



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen

FOR RELEASE March 31, 2015

515/281-5834

Auditor of State Mary Mosiman today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$154,030,407 for the year ended June 30, 2014, which included \$3,319,092 in tax credits from the state. The County forwarded \$134,765,215 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$19,265,192 of the local tax revenue to finance County operations, a 2.2% decrease from the prior year. Other revenues included charges for service of \$6,593,203, operating grants, contributions and restricted interest of \$6,769,530, capital grants, contributions and restricted interest of \$253,400, tax increment financing of \$98,441, unrestricted investment earnings of \$123,790, gain on disposition of capital assets of \$436,218 and other general revenues of \$199,611.

Expenses for County operations for the year ended June 30, 2014 totaled \$30,512,562, a 1.9% increase over the prior year. Expenses included \$9,003,836 for roads and transportation, \$8,355,135 for public safety and legal services and \$3,495,388 for county environment and education.

A copy of the audit report is available for review in the County Auditor's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1410-0025-B00F.pdf>.

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DALLAS COUNTY

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

JUNE 30, 2014

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Dallas County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kim Chapman	Board of Supervisors	Jan 2015
Brad Golightly	Board of Supervisors	Jan 2015
Mark Hanson	Board of Supervisors	Jan 2017
Gene Krumm	County Auditor	Jan 2017
Darrell Bauman	County Treasurer	Jan 2015
Chad C. Airhart	County Recorder	Jan 2015
Chad Leonard	County Sheriff	Jan 2017
Wayne M. Reisetter	County Attorney	Jan 2015
Steve C. Helm	County Assessor	Jan 2016

Dallas County



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Independent Auditor's Report

To the Officials of Dallas 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 Dallas County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 56 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 Dallas County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 March 11, 2015 on our consideration of Dallas 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 Dallas County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 11, 2015

Dallas County

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Dallas County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased approximately \$1,348,000 from fiscal year 2013 to fiscal year 2014, or 3.8%. Capital grants, contributions and restricted interest decreased approximately \$3,630,000 while charges for service increased approximately \$852,000 and operating grants, contributions and restricted interest increased approximately \$1,341,000.
- Program expenses of the County's governmental activities for fiscal year 2014 increased approximately \$579,000, or 1.9%, from fiscal year 2013.
- The County's net position increased 4.0%, or approximately \$3.2 million, from June 30, 2013 to June 30, 2014, compared to an increase of approximately \$5.1 million from June 30, 2012 to June 30, 2013.
- The governmental funds' ending fund balances increased from \$27,336,493 at June 30, 2013 to \$29,789,576 at June 30, 2014.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING DALLAS COUNTY AS A WHOLE

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three kinds of funds:

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

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

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

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

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

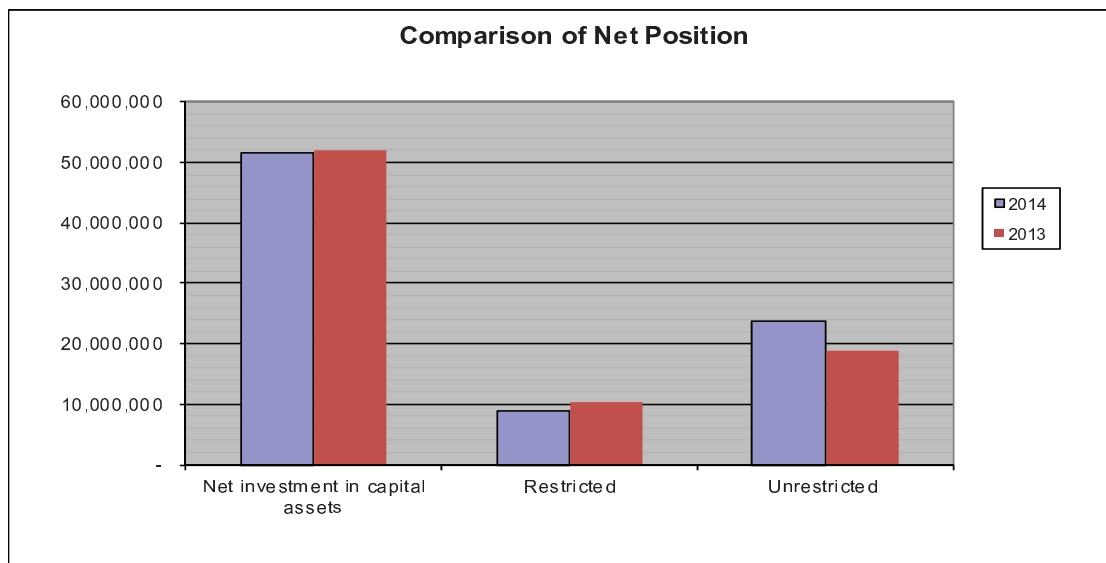
The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Dallas County's combined net position increased from a year ago, increasing from approximately \$81.2 million to approximately \$84.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

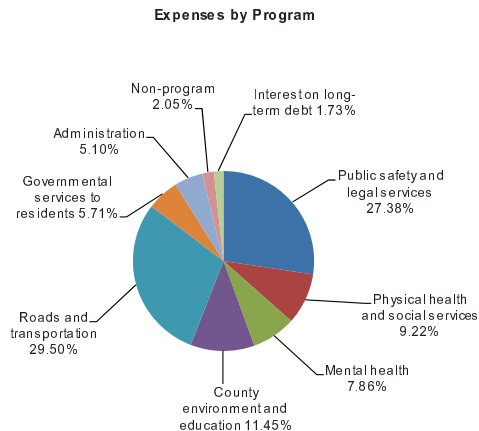
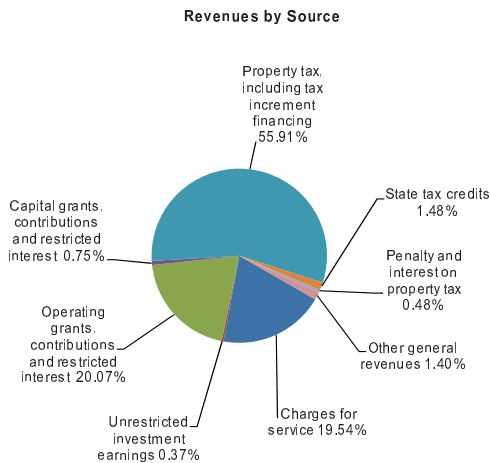
Net Position of Governmental Activities		
	June 30,	
	2014	2013
Current and other assets	\$ 54,023,386	52,454,126
Capital assets	63,136,449	64,810,512
Total assets	117,159,835	117,264,638
Long-term liabilities	12,567,639	13,878,149
Other liabilities	1,775,166	22,179,282
Total liabilities	14,342,805	36,057,431
Deferred inflows of resources	18,383,000	18,768,000
Net position:		
Net investment in capital assets	51,710,459	52,024,673
Restricted	8,868,842	10,366,434
Unrestricted	23,854,729	18,816,100
Total net position	\$ 84,434,030	81,207,207



Dallas County's combined net position (which is the County's bottom line) increased \$3,226,823 (a 4% increase), compared to a \$5,147,965 increase in fiscal year 2013. The largest portion of Dallas 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 may 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 \$5,038,629 over June 30, 2013 to \$23,854,729 at June 30, 2014. This is due, in part, to the Special Revenue, Mental Health Fund going from a deficit fund balance at June 30, 2013 to a positive fund balance at June 30, 2014. The unrestricted balances held in the General and Internal Service, Professional Services and Employee Group Health Funds also increased over the prior year’s unrestricted amounts.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2014	2013
Revenues:		
Program revenues:		
Charges for service	\$ 6,593,203	5,741,542
Operating grants, contributions and restricted interest	6,769,530	5,428,346
Capital grants, contributions and restricted interest	253,400	3,883,836
General revenues:		
Property tax, including tax increment financing	18,865,196	19,250,789
Penalty and interest on property tax	162,449	152,413
State tax credits	498,437	454,558
Unrestricted investment earnings	123,790	99,240
Other general revenues	473,380	76,859
Total revenues	33,739,385	35,087,583
Program expenses:		
Public safety and legal services	8,355,135	7,863,672
Physical health and social services	2,812,854	2,883,199
Mental health	2,398,868	2,574,974
County environment and education	3,495,388	3,081,038
Roads and transportation	9,003,836	8,917,506
Governmental services to residents	1,742,770	1,763,806
Administration	1,556,028	1,583,291
Non-program	626,974	710,045
Interest on long-term debt	526,709	562,087
Total expenses	30,518,562	29,939,618
Change in net position	3,226,823	5,147,965
Net position beginning of year	81,207,207	76,059,242
Net position end of year	\$ 84,434,030	81,207,207



For the year ended June 30, 2014, governmental activities revenues totaled \$33,739,385, a decrease of \$1,348,198 from fiscal year 2013. Property and other county tax revenue, the County's largest revenue source, decreased approximately \$385,600, while capital grants, contributions, and restricted interest decreased approximately \$3,630,000, primarily due to road construction funded through the Iowa Department of Transportation in the prior year.

