



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

Contact: Andy Nielsen  
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FOR RELEASE March 28, 2011

Auditor of State David A. Vaudt today released an audit report on Dallas County, Iowa.

The County had local tax revenue of \$134,527,467 for the year ended June 30, 2010, which included \$2,306,807 in tax credits from the state. The County forwarded \$114,198,107 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$20,329,360 of the local tax revenue to finance County operations, an 11.4 percent increase over the prior year. Other revenues included charges for service of \$5,895,417, operating grants, contributions and restricted interest of \$6,979,900, capital grants, contributions and restricted interest of \$4,597,478, unrestricted investment earnings of \$222,625 and other general revenues of \$225,548.

Expenses for County operations totaled \$29,510,099, a 0.4 percent decrease from the prior year. Expenses included \$7,224,211 for public safety and legal services, \$7,202,671 for roads and transportation and \$4,225,481 for mental health.

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/1010-0025-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, 2010**

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**Dallas County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brad Golightly	Board of Supervisors	Jan 2011
Bob Ockerman	Board of Supervisors	Jan 2011
Mark Hanson	Board of Supervisors	Jan 2013
Gene Krumm	County Auditor	Jan 2013
Darrell Bauman	County Treasurer	Jan 2011
Carol Hol	County Recorder	Jan 2011
Chad Leonard	County Sheriff	Jan 2013
Wayne M. Reisetter	County Attorney	Jan 2011
Steve Helm	County Assessor	Jan 2016

**Dallas County**



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

## Independent Auditor's Report

To the Officials of Dallas County:

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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dallas County's management. Our responsibility is to express opinions on these financial statements based on our audit.

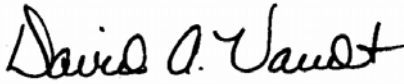
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dallas County at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

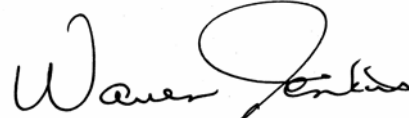
In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2011 on our consideration of Dallas County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 52 through 56 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

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 second paragraph of this report, the financial statements for the nine years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other 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. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 9, 2011



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2010 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 11.6%, or approximately \$4 million, from fiscal year 2009 to fiscal year 2010 as compared to a 3.8% increase from fiscal year 2008 to fiscal year 2009. Property and other county tax, including tax increment financing, increased approximately \$2 million and operating grants, contributions and restricted interest decreased approximately \$1.4 million while capital grants, contributions and restricted interest increased approximately \$3.3 million.
- Program expenses of the County's governmental activities were approximately \$113,000 less in fiscal year 2010 than in fiscal year 2009. Roads and transportation had the most significant decrease.
- The County's net assets increased 14.6%, or approximately \$8.7 million, from June 30, 2009 to June 30, 2010, as compared to 8.4% from June 30, 2008 to June 30, 2009.
- The governmental funds ending fund balances increased from \$18,690,907 at June 30, 2009 to \$24,225,896 at June 30, 2010.

### USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of 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 statements by providing information about the most significant funds. The remaining statements provide financial 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.

Other Supplementary Information provides detailed information about the nonmajor governmental and 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 Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax 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 assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

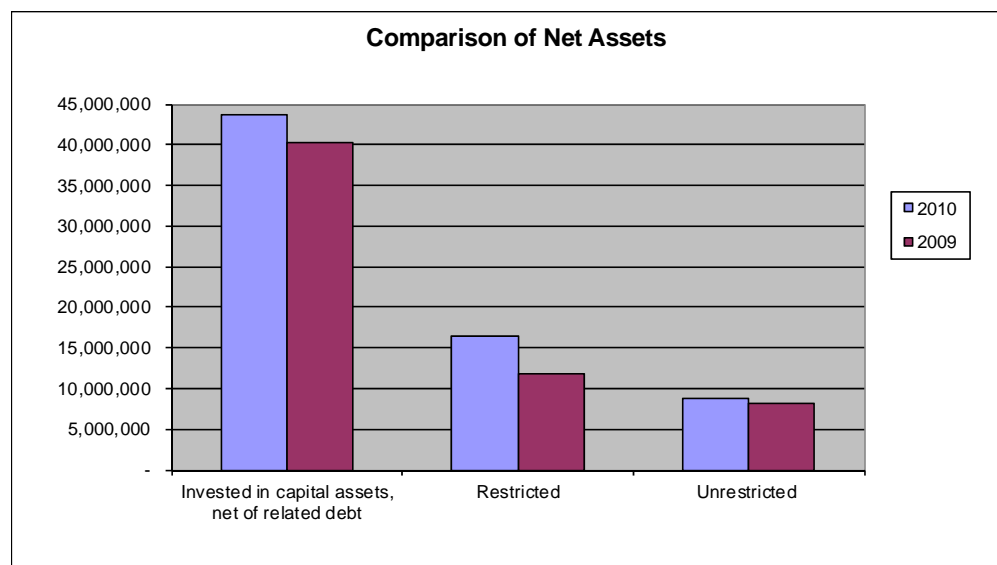
The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dallas County's combined net assets increased from a year ago, increasing from approximately \$60.1 million to approximately \$68.8 million. The analysis that follows focuses on the changes in the net assets of governmental activities.

