	589,587	18,023,817
Trusts payable	-	-	-	-
Compensated absences	-	-	23,147	-
Total liabilities	\$ 163,829	225,225	623,379	18,023,817

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License, Use Tax and Drivers' License	Other	Total
9,164	80,764	2,637	435,779	490,221	1,433,225
-	-	-	-	-	156,912
221	970	52	-	408	3,412
2,217,000	11,709,000	404,000	-	4,976,000	37,762,000
-	-	-	-	18,516	25,433
-	-	-	-	236	236
-	296,677	-	-	-	296,677
-	-	-	-	326,522	326,522
-	-	-	-	39,582	39,582
-	-	-	-	1,022	1,022
<u>2,226,385</u>	<u>12,087,411</u>	<u>406,689</u>	<u>435,779</u>	<u>5,852,507</u>	<u>40,045,021</u>
-	-	-	-	7,395	7,410
-	-	-	-	2,089	12,719
2,226,385	12,087,411	406,689	435,779	5,827,166	39,985,888
-	-	-	-	9,661	9,661
-	-	-	-	6,196	29,343
<u>2,226,385</u>	<u>12,087,411</u>	<u>406,689</u>	<u>435,779</u>	<u>5,852,507</u>	<u>40,045,021</u>

Dickinson County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 169,061	205,540	838,725	18,826,947
Additions:				
Property and other county tax	-	225,088	534,737	17,988,214
E911 surcharges	-	-	-	-
State tax credits	-	3,063	7,545	297,602
Office fees and collections	463,084	-	-	-
Auto licenses, drivers' licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	1,143,806	-	-	-
Miscellaneous	-	-	268	-
Total additions	1,606,890	228,151	542,550	18,285,816
Deductions:				
Agency remittances:				
To other funds	455,716	-	-	-
To other governments	-	208,466	757,896	19,088,946
Trusts paid out	1,156,406	-	-	-
Total deductions	1,612,122	208,466	757,896	19,088,946
Balances end of year	\$ 163,829	225,225	623,379	18,023,817

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License, Use Tax and Drivers' License	Other	Total
1,567,006	11,882,579	401,945	443,990	5,735,297	40,071,090
2,223,812	11,697,789	407,054	-	5,268,853	38,345,547
-	-	-	-	121,346	121,346
23,336	169,764	8,644	-	47,733	557,687
-	-	-	-	-	463,084
-	-	-	5,913,365	-	5,913,365
-	70,330	-	-	65,120	135,450
-	-	-	-	138,330	1,282,136
-	-	-	-	475,436	475,704
2,247,148	11,937,883	415,698	5,913,365	6,116,818	47,294,319
-	-	-	224,779	-	680,495
1,587,769	11,733,051	410,954	5,696,797	5,841,209	45,325,088
-	-	-	-	158,399	1,314,805
1,587,769	11,733,051	410,954	5,921,576	5,999,608	47,320,388
2,226,385	12,087,411	406,689	435,779	5,852,507	40,045,021

Dickinson County

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

For the Last Ten Years

	2013	2012	2011	2010
Revenues:				
Property and other county tax	\$ 8,172,638	7,641,275	7,637,937	6,634,100
Tax increment financing	613,089	755,022	902,236	810,056
Local option sales tax	1,211,552	1,112,969	1,128,037	976,690
Interest and penalty on property tax	77,837	81,622	102,332	109,867
Intergovernmental	3,492,114	3,974,019	4,723,680	4,539,983
Licenses and permits	29,192	26,438	21,003	21,852
Charges for service	750,598	783,089	811,289	702,101
Use of money and property	155,768	242,015	350,878	315,118
Miscellaneous	598,411	1,301,687	1,174,143	1,721,288
Total	\$ 15,101,199	15,918,136	16,851,535	15,831,055
Expenditures:				
Operating:				
Public safety and legal services	\$ 2,297,986	2,144,921	2,075,000	2,100,461
Physical health and social services	531,217	496,257	503,091	504,145
Mental health	483,324	1,907,359	1,567,038	1,459,058
County environment and education	2,717,185	2,130,823	1,822,520	2,544,159
Roads and transportation	3,777,499	3,006,073	3,596,528	2,907,392
Governmental services to residents	680,024	648,715	546,284	573,635
Administration	1,855,411	1,886,325	1,749,855	1,682,226
Non-program	550,946	212,090	162,512	337,982
Debt service	1,999,826	1,403,790	2,040,341	2,111,933
Capital projects	1,582,433	468,040	2,167,881	5,509,379
Total	\$ 16,475,851	14,304,393	16,231,050	19,730,370