The cost of all governmental activities this year was \$30,512,562 compared to \$29,939,618 last year, an increase of \$572,944. However, as shown in the Statement of Activities on page 19, the amounts taxpayers ultimately financed for these activities was approximately \$16.9 million because some of the cost was paid by those directly benefited from the programs (approximately \$6.6 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7.0 million).

Dallas County's county-wide property tax levy rates decreased from \$8.2178 to \$7.82452 per \$1,000 of taxable valuation for fiscal year 2014. The general basic levy rate for fiscal year 2014 decreased from \$3.50 to \$3.16371 per \$1,000 of taxable valuation. The rural tax levy rate for fiscal year 2014 remained the same at \$3.95 per \$1,000 of taxable valuation. The mental health levy decreased from \$.41506 to \$.38589 per \$1,000 of taxable valuation. The debt service levy decreased from \$.35274 to \$.32492 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$278,508,000 over the prior year.

MAJOR FUND ANALYSIS AND HIGHLIGHTS

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$29,789,576, which is greater than the fiscal year 2013 combined fund balance of \$27,336,493.

The General Fund's ending fund balance increased \$303,345 to \$11,636,916. Of the ending fund balance, approximately \$760,000 is committed for County conservation and approximately \$1.5 million is committed for other County purposes. The general basic levy rate decreased from \$3.50 to \$3.16371 per \$1,000 of taxable valuation and the general supplemental levy rate remained at zero for fiscal year 2014.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$3,461,000, an increase of 51.6% over the prior year. The significant increase in revenues is due to receipt of approximately \$1.3 million of equalization dollars from the Iowa Department of Human Services during the current year. Expenditures totaled approximately \$1,522,000, a decrease of 15% from the prior year. The decrease is primarily due to the reorganization of mental health services, including the change in the method the State pays for Medicaid reimbursed services. The Mental Health Fund balance at year end increased approximately \$1,939,000 over the prior year to \$1,465,858 at June 30, 2014.

The Special Revenue, Rural Services Fund ended fiscal year 2014 with a \$414,593 balance, an increase of \$61,378 from the prior year ending balance. The rural services tax levy rate remained unchanged at \$3.95 per \$1,000 of taxable valuation while property valuations increased approximately 4.1%. The majority of the property tax is transferred to the Special Revenue, Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Special Revenue, Secondary Roads Fund ended fiscal year 2014 with a balance of \$3,358,324, a 3.4% decrease compared to the fiscal year 2013 balance of \$3,477,455. Of the ending fund balance, \$678,265 is non-spendable and \$2,680,059 is restricted for road purposes. Expenditures increased 2.7%, or approximately \$196,000, over the prior year.

The Capital Projects Fund ended fiscal year 2014 with a fund balance of \$10,221,991 compared to the fiscal year 2013 balance of \$9,924,658, a 3% increase.

BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2014, Dallas County amended the operating budget two times. The first amendment was made in October 2013 to increase budgeted disbursements approximately \$2,771,000 and reduce budgeted receipts for State supplemental funding for mental health by \$1,261,441. Budgeted disbursements increased \$811,991 for the Sheriff, County Attorney, Courts and EMS for projects carried forward from fiscal year 2013, \$123,759 for changes in expenses for Public Health, Veterans and General Assistance, \$65,129 carried over from fiscal year 2013 for sanitary disposal and wet lands bank maintenance, \$1,381,300 for additional road projects, \$180,416 of carry-over expense for elections, \$611,396 for administration carried forward from fiscal year 2013 and \$777,513 in capital projects for additional road projects, conservation and planned Courthouse projects. In addition, the mental health function budget was decreased \$1,235,374 due to a decrease in funding. The second amendment was made in May 2014 to increase budgeted disbursements approximately \$382,000 for an EMS vehicle purchase, Sheriff's equipment and retirement costs.

Actual disbursements for the year totaled \$30,436,242, which was \$12,061,218 under budgeted disbursements. Capital projects disbursements were approximately \$7.5 million under budget because the County match dollars for a proposed jail and administration bond issue did not pass and public safety and legal services disbursements were approximately \$1.2 under budget due to carrying forward capital equipment purchases. Actual net receipts for fiscal year 2014 were \$30,577,747, which was approximately \$377,000 less than budgeted due, in part, to the timing of reimbursable grant receipts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, Dallas County had \$63,136,449 invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$64,810,512 at the end of fiscal year 2013. The County's net capital assets decreased \$1,674,063, or about 2.58%, from the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2014	2013
Land	\$ 6,115,563	6,115,563
Intangibles, road network	650,456	650,456
Construction in progress	322,785	5,976,773
Buildings and improvements	20,005,250	20,546,274
Equipment and vehicles	4,317,107	4,272,618
Intangibles	63,634	79,116
Infrastructure	31,661,654	27,169,712
Total	\$ 63,136,449	64,810,512
This year's major additions included:		
Sheriff vehicles		\$ 190,291
Motorgraders		528,564
Dump truck and Secondary Roads equipment		403,820
Ambulance		148,459
Bike trail project		125,681
Total		\$ 1,396,815

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

Long-Term Debt

At June 30, 2014, Dallas County had \$11,455,356 of outstanding debt versus \$12,787,069 last year, a net decrease of \$1,331,713.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2014	2013
Capital lease purchase agreement	\$ 60,990	90,010
General obligation bonds	8,795,000	9,700,829
General obligation capital loan notes	2,570,000	2,995,000
Drainage district warrants	29,366	1,230
Total	\$ 11,455,356	12,787,069

The net change is a result of scheduled payments on the County's general obligation bonds and notes and capital lease purchase agreement and an increase in drainage district warrants. Article XI, Section 3 of the Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the actual value of all taxable property within the County's corporate limits. Dallas County's outstanding general obligation debt is significantly below its constitutional debt limit (\$6,919,637,607 X .05 = \$345,981,880). Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Dallas County's elected and appointed officials and citizens considered numerous issues when setting the fiscal year 2015 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. In an ongoing effort to maintain County services without raising tax levies, the Dallas County Board of Supervisors is committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa. It was ranked 21st in the nation for growth between July 2012 and July 2013 with a 3.5% increase in population. The unemployment rate in Dallas County stands at 4% as of June 30, 2014, compared to last year's rate of 4% and the State average of 4.4%. Budgeted disbursements for the fiscal year 2015 operating budget are approximately \$34 million, an increase of about \$4 million in spending from the prior year's actual disbursements. The increase is due, in part, to remodeling the former county care facility for human services offices. The budget estimates a total ending fund balance of approximately \$14.7 million at the close of fiscal year 2015.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Dallas County

Basic Financial Statements

Exhibit A

Dallas County
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash, pooled investments and cash equivalents	\$ 33,657,100
Receivables:	
Property tax:	
Delinquent	15,272
Succeeding year	18,280,000
Interest and penalty on property tax	8,947
Succeeding year tax increment financing	103,000
Accounts	625,354
Accrued interest	7,362
Drainage assessments	28,796
Due from other governments	520,389
Inventories	655,323
Prepaid insurance	121,843
Capital assets, net of accumulated depreciation/amortization	63,136,449
Total assets	<u>117,159,835</u>
Liabilities	
Accounts payable	1,183,256
Accrued interest payable	42,490
Salaries and benefits payable	485,492
Due to other governments	63,928
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	29,992
General obligation bonds	955,000
General obligation capital loan notes	450,000
Drainage district warrants	29,366
Compensated absences	592,993
Portion due or payable after one year:	
Capital lease purchase agreement	30,998
General obligation bonds	7,840,000
General obligation capital loan notes	2,120,000
Compensated absences	322,690
Net OPEB liability	196,600
Total liabilities	<u>14,342,805</u>
Deferred Inflows of Resources:	
Unavailable property tax revenue	18,280,000
Unavailable tax increment financing revenue	103,000
Total deferred inflows of resources	<u>18,383,000</u>
Net Position	
Net investment in capital assets	51,710,459
Restricted for:	
Supplemental levy purposes	840,079
Mental health	1,430,783
Rural services purposes	374,743
Secondary roads purposes	2,974,049
Drainage district purposes	74,383
Debt service	313,758
Capital projects	310,186
Economic development loans	406,403
Other purposes	2,144,458
Unrestricted	23,854,729
Total net position	<u>\$ 84,434,030</u>

See notes to financial statements.