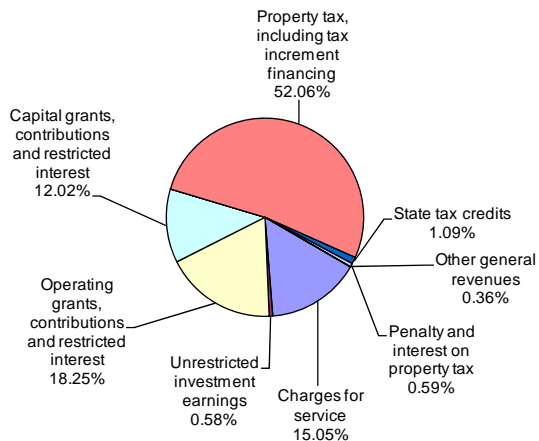
Net Assets of Governmental Activities		
	June 30,	
	2010	2009
Current and other assets	\$ 47,733,215	\$ 41,788,737
Capital assets	59,507,450	57,037,145
Total assets	107,240,665	98,825,882
Long-term liabilities	16,807,974	17,754,431
Other liabilities	21,617,856	20,996,845
Total liabilities	38,425,830	38,751,276
Net assets:		
Invested in capital assets, net of related debt	43,606,468	40,278,759
Restricted	16,468,942	11,719,295
Unrestricted	8,739,425	8,076,552
Total net assets	\$ 68,814,835	\$ 60,074,606



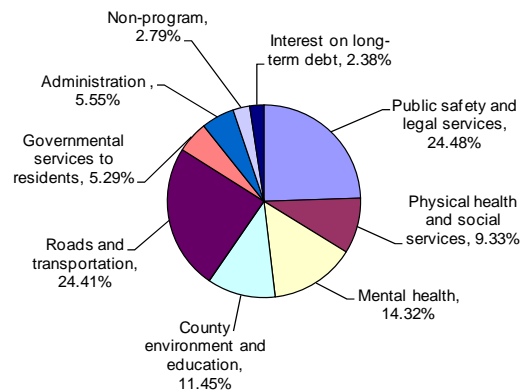
Dallas County's combined net assets (which is the County's bottom line) increased \$8,740,229 (a 14.55% increase), compared to a \$4,657,283 increase in fiscal year 2009. This increase was due primarily to road projects funded through the Iowa Department of Transportation and grants to acquire land to construct a bike trail. The largest portion of Dallas County's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they may be used. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased from \$8,076,552 at June 30, 2009 to \$8,739,425 at the end of this year, a increase of 8.21%, or \$662,873 from fiscal year 2009.

Changes in Net Assets of Governmental Activities		
	Year ended June 30,	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 5,895,417	\$ 5,574,386
Operating grants, contributions and restricted interest	6,979,900	8,382,802
Capital grants, contributions and restricted interest	4,597,478	1,248,397
General revenues:		
Property tax, including tax increment financing	19,911,619	17,834,806
Penalty and interest on property tax	225,495	273,980
State tax credits	417,741	414,826
Grants and contributions not restricted to specific purposes	-	2,532
Unrestricted investment earnings	222,625	523,088
Other general revenues	53	25,726
<b>Total revenues</b>	<b>38,250,328</b>	<b>34,280,543</b>
Program expenses:		
Public safety and legal services	7,224,211	6,744,056
Physical health and social services	2,754,934	2,779,976
Mental health	4,225,481	4,242,094
County environment and education	3,378,223	3,471,781
Roads and transportation	7,202,671	7,781,346
Governmental services to residents	1,560,110	1,467,049
Administration	1,637,748	1,687,230
Non-program	824,195	658,835
Interest on long-term debt	702,526	790,893
<b>Total expenses</b>	<b>29,510,099</b>	<b>29,623,260</b>
Increase in net assets	8,740,229	4,657,283
Net assets beginning of year	60,074,606	55,417,323
Net assets end of year	<b>\$ 68,814,835</b>	<b>\$ 60,074,606</b>

**Revenues by Source**



**Expenses by Program**



For the fiscal year ended June 30, 2010, governmental activities revenues totaled \$38,250,328, an increase of \$3,969,785 over fiscal year 2009. Property and other county tax revenue, the County's largest revenue source, increased approximately \$2 million, while capital grants, contributions and restricted interest decreased approximately \$1.4 million. The expenses for governmental activities totaled \$29,510,099, a decrease of \$113,161 from fiscal year 2009.

The cost of all governmental activities this year was \$29,510,099 compared to \$29,623,260 last year. However, as shown in the Statement of Activities on page 16, the amounts taxpayers ultimately financed for these activities was approximately \$12.0 million because some of the cost was paid by those directly benefited from the programs (\$5.9 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$11.6 million).

Dallas County's county-wide property tax levy rates decreased from \$9.25757 to \$9.20372 per \$1,000 of taxable valuation for fiscal year 2010. The rural tax levy rate for fiscal year 2010 remained the same at \$3.95000 per \$1,000 of taxable valuation. The mental health levy decreased from \$.53091 to \$.48974 per \$1,000 of taxable valuation. The debt service levy increased from \$.33836 to \$.38057 per \$1,000 of taxable valuation and the general supplemental levy decreased \$0.5489 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$242 million over the prior year.