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
6,138,717	6,005,253	6,373,101	6,139,577	5,906,749	4,720,535
726,935	339,504	290,732	171,729	2,323	4,113
1,094,722	1,099,717	1,160,279	1,047,358	1,058,442	916,299
106,336	92,108	75,523	81,543	62,408	58,733
3,884,878	3,445,434	3,721,046	3,485,650	2,845,820	3,259,793
55,517	27,664	95,448	81,844	62,898	38,780
728,348	714,019	641,431	614,667	588,365	593,054
367,074	604,102	768,551	653,734	451,300	284,191
681,048	903,971	910,311	365,884	302,052	220,397
13,783,575	13,231,772	14,036,422	12,641,986	11,280,357	10,095,895
2,156,711	2,053,184	1,901,283	1,714,531	1,720,927	1,587,426
480,887	516,069	511,953	514,913	421,851	449,745
1,411,752	1,443,277	1,265,297	1,248,013	1,223,340	1,278,802
1,768,270	1,924,663	1,556,431	899,827	984,730	846,446
3,321,261	3,061,942	2,716,267	2,313,687	2,312,848	1,489,590
573,533	509,223	445,929	533,722	384,786	402,091
1,787,404	1,400,817	1,414,191	1,312,669	1,203,923	1,104,097
215,994	506,128	449,629	178,861	149,786	158,392
1,809,695	2,106,582	1,417,441	1,387,082	1,247,880	163,663
2,414,730	1,761,521	3,617,262	7,535,865	6,691,149	1,606,225
15,940,237	15,283,406	15,295,683	17,639,170	16,341,220	9,086,477

Schedule 6

Dickinson County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2013

Grantor/Program	CFDA Numbe:	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>\$ 25,652</u>
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-13-73	<u>19,841</u>
Violence Against Women Formula Grants	16.588	VW-13-73	<u>33,583</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C030(41)--8J-30	<u>284,971</u>
Iowa Department of Public Safety, Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 13-03, Task 145	<u>4,500</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health			
Public Health Emergency Preparedness	93.069	5883BT30	<u>31,838</u>
Immunization Cooperative Agreements	93.268	5882I426	<u>6,297</u>
Immunization Cooperative Agreements	93.268	5883I426	<u>1,806</u>
			<u>8,103</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Program	93.566		<u>119</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>5,912</u>
Foster Care_Title IV-E	93.658		<u>8,936</u>
Adoption Assistance	93.659		<u>2,489</u>
Social Services Block Grant	93.667		<u>7,776</u>
Medical Assistance Program	93.778		<u>25,559</u>
Children's Health Insurance Program	93.767		<u>98</u>
Children's Health Insurance Program	93.767	75X5551	<u>56,565</u>
			<u>56,663</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation Grant	97.039	DR-1763-0013-01	<u>18,611</u>
Emergency Management Performance Grants	97.042		<u>25,700</u>
Homeland Security Grant Program	97.067	EMW-2012-SS-00028-07	<u>5,813</u>
Total			<u>\$ 566,066</u>

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

See accompanying independent auditor's report.



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

To the Officials of Dickinson County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-13 and II-B-13 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-13 through II-H-13 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Dickinson County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 27, 2014

**Independent Auditor's Report on Compliance
for Each Major Federal Program, and on Internal Control over Compliance
Required by OMB Circular A-133**

Dickinson County



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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Dickinson County:

Report on Compliance for Each Major Federal Program

We have audited Dickinson County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. Dickinson County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Dickinson County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dickinson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Dickinson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Dickinson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.