Dallas County
Statement of Activities
Year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 8,355,135	1,602,041	311,958	-	(6,441,136)
Physical health and social services	2,812,854	1,347,724	599,262	-	(865,868)
Mental health	2,398,868	642,667	1,937,444	-	181,243
County environment and education	3,495,388	262,810	179,276	253,400	(2,799,902)
Roads and transportation	9,003,836	85,129	3,609,343	-	(5,309,364)
Governmental services to residents	1,742,770	1,728,450	1,675	-	(12,645)
Administration	1,556,028	63,371	54,867	-	(1,437,790)
Non-program	626,974	861,011	75,705	-	309,742
Interest on long-term debt	520,709	-	-	-	(520,709)
Total	\$30,512,562	6,593,203	6,769,530	253,400	(16,896,429)
General Revenues:					
Property and other county tax levied for:					
General purposes					17,357,582
Debt service					1,409,173
Tax increment financing					98,441
Penalty and interest on property tax					162,449
State tax credits					498,437
Unrestricted investment earnings					123,790
Gain on disposition of capital assets					436,218
Miscellaneous					37,162
Total general revenues					20,123,252
Change in net position					3,226,823
Net position beginning of year					81,207,207
Net position end of year					\$ 84,434,030

See notes to financial statements.

Dallas County
Balance Sheet
Governmental Funds

June 30, 2014

	Special		
	General	Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ 11,865,024	1,633,589	421,046
Conservation Foundation	-	-	-
Receivables:			
Property tax:			
Delinquent	10,008	1,181	3,034
Succeeding year	11,718,000	1,388,000	3,715,000
Interest and penalty on property tax	8,947	-	-
Succeeding year tax increment financing	-	-	-
Accounts (net allowance for doubtful ambulance accounts of \$160,133)	566,808	200	-
Accrued interest	6,271	-	-
Drainage assessments	-	-	-
Due from other funds	5,807	-	-
Due from other governments	277,190	-	-
Inventories	-	-	-
Prepaid insurance	98,618	109	-
Total assets	\$ 24,556,673	3,023,079	4,139,080

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
2,696,650	10,215,974	2,564,226	29,396,509
-	-	87,131	87,131
-	-	1,049	15,272
-	-	1,459,000	18,280,000
-	-	-	8,947
-	-	103,000	103,000
3,046	6,730	41,764	618,548
-	-	583	6,854
-	-	28,796	28,796
-	-	-	5,807
243,199	-	-	520,389
655,323	-	-	655,323
22,942	-	-	121,669
3,621,160	10,222,704	4,285,549	49,848,245

(Continued)

Dallas County
Balance Sheet
Governmental Funds

June 30, 2014

	General	Special	
		Mental Health	Rural Services
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 431,823	120,136	6,584
Salaries and benefits payable	331,569	28,808	-
Due to other funds	-	5,807	-
Due to other governments	42,886	13,482	-
Total liabilities	806,278	168,233	6,584
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	11,718,000	1,388,000	3,715,000
Succeeding year tax increment financing	-	-	-
Other	395,479	988	2,903
Total deferred inflows of resources	12,113,479	1,388,988	3,717,903
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid insurance	98,618	109	-
Restricted for:			
Supplemental levy purposes	823,621	-	-
Mental health purposes	-	1,465,749	-
Rural services purposes	-	-	414,593
Secondary roads purposes	-	-	-
Drainage district purposes	-	-	-
Conservation land acquisition/capital improvements	131,195	-	-
Debt service	-	-	-
Capital projects	-	-	-
Forfeitures	-	-	-
Other purposes	156,163	-	-
Committed for:			
County conservation	759,867	-	-
Public health	1,017,855	-	-
County farm	218,381	-	-
County care facility	167,911	-	-
Jail commissary	80,637	-	-
Assigned for:			
Departmental purposes	1,493,772	-	-
Equipment	755,926	-	-
Capital projects	-	-	-
Unassigned	5,932,970	-	-
Total fund balances	11,636,916	1,465,858	414,593
Total liabilities, deferred inflows of resources and fund balances	\$ 24,556,673	3,023,079	4,139,080

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
164,677	713	1,979	725,912
92,019	-	-	452,396
-	-	-	5,807
6,140	-	-	62,508
262,836	713	1,979	1,246,623
-	-	1,459,000	18,280,000
-	-	103,000	103,000
-	-	29,676	429,046
-	-	1,591,676	18,812,046
655,323	-	-	655,323
22,942	-	-	121,669
-	-	-	823,621
-	-	-	1,465,749
-	-	-	414,593
2,680,059	-	-	2,680,059
-	-	74,953	74,953
-	-	947,818	1,079,013
-	-	355,368	355,368
-	310,186	-	310,186
-	-	388,093	388,093
-	-	927,592	1,083,755
-	-	-	759,867
-	-	-	1,017,855
-	-	-	218,381
-	-	-	167,911
-	-	-	80,637
-	-	-	1,493,772
-	-	-	755,926
-	9,911,805	-	9,911,805
-	-	(1,930)	5,931,040
3,358,324	10,221,991	2,691,894	29,789,576
3,621,160	10,222,704	4,285,549	49,848,245

Dallas County

Dallas County

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

June 30, 2014

Total governmental fund balances (page 23) \$ 29,789,576

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, excluding Internal Service Funds, is \$101,593,448 and the accumulated depreciation/amortization is \$38,891,180. 62,702,268

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 429,046

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

Capital assets of \$1,008,646, less accumulated depreciation/amortization of \$574,465	\$ 434,181	
Compensated absences	(46,970)	
Net OPEB liability	(11,894)	
Other net position	3,689,088	4,064,405

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes payable, capital lease purchase agreement payable, drainage district warrants payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (12,551,265)

Net position of governmental activities (page 18) \$ 84,434,030

See notes to financial statements.

Dallas County

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

Year ended June 30, 2014

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 12,114,295	1,477,519	3,774,012
Interest and penalty on property tax	152,944	-	-
Tax increment financing	-	-	-
Intergovernmental	3,288,213	1,974,818	122,385
Licenses and permits	171,494	-	-
Charges for service	2,611,346	-	-
Use of money and property	204,800	-	-
Miscellaneous	495,615	8,449	-
Total revenues	19,038,707	3,460,786	3,896,397
Expenditures:			
Operating:			
Public safety and legal services	8,259,997	-	-
Physical health and social services	2,889,683	-	-
Mental health	851,001	1,522,143	-
County environment and education	2,619,452	-	263,571
Roads and transportation	-	-	471,461
Governmental services to residents	1,822,566	-	-
Administration	1,551,918	-	-
Non-program	17,363	-	-
Debt service	170,720	-	-
Capital projects	37	-	-
Total expenditures	18,182,737	1,522,143	735,032
Excess (deficiency) of revenues over (under) expenditures	855,970	1,938,643	3,161,365
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(552,625)	-	(3,099,987)
Drainage warrants/drainage improvement certificates issued	-	-	-
Total other financing sources (uses)	(552,625)	-	(3,099,987)
Change in fund balances	303,345	1,938,643	61,378
Fund balances beginning of year	11,333,571	(472,785)	353,215
Fund balances end of year	\$ 11,636,916	1,465,858	414,593

See notes to financial statements.