## **MAJOR FUND ANALYSIS AND HIGHLIGHTS**

As Dallas County completed the year, its governmental funds reported a combined fund balance of \$24,225,896, which is greater than the fiscal year 2009 combined fund balance of \$18,690,907.

The General Fund's ending fund balance increased \$680,695 to \$9,020,368. Of the ending fund balance, \$1,629,680 is reserved, \$898,948 is unreserved/designated for special projects and the remainder is unreserved/undesignated. The increase in fund balance was primarily due to an increase in revenues of \$997,127 over fiscal year 2009 and relatively flat expenditures. The general basic levy remained unchanged for fiscal year 2010 while the general supplemental levy decreased \$.05489 per \$1,000 of taxable valuation. The total county-wide taxable property valuation increased approximately \$242 million over the prior year.

Dallas County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$4.2 million. The Mental Health Fund's ending balance of \$1,644,993 is relatively unchanged from the fiscal year 2009 ending balance of approximately \$1,624,050.

The Rural Services Fund ended fiscal year 2010 with a \$50,364 balance, a decrease of \$61,218 from the prior year ending balance. The rural services tax levy remained unchanged at \$3.95000 per \$1,000 of taxable valuation. The majority of the tax is transferred to the Secondary Roads Fund. The balance is used for rural contributions for libraries and sanitary disposal projects.

The Secondary Roads Fund ended fiscal year 2010 with a balance of \$2,326,902, a 30% increase compared to the fiscal year 2009 balance of \$1,789,033. Of the ending fund balance \$427,000 is unreserved/designated and \$1,899,902 is undesignated. Expenditures for fiscal year 2010 were \$5,828,052, or \$743,995 less than for fiscal year 2009. The fund balance increase was due to unfinished projects during fiscal year 2010 designated into fiscal year 2011.

The Capital Projects Fund ended fiscal year 2010 with a fund balance of \$8,138,803 compared to the fiscal year 2009 balance of \$4,189,722. During fiscal year 2010, approximately \$2,900,000 was transferred from the General Fund to the Capital Projects Fund for various land purchases and projects.

## BUDGETARY HIGHLIGHTS

Over the course of fiscal year 2010, Dallas County amended the operating budget two times. The first amendment was made in November 2009 to increase budgeted disbursements approximately \$5.1 million, including \$1,630,198 designated from fiscal year 2009 for completion of the roads and conservation projects, capital equipment purchases, Board of Supervisor's special projects and outside counsel carry-over dollars, as well current needs for FEMA repairs. The second amendment in May 2010 increased budgeted disbursements approximately \$330,000. The disbursements were for reductions of mental health spending and various increases in economic development, maintenance, materials, equipment and fuels.

Actual net disbursements for the year totaled \$29,096,306, which was \$7,388,167 under budgeted disbursements. The major reason was capital projects disbursements were approximately \$3.9 million under budget because cash flow requirements for capital projects were less than anticipated due to delays, public safety and legal services disbursements were approximately \$1.3 million under budget due to staff vacancies and budgeted forfeiture dollar projects which were delayed, as well as carry-over dollars for equipment and replacement and incomplete conservation projects. Actual net receipts for fiscal year 2010 were \$34,735,198, which was approximately \$606,000 less than budgeted because miscellaneous receipts anticipated were not received and less receipts than budgeted were received for various charges for service.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2010, Dallas County had \$59,507,450, net of accumulated depreciation of \$29,521,534, invested in a variety of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This compares to \$57,037,145 at the end of fiscal year 2009 and \$53,835,369 at the end of fiscal year 2008. The County's net capital assets increased \$2,470,305, or about 4.3%, over the prior year.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2010	2009
Land	\$ 6,315,389	\$ 6,128,535
Intangibles, road network	650,456	650,456
Construction in progress	1,774,298	1,458,475
Buildings and improvements	20,243,913	20,599,437
Equipment and vehicles	4,344,536	4,740,362
Intangibles	51,205	-
Infrastructure	26,127,653	23,459,880
<b>Total</b>	<b>\$ 59,507,450</b>	<b>\$ 57,037,145</b>
This year's major additions included:		
Wagner Gallery Project		\$ 100,432
Dayton House Project		104,282
Vehicles for Sheriff's Office		145,832
Wetland bank expenses		274,855
Two motorgraders and dump truck for Secondary Roads Department		558,998
Bike trail project		1,171,411
Various capital road projects		2,821,479
<b>Total</b>		<b>\$ 5,177,289</b>

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

## Long-Term Debt

At June 30, 2010, Dallas County had \$15,964,276 in outstanding debt versus \$16,917,856 last year, a net decrease of \$953,580.

	Outstanding Debt of Governmental Activities at Year-End	
	June 30,	
	2010	2009
General obligation bonds	\$ 10,932,781	\$ 11,196,765
General obligation capital loan notes	5,030,000	5,685,000
Drainage district warrants	1,495	36,091
Total	\$ 15,964,276	\$ 16,917,856

The net change is a result of the retirement of \$263,984 of bonds, the retirement of \$655,000 of notes and a net decrease of \$34,596 in drainage 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 ( $\$4,024,018,434 \times .05 = \$201,200,922$ ). 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 2011 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 are committed to limiting disbursement increases and using any excess fund balances to provide services.