Report on Internal Control Over Compliance


The management of Dickinson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dickinson County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickinson County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 27, 2014

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dickinson County did not qualify as a low-risk auditee.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 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:

	<u>Applicable Offices</u>
(1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from those for recording and accounting for cash receipts.	County Recorder, County Sheriff and Ag Extension
(2) Preparing bank reconciliations and handling and recording cash functions are not segregated. Bank reconciliations are not reviewed by an independent person for propriety. The change fund is shared among employees and is not verified by surprise counts.	County Recorder and County Sheriff
(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 Dickinson County Extension Office typically has three full-time employees, two part-time temporary employees and an off-site bookkeeper on staff. Because of the small staffing on any given day, any of the staff may be asked to record/receipt financial transactions, such as resale of publications or registration fees for programs.

Dickinson County

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

The full-time office assistant is responsible for preparing and making deposits. Reconciliation with bank statements is performed by our offsite bookkeeper and reviewed by the regional extension director, county extension director, office assistant and our nine-person elected official Extension Council on a monthly basis.

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

County Sheriff – We will try to do what your recommendations tell us to do but sometimes it is difficult due to the size of staff. We will try to spread out the duties.

County Recorder – This is difficult with a small staff. Every effort is made to double check processes to assure accuracy. In fiscal year 2014, we began a second review of the bank reconciliations. Change fund is verified with surprise counts, testing each member of the staff at different times throughout the year. A daily register, counter documents and mail in/money detail, is in daily use to address the concern for number three above.

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

II-B-13 Financial Reporting – During the audit, we identified material amounts of receivables and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements. In addition, immaterial payables were noted as coded to the incorrect fiscal year. Adjustments were not made for the immaterial payable errors.

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

Responses –

County Auditor – The County will make every effort possible to ensure all receivables, payables and capital asset additions are included in the County's financial statements.

County Treasurer - The Treasurer's Office works very hard to ensure all miscellaneous funds received after June 30 each year are accounted for in the correct fiscal year. As the money is sometimes dropped into the County's bank accounts without identifying information as to which fiscal year it should be credited to this often involves calling the State of Iowa's Department of Management to get more information on the amounts received after June 30. The amount in question above was credited to the wrong fiscal year following a phone call by the Dickinson County Treasurer to the State and being told it should not be accrued, so it was not accrued. The State Auditor team later identified it as an amount that should have been accrued.

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It would be helpful for County Treasurers, including the Dickinson County Treasurer, to have the fiscal year identified for each State payment listed by the State on the web portals operated by the Iowa Department of Administrative Services (<https://i3public.iowa.gov/payments/index.faces>) and the State Treasurer's website (<http://www.treasurer.state.ia.us/roadusetax/index.cfm>) to eliminate guesswork.

The Dickinson County Treasurer also received information from the State Auditor's team during this last audit on which payments are typically accrued to the past fiscal year that arrive in the County's bank accounts after June 30. This will be helpful in identifying future payments that need to be accrued to the past fiscal year.

The Dickinson County Treasurer also contacts each department in the County each July, reminding them to mark any funds sent to the Treasurer's office if they need to be accrued. The Dickinson County Treasurer contacts the departments again in the fall regarding miscellaneous funds received from each following June 30 through September to properly identify any of the department funds needing to be accrued to the prior fiscal year.

Conclusion – Responses accepted.

II-C-13 Computer System – The County does not have an adequate written disaster recovery plan for its computer system.

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

Response – The County has set up additional computer disaster recovery systems off site. We will include this information in our draft disaster recovery plan and continue to complete this project.

Conclusion – Response accepted.