Revenue			
Secondary Roads	Capital Projects	Nonmajor	Total
-	-	1,409,129	18,774,955
-	-	-	152,944
-	-	98,441	98,441
3,739,108	113,760	316,993	9,555,277
200	-	-	171,694
20	57,606	19,215	2,688,187
1,436	-	112,739	318,975
65,506	1,000	120,747	691,317
<u>3,806,270</u>	<u>172,366</u>	<u>2,077,264</u>	<u>32,451,790</u>
-	-	102,942	8,362,939
-	-	-	2,889,683
-	-	-	2,373,144
-	13,025	142,178	3,038,226
7,267,048	-	-	7,738,509
-	-	20,387	1,842,953
-	-	-	1,551,918
-	-	-	17,363
-	-	1,645,155	1,815,875
255,759	118,814	21,623	396,233
<u>7,522,807</u>	<u>131,839</u>	<u>1,932,285</u>	<u>30,026,843</u>
(3,716,537)	40,527	144,979	2,424,947
3,597,406	256,806	64,755	3,918,967
-	-	(266,355)	(3,918,967)
-	-	28,136	28,136
<u>3,597,406</u>	<u>256,806</u>	<u>(173,464)</u>	<u>28,136</u>
(119,131)	297,333	(28,485)	2,453,083
3,477,455	9,924,658	2,720,379	27,336,493
<u>3,358,324</u>	<u>10,221,991</u>	<u>2,691,894</u>	<u>29,789,576</u>

Dallas County

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

Year ended June 30, 2014

Change in fund balances - Total governmental funds (page 27) \$ 2,453,083

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

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

Expenditures for capital assets	\$ 1,499,535	
Depreciation/amortization expense	(3,407,888)	(1,908,353)

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds reports the proceeds from the disposition as an increase in financial resources. 284,599

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds. 208,939

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. Repayments exceeded current year issues, as follows:

Issued	(28,136)	
Repaid	1,319,020	1,290,884

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	466	
Interest on long-term debt	5,166	
Other postemployment benefits	(22,199)	
Amortization of bond issuance premium	40,829	
Amortization of bond issue costs	(43,259)	(18,997)

The Internal Service Funds are used by management to charge the costs of various services to individual departments and funds. The increase in net position of the Internal Service Funds is included in governmental activities in the Statement of Net Position. 916,668

Change in net position of governmental activities (page 19) \$ 3,226,823

See notes to financial statements

Dallas County
Statement of Net Position
Proprietary Funds
June 30, 2014

	Internal Service
Assets	
Cash and cash equivalents	\$ 4,173,460
Receivables:	
Accounts	6,806
Accrued interest	508
Prepaid insurance	174
Capital assets, net of accumulated depreciation	434,181
Total assets	4,615,129
Liabilities	
Accounts payable	457,344
Salaries and benefits payable	33,096
Due to other governments	1,420
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	41,540
Portion due or payable after one year:	
Compensated absences	5,430
Net OPEB liability	11,894
Total liabilities	550,724
Net Position	
Net investment in capital assets	434,181
Unrestricted	3,630,224
Total net position	\$ 4,064,405

See notes to financial statements.

Dallas County

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

Year ended June 30, 2014

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,908,591
Reimbursements from employees and others		95,254
Insurance reimbursements		30,404
Miscellaneous		10,384
Total operating revenues		<u>5,044,633</u>
Operating expenses:		
Medical claims	\$ 2,183,238	
Administrative and other fees	189,320	
Central services	362,364	
Information technology	925,021	
Operations administration	301,225	
Human resources	80,259	
Depreciation	92,432	4,133,859
Operating income		<u>910,774</u>
Non-operating revenues (expenses):		
Interest income		8,472
Loss on disposal of capital assets		(2,578)
Net non-operating revenues (expenses)		<u>5,894</u>
Net income		916,668
Net position beginning of year		<u>3,147,737</u>
Net position end of year		<u>\$ 4,064,405</u>
See notes to financial statements.		

Dallas County
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2014

	Internal Service
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 5,009,325
Cash received from insurance reimbursements	40,914
Cash paid to suppliers for services	(4,055,480)
Net cash provided by operating activities	994,759
Cash flows from capital and related financing activities:	
Purchase of equipment	(44,701)
Cash flows from investing activities:	
Interest on investments	8,790
Net increase in cash and cash equivalents	958,848
Cash and cash equivalents beginning of year	3,214,612
Cash and cash equivalents end of year	\$ 4,173,460
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 910,774
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	92,432
Changes in assets and liabilities:	
Decrease in accounts receivable and due from other governments	5,605
Decrease in prepaid insurance	34
Decrease in accounts payable and due to other governments	(18,278)
Increase in salaries and benefits payable	4,722
Decrease in compensated absences	(3,531)
Increase in net OPEB liability	3,001
Net cash provided by operating activities	\$ 994,759

See notes to financial statements.

Dallas County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 4,353,332
Other County officials	510,029

Receivables:

Property tax:

Delinquent	98,372
Succeeding year	132,385,000

Accounts	38,724
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Accrued interest	148
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Special assessments	1,105,323
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Due from other funds	29,250
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Prepaid insurance	2,387
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Total assets	<u>138,522,565</u>
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Liabilities

Accounts payable	24,503
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Salaries and benefits payable	28,671
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Due to other funds	1,638
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Due to other governments	137,827,790
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Trusts payable	557,070
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Compensated absences	82,893
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Total liabilities	<u>138,522,565</u>
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Net Position	<u>\$ -</u>
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See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position 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 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 revenues of the County's Internal Service Funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

Cash, 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 recognized as deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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

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

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net 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	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	10 - 50
Other improvements	10 - 35
Infrastructure	20 - 65
Equipment	2 - 50
Vehicles	3 - 20
Intangibles	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 Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivables which will not be recognized as revenue until the year for which they are levied.

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

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

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

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.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

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 anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$755,381 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Mental Health	<u>\$ 5,807</u>

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

(4) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 497,419
	Special Revenue: Rural Services	<u>3,099,987</u>
		<u>3,597,406</u>
Capital Projects	General	55,206
	Special Revenue: Wetland Bank Maintenance	<u>201,600</u>
		<u>256,806</u>
Debt Service	Special Revenue: Tax Increment Financing	64,755
Total		<u>\$ 3,918,967</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 6,115,563	-	-	6,115,563
Intangibles, road network	650,456	-	-	650,456
Construction in progress	5,976,773	473,898	(6,127,886)	322,785
Total capital assets not being depreciated/amortized	12,742,792	473,898	(6,127,886)	7,088,804
Capital assets being depreciated/amortized:				
Buildings	28,508,157	51,830	-	28,559,987
Improvements other than buildings	748,712	-	-	748,712
Equipment and vehicles	10,858,714	1,303,108	(1,015,815)	11,146,007
Equipment and vehicles - internal service	981,714	44,701	(17,769)	1,008,646
Intangibles	132,880	-	-	132,880
Infrastructure, road network and other	47,789,172	6,127,886	-	53,917,058
Total capital assets being depreciated/amortized	89,019,349	7,527,525	(1,033,584)	95,513,290
Less accumulated depreciation/amortization for:				
Buildings	8,586,924	549,908	-	9,136,832
Improvements other than buildings	123,671	42,946	-	166,617
Equipment and vehicles	7,070,586	1,163,608	(971,113)	7,263,081
Equipment and vehicles - internal service	497,224	92,432	(15,191)	574,465
Intangibles	53,764	15,482	-	69,246
Infrastructure, road network and other	20,619,460	1,635,944	-	22,255,404
Total accumulated depreciation/amortization	36,951,629	3,500,320	(986,304)	39,465,645
Total capital assets being depreciated/amortized, net	52,067,720	4,027,205	(47,280)	56,047,645
Governmental activities capital assets, net	\$ 64,810,512	4,501,103	(6,175,166)	63,136,449

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 674,727
Physical health and social services	12,449
Mental health	69,465
County environment and education	524,373
Roads and transportation	2,033,609
Governmental services to residents	6,697
Administration	179,000
Total depreciation/amortization expense - governmental activities	<u>\$ 3,500,320</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 42,886
Special Revenue:		
Mental Health	Services	13,482
Secondary Roads		6,140
Total for governmental funds		\$ 62,508
Agency:		
County Assessor	Collections	\$ 1,787,812
Schools		67,629,465
Community Colleges		2,469,934
Corporations		57,564,376
City Special Assessments		1,172,840
Auto License and Use Tax		2,237,492
All other		4,965,871
Total for agency funds		\$ 137,827,790

(7) Long-Term Liabilities

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

	Capital Lease Purchase Agreement	General Obligation Bonds	General Obligation Capital Loan Notes	Drainage District Warrants	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 90,010	9,700,829	2,995,000	1,230	919,680	171,400	13,878,149
Increases	-	-	-	28,136	672,874	66,900	767,910
Decreases	29,020	905,829	425,000	-	676,871	41,700	2,078,420
Balance end of year	\$ 60,990	8,795,000	2,570,000	29,366	915,683	196,600	12,567,639
Due within one year	\$ 29,992	955,000	450,000	29,366	592,993	-	2,057,351

Capital Lease Purchase Agreement

The County entered into a capital lease purchase agreement to lease two Secondary Roads tractors. The following is a schedule of the future minimum lease payments, including interest at 3.30% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2014:

Year Ending June 30,	Amount
2015	\$ 32,036
2016	32,036
Total minimum lease payments	64,072
Less amount representing interest	(3,082)
Present value of net minimum lease payments	<u>\$ 60,990</u>

Payments under the capital lease purchase agreement totaled \$32,036 for the year ended June 30, 2014.