Dallas County is the fastest growing county in Iowa and ranks 28 out of the top 100 in the nation for growth. Its population in 2000 was 40,750 compared to 47,846 in 2004 to a present day total of over 66,000, a 62.3% increase in 10 years (2010 U.S. Census). The unemployment rate in Dallas County stands at 5.1% as of December 2010 compared to last year's rate of 5.6%. Dallas County's Moody's rating was upgraded from A1 to Aa3 during fiscal year 2009. Budgeted disbursements for the fiscal year 2011 operating budget are approximately \$38,967,800 (as amended), an increase of approximately \$1.5 million in spending from the prior year appropriations. This is mainly due to anticipated FEMA projects. The amended fiscal year 2011 budget shows \$5 million of disbursements and other uses over projected receipts. The budget estimates a total ending fund balance of approximately \$15.5 million at the close of fiscal year 2011.

## 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.

## **Basic Financial Statements**



Dallas County  
Statement of Net Assets  
June 30, 2010

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 26,199,466
Receivables:	
Property tax:	
Delinquent	17,649
Succeeding year	18,987,000
Interest and penalty on property tax	22,609
Succeeding year tax increment financing	114,000
Accounts	172,762
Accrued interest	6,253
Drainage assessments	3,895
Due from other governments (net)	1,718,718
Inventories	295,425
Prepaid insurance	133,639
Capital assets (net of accumulated depreciation)	59,507,450
Deferred charges - unamortized bond issue costs	61,799
	<b>107,240,665</b>
<b>Liabilities</b>	
Accounts payable	1,112,551
Accrued interest payable	63,624
Salaries and benefits payable	735,234
Due to other governments	605,447
Deferred revenue:	
Succeeding year property tax	18,987,000
Succeeding year tax increment financing	114,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	315,000
General obligation capital loan notes	685,000
Drainage district warrants payable	1,495
Compensated absences	447,714
Portion due or payable after one year:	
General obligation bonds	10,617,781
General obligation capital loan notes	4,345,000
Compensated absences	335,676
Net OPEB liability	60,308
	<b>38,425,830</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	43,606,468
Restricted for:	
Supplemental levy purposes	1,484,632
Pioneer cemetery	9,970
Secondary roads purposes	2,055,324
Economic development loans	396,229
Debt service	436,803
Capital projects	8,138,803
Other purposes	3,947,181
Unrestricted	8,739,425
	<b>\$ 68,814,835</b>

See notes to financial statements.

**Exhibit B**

Dallas County  
Statement of Activities  
Year ended June 30, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 7,224,211	1,278,919	848,069	14,578	(5,082,645)
Physical health and social services	2,754,934	1,233,731	627,590	-	(893,613)
Mental health	4,225,481	680,068	2,016,516	-	(1,528,897)
County environment and education	3,378,223	104,646	226,682	1,779,964	(1,266,931)
Roads and transportation	7,202,671	61,797	3,217,137	2,743,286	(1,180,451)
Governmental services to residents	1,560,110	1,420,346	1,753	-	(138,011)
Administration	1,637,748	129,674	14,133	59,365	(1,434,576)
Non-program	824,195	986,236	17,094	285	179,420
Interest on long-term debt	702,526	-	10,926	-	(691,600)
<b>Total</b>	<b>\$ 29,510,099</b>	<b>5,895,417</b>	<b>6,979,900</b>	<b>4,597,478</b>	<b>(12,037,304)</b>
<b>General Revenues:</b>					
Property and other county tax levied for:					
General purposes					18,493,886
Debt service					1,304,560
Tax increment financing					113,173
Penalty and interest on property tax					225,495
State tax credits					417,741
Unrestricted investment earnings					222,625
Miscellaneous					53
<b>Total general revenues</b>					<b>20,777,533</b>
Change in net assets					8,740,229
Net assets beginning of year					60,074,606
Net assets end of year					<b>\$ 68,814,835</b>

See notes to financial statements.

**Dallas County**

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2010

<b>Assets</b>	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Cash and pooled investments:				
County Treasurer	\$ 9,093,966	2,375,745	62,237	2,137,101
Conservation Foundation	-	-	-	-
Receivables:				
Property tax:				
Delinquent	12,845	913	2,801	-
Succeeding year	13,310,000	1,018,000	3,272,000	-
Interest and penalty on property tax	22,609	-	-	-
Succeeding year tax increment financing	-	-	-	-
Accounts	110,467	4,163	167	2,226
Accrued interest	5,454	-	-	-
Drainage assessments	-	-	-	-
Due from other funds	2,728	-	-	-
Due from other governments (net of allowance for doubtful ambulance accounts of \$426,601)	759,618	101,813	-	238,778
Inventories	-	-	-	295,425
Prepaid insurance	132,332	1,143	-	-
<b>Total assets</b>	<b>\$ 23,450,019</b>	<b>3,501,777</b>	<b>3,337,205</b>	<b>2,673,530</b>

Capital Projects	Nonmajor	Total
7,635,905	3,023,012	24,327,966
-	46,770	46,770
-	1,090	17,649
-	1,387,000	18,987,000
-	-	22,609
-	114,000	114,000
323	853	118,199
50	587	6,091
-	3,895	3,895
-	3,758	6,486
616,683	1,569	1,718,461
-	-	295,425
-	164	133,639
8,252,961	4,582,698	45,798,190