II-D-13 Compensatory Time and Compensatory Time for Holiday Pay – Section 5.10 of the County's personnel policy states, "Salaried non-exempt employees will receive compensatory time at the rate of one and one half (1½) for any hours in excess of 40 hours per week in accordance with the Fair Labor Standards Act." However, the policy does not address how soon these hours must be used, how many hours can be carried over from year to year or the disposition of unused compensatory time at the end of employment with the County.

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

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

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

Response – The carryover balance of compensatory time is being updated in our Personnel Policy. This will address how soon hours can be used and how many hours will be allowed to be carried over from year to year.

Conclusion – Response accepted.

II-E-13 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 for the entire year.

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

Response – During fiscal year 2014, the Recorder’s Office will complete revenue and expense reports for every month and reconcile to the beginning and ending book balances.

Conclusion – Response accepted.

II-F-13 Timely Deposit – Receipts were not deposited timely by the County Sheriff.

Recommendation – All receipts should be deposited timely.

Response – We will try to do them weekly.

Conclusion – Response accepted.

II-G-13 County Sheriff’s Office – A reconciliation of book to bank balances was performed for all accounts as of June 30, 2013. The general and garnishment accounts had a combined variance of \$1,757 between the book and bank balances at that date.

Recommendation – A reconciliation of book to bank balances should be performed monthly. Variances, if any, should be resolved timely.

Response – A report we didn’t know existed is being done at this time.

Conclusion – Response accepted.

II-H-13 County Credit Card – Per the County’s credit card policy, original receipts documenting charges are required for all purchases. For one of fifty-two transactions tested, a receipt was not submitted. For eleven of fifty-two transactions tested, an original itemized receipt was not submitted, although a credit card receipt was submitted. For two of fifty-two transactions, the public purpose was not documented on the receipt.

Recommendation – Itemized receipts should be maintained for all credit card charges. Supporting documentation should include the business purpose for any questionable purchases.

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Response – The County will make every effort to comply with the recommendation by collecting the appropriate supporting documentation for each transaction and all detail regarding the public purpose of the transaction.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Dickinson County
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

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

Dickinson County

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Year ended June 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the capital project function. Disbursements exceeded the amount budgeted in the non-program function prior to amendment. Also, disbursements for six departments exceeded the amount appropriated prior to amendment.

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

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

Response – The County will diligently make every effort to be in compliance with Chapters 331.435 and 331.434 Code of Iowa. Decreases and increases between one office or department to another can be made by Board of Supervisor Resolution before disbursements are allowed to exceed appropriation.

Conclusion – Response accepted.

IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-13 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-13 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Brandon Vodraska, Deputy Sheriff, Owner of 911 Installs	Vehicle equipment installs/uninstalls	\$ 10,245

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

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

Response – We will get bids the next time it exceeds \$1,500.

Conclusion – Response accepted.

Dickinson County

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Year ended June 30, 2013

IV-E-13 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-12 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 Chapter 349.18 of the Code of Iowa by publishing all minutes in the time period required.

Conclusion – Response accepted.

IV-G-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-13 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-13 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, 2013 for the County Extension Office did not exceed the amount budgeted.

IV-J-13 Noncurrent Advance To/From Other Funds – On December 3, 2012, the County advanced \$3,816 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 follow proper procedures and comply with Iowa Code Chapters 331.478 and 331.479 regarding holding a public hearing prior to incurring noncurrent debt. The Board of Supervisors will approve advances before they are made by taking Board action.

Conclusion – Response accepted.

Dickinson County

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- IV-K-13 Annual Urban Renewal Report – The urban renewal annual report was approved but was not certified to the Iowa Department of Management on or before December 1. The report was filed on January 8, 2013.

In addition, the following exceptions were noted:

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

Recommendation – The County should file the urban renewal annual report timely and ensure the amounts reported on the Levy Authority Summary page agree with and are supported by the County's records.

Response – Going forward, the Urban Renewal annual report will be filed in a timely manner and we will make stringent efforts to file an accurate report making sure all areas of the report are in balance with the County's records and every part of the report can be supported and backed up.