General Obligation Bonds

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

Year Ending June 30,	Courthouse Improvements			Courthouse, Jail and Administrative Offices		
	Issued December 28, 2005			Issued June 1, 2008		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	3.75%	\$ 855,000	264,418	4.00%	\$ 100,000	74,655
2016	3.75	985,000	232,355	4.00	100,000	70,655
2017	3.75	1,065,000	195,418	4.00	115,000	66,655
2018	3.80	1,215,000	155,480	4.00	115,000	62,055
2019	3.85	1,340,000	109,310	4.00	115,000	57,455
2020-2024	3.90	1,480,000	57,720	4.00	670,000	213,275
2025-2029		-	-	4.00-4.125	640,000	66,901
Total		<u>\$ 6,940,000</u>	<u>1,014,701</u>		<u>\$ 1,855,000</u>	<u>611,651</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2015	\$ 955,000	339,073	1,294,073
2016	1,085,000	303,010	1,388,010
2017	1,180,000	262,073	1,442,073
2018	1,330,000	217,535	1,547,535
2019	1,455,000	166,765	1,621,765
2020-2024	2,150,000	270,995	2,420,995
2025-2029	640,000	66,901	706,901
Total	<u>\$ 8,795,000</u>	<u>1,626,352</u>	<u>10,421,352</u>

During the year ended June 30, 2014, the County retired \$905,829 of general obligation bonds.

General Obligation Capital Loan Notes

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

Year Ending June 30,	Ortonville Business Park			Capital Improvements		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2015	5.40%	\$ 150,000	58,322	4.75%	\$ 150,000	49,063
2016	5.25	160,000	50,522	4.75	160,000	41,937
2017	5.30	175,000	42,121	4.75	165,000	34,338
2018	5.35	185,000	32,846	5.00	175,000	26,500
2019	5.40	205,000	22,950	5.00	175,000	17,750
2019-2020	5.40	220,000	11,880	5.00	180,000	9,000
Total		\$ 1,095,000	218,641		\$ 1,005,000	178,588

Year Ending June 30,	Maintenance Facility			Total		
	Issued April 1, 2002					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2015	5.00%	\$ 150,000	23,500	450,000	130,885	580,885
2016	5.00	155,000	16,000	475,000	108,459	583,459
2017	5.00	165,000	8,250	505,000	84,709	589,709
2018	-	-	-	360,000	59,346	419,346
2019	-	-	-	380,000	40,700	420,700
2020	-	-	-	400,000	20,880	420,880
Total		\$ 470,000	47,750	2,570,000	444,979	3,014,979

During the year ended June 30, 2014, the County retired \$425,000 of general obligation capital loan notes.

(8) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 5.95% of their annual covered salary and the County is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,041,553, \$972,556 and \$933,105, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 208 active and 16 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits, which is a partially self-funded medical plan, is administered by First Administrators. Retirees under age 65 pay the same premium for the medical/prescription drug 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 actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 66,600
Interest on net OPEB obligation	6,900
Adjustment to annual required contribution	<u>(6,600)</u>
Annual OPEB cost	66,900
Contributions made	<u>(41,700)</u>
Increase in net OPEB obligation	25,200
Net OPEB obligation beginning of year	<u>171,400</u>
Net OPEB obligation end of year	<u>\$ 196,600</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the County contributed \$41,700 to the medical plan. Plan members eligible for benefits contributed \$93,300, or 69% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 90,507	37.9%	\$ 146,619
2013	66,481	62.7	171,400
2014	66,900	62.3	196,600

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$614,200, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$614,200. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,160,000 and the ratio of the UAAL to covered payroll was 6.05%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$497 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

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

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

and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of 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, 2014 were \$318,863.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with First Administrators. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2014 was \$2,704,556.

Amounts payable from the Employee Group Health Fund at June 30, 2014 total \$380,916, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,484,451 at June 30, 2014 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 349,663
Incurred claims (including claims incurred but not reported at June 30, 2014)	2,183,238
Payment on claims during the fiscal year	<u>(2,151,985)</u>
Unpaid claims end of year	<u>\$ 380,916</u>

(12) Industrial Development Revenue Bonds

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

(13) YMCA Revenue Bond

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

(14) Economic Development Agreements

In November 2003, the County entered into a private development agreement with the City of DeSoto and Oak Hill Plantation, L.C. The County agreed to make certain economic development grants to the developer to reimburse the developer for a portion of the cost of the public improvements constructed. The grant payments to be made equal 50% of the tax increment financing collected by the County, but shall not exceed the actual cost

of the public improvements or \$5,500,000. Payments totaling \$17,808 were made to the developer under the terms of the agreement during the year ended June 30, 2014. The cumulative amount paid to the developer at June 30, 2014 was \$123,884.

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in financing an economic development project. The project will be financed through tax increment financing by the City as well as additional funding granted through the County as determined in the 28E agreement. The agreement began in fiscal year 2009 and continues through fiscal year 2019. Payments totaling \$440,000 were made from the General Fund to the City under the terms of the 28E agreement during the year ended June 30, 2014. The cumulative amount paid to the City at June 30, 2014 was \$2,509,543.

In April 2010, the County amended the agreement dated October 2008 with the City of West Des Moines to financially participate in the financing of an economic development project. The County agreed to pay \$307,875, or one half, of the initial costs previously incurred by the City associated with the Microsoft Corporation data center. Beginning with the fiscal year immediately following Microsoft Corporation's announcement to begin construction of a data center, the County will make semi-annual payments of \$220,000 in January and June of each year for the next nine fiscal years. A final payment of \$132,125 will be made in January of the following fiscal year. During fiscal year 2014, the County paid \$521,742 from the General Fund to the City for initial costs incurred for the project. The cumulative amount paid to the City at June 30, 2014 was \$2,149,617.

(15) Pending Litigation

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

(16) County Farm Lease

The County owns the Dallas County Farm (Farm). Effective March 1, 2014, the County entered into a three-year lease with Des Moines Area Community College (DMACC) whereby DMACC operates the Farm. The County is to receive \$61,493 in land and building rent annually.

(17) Deficit Fund Balance

The Special Revenue, Tax Increment Financing Fund had a deficit fund balance of \$1,930 at June 30, 2014. The deficit balance will be eliminated through future collection of tax increment financing revenues.

(18) Prospective Accounting Change

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

Dallas County

Required Supplementary Information

Dallas County

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

Required Supplementary Information

Year ended June 30, 2014

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 18,872,329	-	18,872,329
Interest and penalty on property tax	153,834	-	153,834
Intergovernmental	7,707,264	-	7,707,264
Licenses and permits	176,205	-	176,205
Charges for service	2,720,938	-	2,720,938
Use of money and property	302,905	680	302,225
Miscellaneous	687,548	42,596	644,952
Total receipts	<u>30,621,023</u>	<u>43,276</u>	<u>30,577,747</u>
Disbursements:			
Public safety and legal services	8,293,087	-	8,293,087
Physical health and social services	2,895,725	-	2,895,725
Mental health	2,422,654	-	2,422,654
County environment and education	2,984,166	97,791	2,886,375
Roads and transportation	8,292,269	-	8,292,269
Governmental services to residents	1,806,849	-	1,806,849
Administration	1,515,793	-	1,515,793
Non-program	72,569	-	72,569
Debt service	1,815,876	-	1,815,876
Capital projects	435,045	-	435,045
Total disbursements	<u>30,534,033</u>	<u>97,791</u>	<u>30,436,242</u>
Excess (deficiency) of receipts over (under) disbursements	86,990	(54,515)	141,505
Other financing sources, net	252,136	28,136	224,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	339,126	(26,379)	365,505
Balance beginning of year	29,144,514	188,463	28,956,051
Balance end of year	<u>\$ 29,483,640</u>	<u>162,084</u>	<u>29,321,556</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
19,467,172	19,467,172	(594,843)
154,000	154,000	(166)
8,531,484	7,278,951	428,313
127,985	152,985	23,220
2,376,757	2,384,057	336,881
267,045	267,045	35,180
332,474	496,693	148,259
31,256,917	30,200,903	376,844
8,423,958	9,536,935	1,243,848
3,016,211	3,172,750	277,025
4,378,675	3,143,301	720,647
3,114,647	3,212,731	326,356
7,378,215	8,759,515	467,246
2,225,181	2,417,370	610,521
1,820,633	2,435,329	919,536
58,000	113,206	40,637
1,816,375	1,816,375	499
7,145,472	7,889,948	7,454,903
39,377,367	42,497,460	12,061,218
(8,120,450)	(12,296,557)	12,438,062
-	-	224,000
(8,120,450)	(12,296,557)	12,662,062
21,533,062	28,782,497	173,554
13,412,612	16,485,940	12,835,616

Dallas County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 30,621,023	1,830,767	32,451,790
Expenditures	30,534,033	(507,190)	30,026,843
Net	86,990	2,337,957	2,424,947
Other financing sources, net	252,136	(224,000)	28,136
Beginning fund balances	29,144,514	(1,808,021)	27,336,493
Ending fund balances	\$ 29,483,640	305,936	29,789,576

See accompanying independent auditor's report.

Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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

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

Formal and legal budgetary control is based upon 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, two budget amendments increased budgeted disbursements by \$3,120,093. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted by function.

Dallas County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2010	July 1, 2008	-	\$ 450	450	0.00%	\$ 8,690	5.20%
2011	July 1, 2010	-	486	486	0.00	9,502	5.10
2012	July 1, 2010	-	486	486	0.00	10,313	4.70
2013	July 1, 2012	-	614	614	0.00	11,759	5.22
2014	July 1, 2013	-	614	614	0.00	10,160	6.05

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

See accompanying independent auditor's report.

Supplementary Information

Dallas County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	215,949	342,892	21,043	13,481
Conservation Foundation	-	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Succeeding year tax increment financing	103,000	-	-	-	-
Accounts	-	29,400	-	10,683	43
Accrued interest	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Total assets	\$ 103,000	245,349	342,892	31,726	13,524
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,930	-	49	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	-	-	-	-
Succeeding year tax increment financing	103,000	-	-	-	-
Other	-	-	-	-	-
Total deferred inflows of resources	103,000	-	-	-	-
Fund balances:					
Restricted for:					
Drainage district purposes	-	-	-	-	-
Conservation land acquisition/ capital improvements	-	-	-	-	-
Debt service	-	-	-	-	-
Forfeitures	-	-	342,843	31,726	13,524
Other purposes	-	245,349	-	-	-
Unassigned	(1,930)	-	-	-	-
Total fund balances	(1,930)	245,349	342,843	31,726	13,524
Total liabilities, deferred inflows of resources and fund balances	\$ 103,000	245,349	342,892	31,726	13,524

See accompanying independent auditor's report.

Special Revenue								
Courthouse Restoration	County Recorder's Records Management	Economic Development	Resource Enhancement and Protection	Conservation Conditional Use	Drainage Districts	Conservation Foundation	Debt Service	Total
3,379	75,297	406,351	108,379	947,332	74,953	-	355,170	2,564,226
-	-	-	-	-	-	87,131	-	87,131
-	-	-	-	-	-	-	1,049	1,049
-	-	-	-	-	-	-	1,459,000	1,459,000
-	-	-	-	-	-	-	-	103,000
-	1,638	-	-	-	-	-	-	41,764
-	9	52	7	486	-	-	29	583
-	-	-	-	-	28,796	-	-	28,796
3,379	76,944	406,403	108,386	947,818	103,749	87,131	1,815,248	4,285,549
-	-	-	-	-	-	-	-	1,979
-	-	-	-	-	-	-	1,459,000	1,459,000
-	-	-	-	-	-	-	-	103,000
-	-	-	-	-	28,796	-	880	29,676
-	-	-	-	-	28,796	-	1,459,880	1,591,676
-	-	-	-	-	74,953	-	-	74,953
-	-	-	-	947,818	-	-	-	947,818
-	-	-	-	-	-	-	355,368	355,368
-	-	-	-	-	-	-	-	388,093
3,379	76,944	406,403	108,386	-	-	87,131	-	927,592
-	-	-	-	-	-	-	-	(1,930)
3,379	76,944	406,403	108,386	947,818	74,953	87,131	355,368	2,691,894
3,379	76,944	406,403	108,386	947,818	103,749	87,131	1,815,248	4,285,549

Dallas County

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

Year ended June 30, 2014

	Tax Increment Financing	Wetland Bank Maintenance	County Sheriff Forfeiture	Sheriff Federal Forfeiture	County Attorney Forfeiture	Courthouse Restoration
Revenues:						
Property and other county tax	\$ -	-	-	-	-	-
Tax increment financing	98,441	-	-	-	-	-
Intergovernmental	-	253,400	-	-	-	-
Charges for service	-	-	-	-	-	-
Use of money and property	-	17,379	-	-	-	-
Miscellaneous	-	-	49,433	25,260	3,458	-
Total revenues	98,441	270,779	49,433	25,260	3,458	-
Expenditures:						
Operating:						
Public safety and legal services	-	-	62,794	40,148	-	-
County environment and education	35,616	8,771	-	-	-	-
Governmental services to residents	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Total expenditures	35,616	8,771	62,794	40,148	-	-
Excess (deficiency) of revenues over (under) expenditures	62,825	262,008	(13,361)	(14,888)	3,458	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(64,755)	(201,600)	-	-	-	-
Drainage warrants/drainage improvement certificates issued	-	-	-	-	-	-
Total other financing sources (uses)	(64,755)	(201,600)	-	-	-	-
Change in fund balances	(1,930)	60,408	(13,361)	(14,888)	3,458	-
Fund balances beginning of year	-	184,941	356,204	46,614	10,066	3,379
Fund balances end of year	\$ (1,930)	245,349	342,843	31,726	13,524	3,379

See accompanying independent auditor's report.

Special Revenue								
County	Resource							
Recorder's	Economic	Enhancement	Conservation	Drainage	Conservation	Debt	Total	
Records	Development	and	Conditional	Districts	Foundation	Service		
Management		Protection	Use					
-	-	-	-	-	-	1,409,129	1,409,129	
-	-	-	-	-	-	-	98,441	
-	-	30,816	-	-	-	32,777	316,993	
19,215	-	-	-	-	-	-	19,215	
188	715	200	92,018	64	616	1,559	112,739	
-	-	-	-	-	42,596	-	120,747	
19,403	715	31,016	92,018	64	43,212	1,443,465	2,077,264	
-	-	-	-	-	-	-	102,942	
-	-	-	-	29,637	68,154	-	142,178	
20,387	-	-	-	-	-	-	20,387	
-	-	-	-	-	-	1,645,155	1,645,155	
-	-	21,623	-	-	-	-	21,623	
20,387	-	21,623	-	29,637	68,154	1,645,155	1,932,285	
(984)	715	9,393	92,018	(29,573)	(24,942)	(201,690)	144,979	
-	-	-	-	-	-	64,755	64,755	
-	-	-	-	-	-	-	(266,355)	
-	-	-	-	28,136	-	-	28,136	
-	-	-	-	28,136	-	64,755	(173,464)	
(984)	715	9,393	92,018	(1,437)	(24,942)	(136,935)	(28,485)	
77,928	405,688	98,993	855,800	76,390	112,073	492,303	2,720,379	
76,944	406,403	108,386	947,818	74,953	87,131	355,368	2,691,894	

Dallas County

Dallas County
 Combining Schedule of Net Position
 Internal Service Funds

June 30, 2014

	Professional Services	Employee Group Health	Total
Assets			
Cash and pooled investments	\$ 1,315,176	2,858,284	4,173,460
Receivables:			
Accounts	231	6,575	6,806
Accrued interest	-	508	508
Prepaid insurance	174		174
Capital assets, net of accumulated depreciation/amortization	434,181	-	434,181
Total assets	1,749,762	2,865,367	4,615,129
Liabilities			
Accounts payable	76,428	380,916	457,344
Salaries and benefits payable	33,096	-	33,096
Due to other governments	1,420	-	1,420
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	41,540	-	41,540
Portion due or payable after one year:			
Compensated absences	5,430	-	5,430
Net OPEB liability	11,894	-	11,894
Total liabilities	169,808	380,916	550,724
Net Position			
Net investment in capital assets	434,181	-	434,181
Unrestricted	1,145,773	2,484,451	3,630,224
Total net position	\$ 1,579,954	2,484,451	4,064,405

See accompanying independent auditor's report.