Dallas County  
Balance Sheet  
Governmental Funds

June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 199,594	233,396	4,703	165,256
Salaries and benefits payable	479,926	36,831	908	168,174
Due to other funds	-	2,728	-	-
Due to other governments	21,916	564,964	6,463	11,135
Deferred revenue:				
Succeeding year property tax	13,310,000	1,018,000	3,272,000	-
Succeeding year tax increment financing	-	-	-	-
Other	418,215	865	2,767	2,063
Total liabilities	<u>14,429,651</u>	<u>1,856,784</u>	<u>3,286,841</u>	<u>346,628</u>
Fund balances:				
Reserved for:				
Supplemental levy purposes	1,522,707	-	-	-
Pioneer cemetery	9,970	-	-	-
Room and board fees	97,003	-	-	-
Debt service	-	-	-	-
Unreserved:				
Designated for special projects	898,948	-	22,900	427,000
Undesignated, reported in:				
General fund	6,491,740	-	-	-
Special revenue funds	-	1,644,993	27,464	1,899,902
Capital projects fund	-	-	-	-
Total fund balances	<u>9,020,368</u>	<u>1,644,993</u>	<u>50,364</u>	<u>2,326,902</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 23,450,019</u></b>	<b><u>3,501,777</u></b>	<b><u>3,337,205</u></b>	<b><u>2,673,530</u></b>

See notes to financial statements.

Capital Projects	Nonmajor	Total
114,158	28,612	745,719
-	-	685,839
-	3,758	6,486
-	-	604,478
-	1,387,000	18,987,000
-	114,000	114,000
-	4,862	428,772
114,158	1,538,232	21,572,294
-	-	1,522,707
-	-	9,970
-	-	97,003
-	498,920	498,920
-	110,000	1,458,848
-	-	6,491,740
-	2,435,546	6,007,905
8,138,803	-	8,138,803
8,138,803	3,044,466	24,225,896
8,252,961	4,582,698	45,798,190

**Dallas County**



Dallas County

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

June 30, 2010

**Total governmental fund balances (page 21)** \$ 24,225,896

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets, excluding Internal Service Funds, is \$88,373,432 and the accumulated depreciation/amortization is \$29,162,477. 59,210,955

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. 428,772

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 Assets, as follows:

Capital assets of \$655,552, less accumulated depreciation of \$359,057	\$ 296,495	
Compensated absences	(47,056)	
Other net assets	<u>1,458,970</u>	1,708,409

Bond issue costs are reported as current expenditures in the governmental funds. However, bond issue costs are amortized over the life of the bonds and the annual amortization is included in governmental activities in the Statement of Net Assets. 61,799

Long-term liabilities, including general obligation bonds payable, general obligation capital loan notes 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. (16,820,996)

**Net assets of governmental activities (page 15)** \$ 68,814,835

See notes to financial statements.

Dallas County

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

Year ended June 30, 2010

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 13,355,098	1,471,856	2,871,591	-
Interest and penalty on property tax	239,000	-	-	-
Tax increment financing	-	-	-	-
Intergovernmental	2,698,983	2,693,459	87,831	3,655,195
Licenses and permits	111,023	-	-	200
Charges for service	2,262,376	-	-	93
Use of money and property	225,230	-	-	2,220
Miscellaneous	294,701	38,624	-	44,611
Total revenues	19,186,411	4,203,939	2,959,422	3,702,319
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	6,669,234	-	-	-
Physical health and social services	2,803,326	-	-	-
Mental health	-	4,182,996	-	-
County environment and education	2,631,780	-	276,379	-
Roads and transportation	-	-	441,098	5,589,496
Governmental services to residents	1,472,534	-	-	-
Administration	1,447,291	-	-	-
Non-program	8,000	-	-	-
Debt service	173,618	-	-	-
Capital projects	21,494	-	-	238,556
Total expenditures	15,227,277	4,182,996	717,477	5,828,052
Excess (deficiency) of revenues over (under) expenditures	3,959,134	20,943	2,241,945	(2,125,733)
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	-	-
Drainage warrants/drainage improvement certificates issued	-	-	-	-
Operating transfers in	-	-	-	2,663,602
Operating transfers out	(3,278,439)	-	(2,303,163)	-
Total other financing sources (uses)	(3,278,439)	-	(2,303,163)	2,663,602
Net change in fund balances	680,695	20,943	(61,218)	537,869
Fund balances beginning of year	8,339,673	1,624,050	111,582	1,789,033
Fund balances end of year	\$ 9,020,368	1,644,993	50,364	2,326,902

See notes to financial statements.