Conclusion – Response accepted

- IV-L-13 Financial Condition – At June 30, 2013, the Special Revenue, Resource Enhancement and Protection (REAP) Fund had a deficit fund balance of \$97,320.

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

Response – This deficit is the result of an advance from the General Fund which will be paid off over time as REAP funds are collected.

Conclusion – Response accepted.

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

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

As of June 30, 2013, the development agreement associated with the Silver Shore urban renewal area was fully paid and the required Low and Moderate Income funds had been allocated to the Silver Shore LMI account. However, the Silver Shore Urban Renewal account has a balance of \$101,816 at June 30, 2013, which represents TIF collections in excess of the TIF debt certified.

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Schedule of Findings and Questioned Costs

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

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

Response – The Board will consult with legal counsel regarding the excess TIF collections in Silver Shores Urban Renewal account and proceed upon their advice. Advice will be followed by recommendation of State Auditor in regards to certification of additional TIF debt in DC/Orleans. Auditor’s Office will annually prepare the reconciliation of TIF monies remitted to debt the County and Cities have certified.

Conclusion – Response accepted.

IV-N-13 Urban Renewal Low and Moderate Income (LMI) Assistance – The County has set aside funds from the Silver Shores Urban Renewal Area and the West Bay Estates Urban Renewal Area in accordance with Chapter 403.22 of the Code of Iowa. Chapter 403.22(2) defines how these LMI funds are to be used. During fiscal year 2013 the Board of Supervisors approved allocating \$446,489 of LMI funds to the Lake Park Housing Authority, a private non-profit corporation.

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 states, “No public money or property shall be appropriated for local, or private purposes, unless such appropriation, compensation or claim, be allowed by two thirds of the members elected to each branch of the General Assembly.”

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We previously requested a letter of advice from the Iowa Attorney General regarding the propriety of a gift to a private non-profit organization. The Iowa Attorney General issued a later of advice (advice letter) dated April 22, 2008. The advice letter states, in part:

“...I do not believe that a city library board may simply donate funds received from private donors to a private non-profit organization to use and invest as the non-profit organization sees fit. Unless the library board retains the ability to oversee expenditures and to demand return of the funds in the event that future trustees do not agree with that delegation of control over the funds, the transaction violates the public purpose and non-delegation principles discussed above. Further, even if safeguards are put in place to assure ongoing oversight and control, I believe that the funds continue to be ‘public funds’, subject to the deposit and investment standards contained in Code sections 12B and 12C (of the Code of Iowa) and that the funds must be earmarked and spent for the purpose for which the gift was given. A 28E agreement may provide a vehicle to facilitate joint public and private influence over the use of gifts received by a governmental body, by incorporating ongoing public oversight and accountability to the joint undertaking

A 28E agreement, as described in the advice letter, does not exist. We are not aware of any statutory authority for the County to relinquish its fiduciary responsibility over the LMI funds to a separate non-profit organization.

Recommendation – The County should either recover the remaining LMI funds held by the Authority or develop a 28E agreement as described in the advice letter. A 28E agreement, at a minimum, should include rules over the investment of LMI funds, a requirement the funds only be used in accordance with Chapter 403.22(2) of the Code of Iowa, periodic reporting to the County describing how the funds have been used and a provision to allow the County to request the return of funds if the County determines the funds have been used inappropriately.

Response – The County has begun the process of developing a 28E agreement with the Authority to govern the use of LMI funds paid to the Authority.

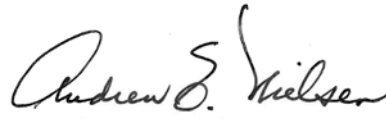
Conclusion – Response accepted.

Dickinson County

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager
Keith C. Kistenmacher, Senior Auditor
Benjamin P. James, Assistant Auditor
Trent M. Mussman, Assistant Auditor
Amanda L. Burt, Assistant Auditor
Ryan J. Pithan, Assistant Auditor
Luke D. Bernhard, Assistant Auditor

A handwritten signature in black ink, reading "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