Schedule 4

Dallas County

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

Year ended June 30, 2014

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 2,204,035	2,704,556	4,908,591
Reimbursements from employees and others	-	95,254	95,254
Insurance reimbursements	-	30,404	30,404
Miscellaneous	10,384	-	10,384
Total operating revenues	2,214,419	2,830,214	5,044,633
Operating expenses:			
Medical claims	-	2,183,238	2,183,238
Administrative and other fees	-	189,320	189,320
Central services	454,796	-	454,796
Information technology	925,021	-	925,021
Operations administration	301,225	-	301,225
Human resources	80,259	-	80,259
Total operating expenses	1,761,301	2,372,558	4,133,859
Operating income	453,118	457,656	910,774
Non-operating revenues (expenses):			
Interest income	-	8,472	8,472
Loss on disposal of capital assets	(2,578)	-	(2,578)
Non-operating revenues (expenses)	(2,578)	8,472	5,894
Net income	450,540	466,128	916,668
Net position beginning of year	1,129,414	2,018,323	3,147,737
Net position end of year	\$ 1,579,954	2,484,451	4,064,405

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Cash Flows
Internal Service Funds

Year ended June 30, 2014

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 2,216,090	2,793,235	5,009,325
Cash received from insurance reimbursements	-	40,914	40,914
Cash paid to suppliers for services	(1,714,175)	(2,341,305)	(4,055,480)
Net cash provided by operating activities	<u>501,915</u>	<u>492,844</u>	<u>994,759</u>
Cash flows from capital and related financing activities:			
Purchase of equipment	(44,701)	-	(44,701)
Cash flows from investing activities:			
Interest on investments	-	8,790	8,790
Increase in cash and cash equivalents	457,214	501,634	958,848
Cash and cash equivalents beginning of year	857,962	2,356,650	3,214,612
Cash and cash equivalents end of year	<u>\$ 1,315,176</u>	<u>2,858,284</u>	<u>4,173,460</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 453,118	457,656	910,774
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/amortization	92,432	-	92,432
Changes in assets and liabilities:			
Increase in accounts receivable and due from other governments	1,670	3,935	5,605
Decrease in prepaid insurance	34	-	34
Increase (decrease) in accounts payable and due to other governments	(49,531)	31,253	(18,278)
Increase in salaries and benefits payable	4,722	-	4,722
Decrease in compensated absences	(3,531)	-	(3,531)
Increase in net OPEB liability	3,001	-	3,001
Net cash provided by operating activities	<u>\$ 501,915</u>	<u>492,844</u>	<u>994,759</u>

See accompanying independent auditor's report.

Dallas County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ -	1,269	709,814	275,129	10,842
Other County officials	510,029	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	93	1,000	54,336	2,092
Succeeding year	-	299,000	1,175,000	67,300,000	2,457,000
Accounts	4,131	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid insurance	-	-	274	-	-
Total assets	\$ 514,160	300,362	1,886,088	67,629,465	2,469,934
Liabilities					
Accounts payable	\$ -	-	11,279	-	-
Salaries and benefits payable	-	-	24,210	-	-
Due to other governments	103,716	300,362	1,787,812	67,629,465	2,469,934
Trusts payable	410,444	-	-	-	-
Compensated absences	-	-	62,787	-	-
Total liabilities	\$ 514,160	300,362	1,886,088	67,629,465	2,469,934

See accompanying independent auditor's report.

Corporations	Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
130,574	3,172	67,517	2,237,492	917,523	4,353,332
-	-	-	-	-	510,029
39,802	312	-	-	737	98,372
57,394,000	420,000	-	-	3,340,000	132,385,000
-	-	-	-	34,593	38,724
-	-	-	-	148	148
-	-	1,105,323	-	-	1,105,323
-	-	-	-	29,250	29,250
-	-	-	-	2,113	2,387
57,564,376	423,484	1,172,840	2,237,492	4,324,364	138,522,565
-	-	-	-	13,224	24,503
-	-	-	-	4,461	28,671
57,564,376	423,484	1,172,840	2,237,492	4,138,309	137,827,790
-	-	-	-	148,264	558,708
-	-	-	-	20,106	82,893
57,564,376	423,484	1,172,840	2,237,492	4,324,364	138,522,565

Dallas County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2014

	Agricultural				
	County Offices	Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 180,061	311,293	1,916,152	68,308,467	2,660,056
Additions:					
Property and other county tax	-	298,641	1,174,199	67,251,312	2,455,905
E911 surcharge	-	-	-	-	-
State tax credits	-	7,861	30,220	1,687,765	67,091
Drivers license fees	-	-	-	-	-
Office fees and collections	2,379,687	-	92	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	2,201,807	-	-	-	-
Miscellaneous	-	-	43	2,529	95
Total additions	4,581,494	306,502	1,204,554	68,941,606	2,523,091
Deductions:					
Agency remittances:					
To other funds	1,175,554	-	-	-	-
To other governments	1,216,658	317,433	1,234,618	69,620,608	2,713,213
Trusts paid out	1,855,183	-	-	-	-
Total deductions	4,247,395	317,433	1,234,618	69,620,608	2,713,213
Balances end of year	\$ 514,160	300,362	1,886,088	67,629,465	2,469,934

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Other	Total
49,638,971	442,507	1,297,709	1,904,136	3,992,543	130,651,895
57,003,023	435,353	-	-	3,326,127	131,944,560
-	-	-	-	327,308	327,308
943,385	14,105	-	-	70,228	2,820,655
-	-	-	454,018	-	454,018
-	-	-	-	-	2,379,779
-	-	-	24,596,940	-	24,596,940
-	-	116,562	-	-	116,562
-	-	-	-	985,244	3,187,051
2,286	-	-	-	236,548	241,501
57,948,694	449,458	116,562	25,050,958	4,945,455	166,068,374
-	-	-	843,513	-	2,019,067
50,023,289	468,481	241,431	23,874,089	3,635,064	153,344,884
-	-	-	-	978,570	2,833,753
50,023,289	468,481	241,431	24,717,602	4,613,634	158,197,704
57,564,376	423,484	1,172,840	2,237,492	4,324,364	138,522,565

Dallas County

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

For the Last Ten Years

	2014	2013	2012	2011
Revenues:				
Property and other county tax	\$ 18,774,955	19,141,260	18,439,134	19,118,842
Interest and penalty on property tax	152,944	152,413	201,385	199,956
Tax increment financing	98,441	109,529	128,211	115,087
Intergovernmental	9,555,277	8,483,422	10,356,247	8,966,703
Licenses and permits	171,694	142,434	124,719	108,069
Charges for service	2,688,187	2,895,612	2,537,582	2,414,405
Use of money and property	318,975	299,663	625,957	521,825
Miscellaneous	691,317	647,448	679,094	513,084
Total	\$ 32,451,790	31,871,781	33,092,329	31,957,971
Expenditures:				
Operating:				
Public safety and legal services	\$ 8,362,939	7,635,590	7,535,107	7,642,460
Physical health and social services	2,889,683	2,872,561	2,791,212	2,879,816
Mental health	2,373,144	2,490,442	4,803,000	4,535,343
County environment and education	3,038,226	2,837,183	3,179,353	3,079,502
Roads and transportation	7,738,509	7,615,842	6,867,019	6,381,300
Governmental services to residents	1,842,953	1,749,461	1,748,738	1,614,275
Administration	1,551,918	1,512,103	1,671,751	1,582,888
Non-program	17,363	111,511	45,728	92,612
Debt service	1,815,875	1,748,125	1,701,369	1,659,657
Capital projects	396,233	2,402,316	1,880,891	1,424,486
Total	\$ 30,026,843	30,975,134	32,224,168	30,892,339

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
19,030,273	17,705,482	16,435,190	14,131,764	12,363,153	12,223,329
239,000	267,434	200,150	120,212	129,471	157,069
113,173	124,508	118,668	71,915	69,156	68,393
11,527,229	11,669,174	9,267,818	8,821,036	8,351,295	8,685,409
111,223	114,954	165,210	167,762	228,474	212,699
2,341,986	2,171,847	2,220,105	2,033,444	2,151,942	1,966,320
516,572	758,573	1,214,811	1,352,680	938,619	376,332
1,389,911	454,448	471,613	582,977	1,156,236	640,509
35,269,367	33,266,420	30,093,565	27,281,790	25,388,346	24,330,060
6,992,046	6,503,733	6,394,696	5,557,939	5,662,792	4,235,897
2,803,326	2,839,385	2,725,731	2,793,823	2,446,243	2,283,649
4,182,996	4,131,844	4,165,304	3,930,862	4,031,506	4,021,399
3,126,025	3,410,286	2,797,350	2,246,610	1,977,690	1,632,788
6,030,594	6,642,798	5,681,840	5,080,974	5,461,934	4,771,237
1,516,940	1,474,652	1,350,487	1,201,824	1,405,061	863,783
1,531,994	1,459,195	1,504,643	1,652,347	1,487,404	2,582,284
149,498	81,993	82,364	35,203	194,704	286,075
1,624,943	1,957,792	1,374,999	1,429,872	2,168,603	1,086,288
1,942,638	5,709,783	4,599,429	4,809,405	2,580,017	2,170,970
29,901,000	34,211,461	30,676,843	28,738,859	27,415,954	23,934,370