Capital Projects	Nonmajor	Total
-	1,331,728	19,030,273
-	-	239,000
-	113,173	113,173
2,299,036	92,725	11,527,229
-	-	111,223
24,137	55,380	2,341,986
1,057	288,065	516,572
286,692	725,283	1,389,911
<u>2,610,922</u>	<u>2,606,354</u>	<u>35,269,367</u>
-	322,812	6,992,046
-	-	2,803,326
-	-	4,182,996
-	217,866	3,126,025
-	-	6,030,594
-	44,406	1,516,940
-	84,703	1,531,994
-	141,498	149,498
-	1,451,325	1,624,943
1,579,841	102,747	1,942,638
<u>1,579,841</u>	<u>2,365,357</u>	<u>29,901,000</u>
<u>1,031,081</u>	<u>240,997</u>	<u>5,368,367</u>
-	138,080	138,080
-	28,542	28,542
2,918,000	72,180	5,653,782
-	(72,180)	(5,653,782)
<u>2,918,000</u>	<u>166,622</u>	<u>166,622</u>
3,949,081	407,619	5,534,989
<u>4,189,722</u>	<u>2,636,847</u>	<u>18,690,907</u>
<u>8,138,803</u>	<u>3,044,466</u>	<u>24,225,896</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, 2010

**Net change in fund balances - Total governmental funds (page 25)** \$ 5,534,989**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

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

Expenditures for capital assets	\$ 3,049,125	
Capital assets contributed by the Iowa Department of Transportation	2,628,774	
Depreciation/amortization expense	<u>(2,879,617)</u>	2,798,282

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the proceeds from the disposition increase financial resources in the governmental funds. (404,919)

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

Property tax	(21,783)	
Other	<u>(399,936)</u>	(421,719)

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

Issued	(28,542)	
Repaid	<u>978,138</u>	949,596

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, 2010

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	19,804	
Interest on long-term debt	7,417	
Other postemployment benefits	(27,187)	
Amortization of bond issuance premium	3,984	
Amortization of bond issue costs	(6,180)	(2,162)

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

286,162

**Change in net assets of governmental activities (page 16)**

\$ 8,740,229

See notes to financial statements

Dallas County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2010

	<u>Internal Service</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,824,730
Receivables:	
Accounts	54,563
Accrued interest	162
Due from other governments	257
Capital assets, net of accumulated depreciation	<u>296,495</u>
<b>Total assets</b>	<u><u>2,176,207</u></u>
<b>Liabilities</b>	
Accounts payable	366,832
Salaries and benefits payable	49,395
Due to other governments	969
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	30,863
Portion due or payable after one year:	
Compensated absences	16,193
Net OPEB liability	<u>3,546</u>
<b>Total liabilities</b>	<u><u>467,798</u></u>
<b>Net Assets</b>	
Invested in capital assets	296,495
Unrestricted	<u>1,411,914</u>
<b>Total net assets</b>	<u><u>\$ 1,708,409</u></u>

See notes to financial statements.

Dallas County

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

Year ended June 30, 2010

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from operating funds and other governmental units		\$ 4,112,660
Reimbursements from employees and others		357,684
Insurance reimbursements		211,522
Miscellaneous		9,441
Total operating revenues		<u>4,691,307</u>
Operating expenses:		
Medical claims	\$ 2,080,232	
Administrative and other fees	367,853	
Central services	442,813	
Information technology	967,219	
Operations administration	310,557	
Human resources	248,122	4,416,796
Operating income		<u>274,511</u>
Non-operating revenues:		
Interest income		<u>11,651</u>
Net income		286,162
Net assets beginning of year		<u>1,422,247</u>
Net assets end of year		<u><u>\$ 1,708,409</u></u>
See notes to financial statements.		

**Exhibit I**

Dallas County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2010

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from operating funds and other reimbursements	\$ 4,478,972
Cash received from insurance reimbursements	191,320
Cash paid to suppliers for services	<u>(4,397,147)</u>
Net cash provided by operating activities	273,145
Cash flows from capital and related financing activities:	
Purchase of equipment	(118,816)
Cash flows from investing activities:	
Interest on investments	<u>12,362</u>
Net increase in cash and cash equivalents	166,691
Cash and cash equivalents beginning of year	<u>1,658,039</u>
Cash and cash equivalents end of year	<u><u>\$ 1,824,730</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 274,511
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	41,874
Changes in assets and liabilities:	
Increase in accounts receivable and due from other governments	(21,014)
Decrease in accounts payable and due to other governments	(37,484)
Increase in salaries and benefits payable	15,518
Decrease in compensated absences	(1,908)
Increase in net OPEB liability	<u>1,648</u>
Net cash provided by operating activities	<u><u>\$ 273,145</u></u>

See notes to financial statements.



Dallas County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2010

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 3,786,934
Other County officials	160,449
Receivables:	
Property tax:	
Delinquent	92,532
Succeeding year	112,369,000
Accounts	55,950
Accrued interest	285
Special assessments	1,826,405
Due from other funds	5,327
Due from other governments	18,616
Prepaid insurance	1,533
<b>Total assets</b>	<b>118,317,031</b>

**Liabilities**

Accounts payable	70,132
Salaries and benefits payable	41,602
Due to other funds	5,327
Due to other governments	117,927,903
Trusts payable	207,537
Compensated absences	64,530
<b>Total liabilities</b>	<b>118,317,031</b>

<b>Net assets</b>	\$ -
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See notes to financial statements.

Dallas County

Notes to Financial Statements

June 30, 2010

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

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

*Invested in capital assets, net of related debt* 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 assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

Special Revenue:

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

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

The Secondary Roads Fund is used to account for 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.

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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

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

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

Special Assessments Receivable – Special assessments receivable represent 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, 2010, 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, 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 Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and 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 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, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

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, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets 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. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2010 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 \$1,054,487 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, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Mental Health	\$ 2,728
Special Revenue: County Sheriff Forfeiture	Special Revenue: Sheriif Federal Forfeiture	<u>3,758</u>
Total		<u>\$ 6,486</u>

These balances result 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, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 360,439
	Special Revenue: Rural Services	2,303,163
Capital Projects	General	2,918,000
Debt Service	Special Revenue: Tax Increment Financing	<u>72,180</u>
Total		<u>\$ 5,653,782</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, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 6,128,535	274,854	(88,000)	6,315,389
Intangibles, road network	650,456	-	-	650,456
Construction in progress	1,458,475	4,366,756	(4,050,933)	1,774,298
Total capital assets not being depreciated/amortized	8,237,466	4,641,610	(4,138,933)	8,740,143
Capital assets being depreciated/amortized:				
Buildings	27,026,377	448,456	(384,815)	27,090,018
Improvements other than buildings	161,488	-	-	161,488
Equipment and vehicles	10,027,638	911,269	(600,449)	10,338,458
Intangibles	-	51,205	-	51,205
Infrastructure, road network and other	38,649,364	3,998,308	-	42,647,672
Total capital assets being depreciated/amortized	75,864,867	5,409,238	(985,264)	80,288,841
Less accumulated depreciation/amortization for:				
Buildings	6,560,170	531,780	(117,229)	6,974,721
Improvements other than buildings	28,258	4,614	-	32,872
Equipment and vehicles	5,287,276	1,054,562	(347,916)	5,993,922
Intangibles, road network and other	-	-	-	-
Infrastructure, road network and other	15,189,484	1,330,535	-	16,520,019
Total accumulated depreciation/amortization	27,065,188	2,921,491	(465,145)	29,521,534
Total capital assets being depreciated/amortized, net	48,799,679	2,487,747	(520,119)	50,767,307
Governmental activities capital assets, net	\$ 57,037,145	7,129,357	(4,659,052)	59,507,450

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Right of way assets totaling \$650,456 previously classified as land were reclassified as intangibles, road network. Restatement of the beginning net assets and capital assets for governmental activities was not necessary because right of way has an indefinite useful life and, therefore, is not subject to amortization.

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 648,591
Physical health and social services	16,290
Mental health	86,669
County environment and education	213,777
Roads and transportation	1,770,883
Governmental services to residents	57,025
Administration	128,256
Total depreciation/amortization expense - governmental activities	<u>\$ 2,921,491</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 is as follows:

Fund	Description	Amount
General	Services	\$ 21,916
Special Revenue:		
Mental Health	Services	564,964
Rural Services		6,463
Secondary Roads		11,135
		<u>582,562</u>
Total for governmental funds		<u>\$ 604,478</u>
Agency:		
County Assessor	Collections	\$ 1,610,110
Schools		62,424,342
Community Colleges		1,858,702
Corporations		44,955,754
City Special Assessments		1,916,211
Auto License and Use Tax		1,625,837
All other		3,536,947
Total for agency funds		<u>\$ 117,927,903</u>

**(7) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	General Obligation Bonds (1)	General Capital Loan Notes	Drainage District Warrants	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 11,196,765	5,685,000	36,091	805,102	31,473	17,754,431
Increases	-	-	28,542	637,241	28,835	694,618
Decreases	263,984	655,000	63,138	658,953	-	1,641,075
Balance end of year	<u>\$ 10,932,781</u>	<u>5,030,000</u>	<u>1,495</u>	<u>783,390</u>	<u>60,308</u>	<u>16,807,974</u>
Due within one year	<u>\$ 315,000</u>	<u>685,000</u>	<u>1,495</u>	<u>447,714</u>	<u>-</u>	<u>1,449,209</u>

(1) The unamortized premium on the bonds was \$52,781 at June 30, 2010.

### General Obligation Bonds

A summary of the County's June 30, 2010 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Series 2005B			
	Issued December 28, 2005			
	Interest Rates	Principal	Interest	Total
2011	3.75%	\$ 230,000	328,355	558,355
2012	3.75	300,000	319,730	619,730
2013	3.75	410,000	308,480	718,480
2014	3.75	765,000	293,075	1,058,075
2015	3.75	855,000	264,418	1,119,418
2016-2020	3.75-3.90	6,085,000	750,282	6,835,282
2021-2025		-	-	-
2026-2028		-	-	-
<b>Total</b>		<b>8,645,000</b>	<b>2,264,340</b>	<b>10,909,340</b>
Unamortized premium		<u>21,346</u>		
Bonds payable		<u><b>\$ 8,666,346</b></u>		

Year Ending June 30,	Series 2008A				Total		
	Issued June 1, 2008				Principal	Interest	Total
	Interest Rates	Principal	Interest	Total			
2011	4.00%	\$ 85,000	89,855	174,855	315,000	418,210	733,210
2012	4.00	95,000	86,455	181,455	395,000	406,185	801,185
2013	4.00	100,000	82,655	182,655	510,000	391,135	901,135
2014	4.00	100,000	78,655	178,655	865,000	371,730	1,236,730
2015	4.00	100,000	74,655	174,655	955,000	339,073	1,294,073
2016-2020	4.00	565,000	309,675	874,675	6,650,000	1,059,957	7,709,957
2021-2025	4.00	700,000	186,475	886,475	700,000	186,475	886,475
2026-2028	4.05-4.125	490,000	40,845	530,845	490,000	40,845	530,845
<b>Total</b>		<b>2,235,000</b>	<b>949,270</b>	<b>3,184,270</b>	<b>10,880,000</b>	<b>3,213,610</b>	<b>14,093,610</b>
Unamortized premium		<u>31,435</u>			<u>52,781</u>		
Bonds payable		<u><b>\$ 2,266,435</b></u>			<u><b>\$ 10,932,781</b></u>		