Dallas County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of the Interior:			
Payments in Lieu of Taxes	15.226		\$ 2,034
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607		1,431
Total direct			3,465
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Food Stamp Program	10.561		29,826
U.S. Department of Justice:			
Iowa Department of Justice - Crime Victim			
Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-14-03-CJ	3,228
Iowa Department of Human Rights - Division of			
Criminal and Juvenile Justice Planning:			
Enforcing Underage Drinking Laws Program	16.727		33,276
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C025(70)--8I-25	4,311
Highway Planning and Construction	20.205	STP-ES-C025(90)--8I-25	6,862
Highway Planning and Construction	20.205	5884CD07	2,500
			13,673
Iowa Department of Public Safety - Governor's			
Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving			
Incentive Grants	20.601	PAP 14-405d-M60T, Task 18	5,341
Alcohol Traffic Safety and Drunk Driving			
Incentive Grants	20.601	PAP 13-410, Task 15	12,580
			17,921
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5883BT25	12,131
Hospital Preparedness Program (HPP) and			
Public Health Emergency Preparedness			
(PHEP) Aligned Cooperation Agreements	93.074	5884BT212	8,000
Hospital Preparedness Program (HPP) and			
Public Health Emergency Preparedness			
(PHEP) Aligned Cooperation Agreements	93.074	5884BT13	19,952
			27,952
Immunization Cooperative Agreements	93.268	5883I422	9,542
Immunization Cooperative Agreements	93.268	5884I422	6,240
			15,782
Centers for Disease			
Control and Prevention -			
Investigations and Technical Assistance	93.283	5884NB29	3,949

Dallas County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
Iowa Department of Public Health:			
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	5883HP04	31,909
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	5884HP04	44,360
			<u>76,269</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.566		67
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,705
Foster Care - Title IV-E	93.658		11,433
Adoption Assistance	93.659		3,862
Medical Assistance Program	93.778		49,315
Children's Health Insurance Program	93.767		125
Social Services Block Grant	93.667		9,345
Social Services Block Grant	93.667		169,296
			<u>178,641</u>
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Emergency Management Performance Grants	97.042		29,250
Total indirect			<u>515,405</u>
Total			<u>\$ 518,870</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Dallas County and is presented on the modified accrual basis of accounting. The information 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 the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

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

To the Officials of Dallas County:

We have audited 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 Dallas County, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas 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 Dallas County's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas 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 deficiencies in internal control we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-14 and II-C-14 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dallas County's Responses to the Findings

Dallas County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Dallas 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 Dallas County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 11, 2015

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

Dallas County



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 Dallas County:

Report on Compliance for Each Major Federal Program

We have audited Dallas 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 each of its major federal programs for the year ended June 30, 2014. Dallas County's major federal programs are 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 Dallas County's major federal programs 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 Dallas County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Dallas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance


The management of Dallas 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 Dallas County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Dallas 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 of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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

March 11, 2015

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness 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 programs were noted.
- (e) Unmodified opinions were issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs are:
 - CFDA Number 16.727 – Enforcing Underage Drinking Laws Program.
 - CFDA Number 93.531 – PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – financed soely by 2012 Prevention and Public Health Funds.
 - CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dallas County did not qualify as a low-risk auditee.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening mail receipts, collecting, depositing, posting and daily reconciling.	Treasurer
(2) Disbursements – processing claims, check writing, check signing and final approval.	Sheriff
(3) Payroll – preparation and distribution	County Extension Office

In addition, checks received through the mail are not restrictively endorsed immediately upon receipt at the Motor Vehicle Division within the Treasurer's Office. For the County Extension Office, certain timesheets are not independently reviewed.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons, to the extent possible, and should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

County Treasurer – With a limited number of employees, we make an effort to rotate employees involved in various stages of processing and work assignments for collecting, depositing, posting and daily reconciling. We need to make sure checks are for Dallas County before processing. This is usually done within a few days and is monitored by the Motor Vehicle Deputy.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

County Sheriff – There is no real resolution for this issue. Because of the amount of staff on each shift, it is not possible to segregate this duty. However, jailers are restricted in the software program and the Jail Sergeant and First Chief Deputy are the only ones able to make changes or override a check.

County Extension Office – We have taken steps to ensure all timesheets are independently reviewed, and that payroll is reviewed by a person who is not the bookkeeper.

Conclusions – Treasurer and County Extension Office responses accepted. Sheriff's response acknowledged. The Sheriff's Office should utilize current personnel, including the elected official and personnel from other offices, to provide additional control through review of financial transactions, reconciliations and reports.

- II-B-14 County Sheriff - The Sheriff's Office does not prepare a year-to-date spreadsheet of receipts and disbursements reconciled to the beginning and ending bank balances. Also, a trust on hand listing was not prepared as of June 30, 2014.

In addition, bank reconciliations were not performed in a manner so a third party can clearly review the bank reconciliation and reconciliations were not performed at the end of the fiscal year, regardless of the bank statement date. Lists of outstanding checks and other reconciling items are not maintained for each account. Checks outstanding for more than 90 days are not cancelled in accordance with the Sheriff's Office policy. Deposits in transit are not investigated if they remain outstanding for more than one month.

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

The Sheriff's Office should prepare year end bank reconciliations for each account, regardless of the ending date of the bank statement. Bank statements can be requested to correspond with each month end to reduce the amount of bank reconciliations to be prepared. Bank reconciliations should include documentation which clearly lists the bank balance, book balance, a detailed list of outstanding checks, deposits in transit and other reconciling items. The reconciling items list should be reviewed on a monthly basis. Any deposits or other reconciling items which remain outstanding for multiple months should be investigated and resolved.

Response – We will work to implement the recommendations.

Conclusion – Response accepted.

- II-C-14 Ambulance Billings – The County has contracted with a third party to administer ambulance billings and collections. The County does not reconcile collections to the bank statement. In addition, the County does not reconcile ambulance calls to amounts billed.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Recommendation – The County should develop procedures to ensure ambulance billings and collections are complete and accurate.

Response – We will continue to work with Life Quest to develop an audit process for the number of calls we send them for billing and the number of calls billed.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted by function. Disbursements in certain departments exceeded the amounts appropriated prior to the December 2013 appropriation amendment.

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

Response – We will closely monitor the year end claim process to attempt to identify the necessity to adjust appropriations by function. We will continue to monitor the disbursements by department as well, in an attempt to identify the departments exceeding appropriations and take corrective action.

Conclusion – Response accepted.

IV-B-14 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-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-14 Business Transactions – The following business transaction between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Penny Freestone, Auditor’s Office employee, Mother of Ashlyn Freestone	Election work	\$ 387

In accordance with Chapter 331.342(2)(J) of the Code of Iowa, the transaction for election work does not appear to represent a conflict of interest since the total transactions with the individual were less than \$1,500 during the fiscal year.

IV-E-14 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-14 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

IV-H-14 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-14 Annual Urban Renewal Report (AURR) – The AURR was properly approved and certified to the Iowa Department of Management on or before December 1. However, the following reporting exceptions were noted on the Levy Authority Summary:

- The amount reported as TIF debt outstanding for the Ortonville Business Park urban renewal area was overstated by \$411,605.
- The amount reported as TIF debt outstanding for the DeSoto Oak Hill urban renewal area was overstated by \$37,676.

Recommendation – The County should ensure the amounts reported on the Levy Authority Summary agree with the County’s records.

Response – The County has corrected all the errors and will continue to closely monitor our reporting to ensure accurate information is reported.

Conclusion – Response accepted.

IV-J-14 Financial Condition – The Special Revenue, Tax Increment Financing Fund had a deficit balance of \$1,930 at June 30, 2014.

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

Response – We will review amounts in those funds and issue disbursements based on that number.

Conclusion – Response accepted.

IV-K-14 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

Dallas County

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Katherine L. Rupp, CPA, Senior Auditor II
Tiffany M. Ainger, CPA, Senior Auditor II
Janell R. Wieland, CPA, Staff Auditor
Tiffany N. Aliprandi, Staff Auditor
Jeremy L. Krajicek, Staff Auditor
Lucas D. Bernhard, Staff Auditor
David A. Cook, Assistant Auditor
Paige A. Snyder, Auditor Intern

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA
Deputy Auditor of State