During the year ended June 30, 2010, the County retired \$260,000 of bonds.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2010 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2000A			Series 2002A		
	Issued August 1, 2000			Issued March 1, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	5.00%	\$ 80,000	79,207	4.25%	\$ 190,000	79,275
2012	5.00	85,000	75,207	4.50	170,000	71,200
2013	5.00	115,000	70,957	4.75	155,000	63,550
2014	5.10	135,000	65,207	4.75	150,000	56,187
2015	5.20	150,000	58,322	4.75	150,000	49,063
2016-2020	5.25-5.40	945,000	160,319	4.75-5.00	855,000	129,525
Total		\$ 1,510,000	509,219		\$ 1,670,000	448,800

Year Ending June 30,	Series 2002B			Series 2002C		
	Issued April 1, 2002			Issued December 15, 2002		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2011	4.45%	\$ 125,000	48,107	3.70%	\$ 290,000	32,407
2012	4.60	130,000	42,545	3.80	295,000	21,678
2013	4.70	135,000	36,565	3.95	265,000	10,467
2014	4.80	140,000	30,220		-	-
2015	5.00	150,000	23,500		-	-
2016-2020	5.00	320,000	24,250		-	-
Total		\$ 1,000,000	205,187		\$ 850,000	64,552

Year Ending June 30,	Total		
	Principal	Interest	Total
2011	\$ 685,000	238,996	923,996
2012	680,000	210,630	890,630
2013	670,000	181,539	851,539
2014	425,000	151,614	576,614
2015	450,000	130,885	580,885
2016-2020	2,120,000	314,094	2,434,094
Total	\$ 5,030,000	1,227,758	6,257,758

During the year ended June 30, 2010, the County retired \$655,000 of general obligation capital loan notes.

Drainage District Warrants

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

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

**(8) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% 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, 2010, 2009 and 2008 were \$731,044, \$669,109 and \$588,829, respectively, equal to the required contributions for each year.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 221 active and 15 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, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 58,399
Interest on net OPEB obligation	1,259
Adjustment to annual required contribution	<u>(1,203)</u>
Annual OPEB cost	58,455
Contributions made	<u>(29,620)</u>
Increase in net OPEB obligation	28,835
Net OPEB obligation beginning of year	<u>31,473</u>
Net OPEB obligation end of year	<u>\$ 60,308</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, 2010.

For the year ended June 30, 2010, the County contributed \$29,620 to the medical plan. Plan members eligible for benefits contributed \$41,175, or 58% 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 as of June 30, 2010 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 58,455	50.7%	\$ 60,308

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$449,970, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$449,970. The covered payroll (annual payroll of active employees covered by the plan) was \$8,689,735 and the ratio of the UAAL to covered payroll was 5.2%. As of June 30, 2010, 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, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present 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, 2008 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 10%. 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 Group Annuity 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, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$758 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 in 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 634 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2010 were \$270,013.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.



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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, 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 \$40,000. 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, 2010 was \$2,070,503.

Amounts payable from the Employee Group Health Fund at June 30, 2010 total \$316,478, 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 \$1,099,960 at June 30, 2010 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. 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	\$ 346,096
Incurred claims (including claims incurred but not reported at June 30, 2010)	2,080,232
Payment on claims during the fiscal year	<u>(2,109,850)</u>
Unpaid claims end of year	<u><u>\$ 316,478</u></u>

**(12) Hospital Revenue Bonds**

In March 2001, the County issued \$4,600,000 of revenue bonds for the purpose of lending the proceeds to Hospital Fund, Inc. The proceeds were used for the construction of a congregate housing facility for seniors on the campus of the Dallas County Hospital. The bonds are payable solely from hospital revenues and do not constitute a liability of the County.

**(13) 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.

**(14) 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.

**(15) 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 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 \$20,496 were made to the developer under the terms of the agreement during the year ended June 30, 2010. The cumulative amount paid to the developer at June 30, 2010 was \$50,999.

In February 2008, the County entered into a 28E agreement with the City of West Des Moines to aid in the financing of 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 \$473,325 were made to the City under the terms of the 28E agreement during the year ended June 30, 2010. The cumulative amount paid to the City at June 30, 2010 was \$761,752.

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 2010, the County paid \$307,875 to the City for initial costs incurred for the project.

**(16) 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.

**(17) Operating Leases**

The County is the lessee in four operating leases. The County is leasing four John Deere mowers for use by the Conservation Department. The County leases land used for Dallas County offices requiring public access. The County also leases two buildings used for Dallas County offices. The future minimum rental payments for these leases is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 99,878
2012	52,736
2013	8,388
Total	<u>\$ 161,002</u>

Rental expense for the year ended June 30, 2010 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$124,242.

**(18) County Farm Lease**

The County owns the Dallas County Farm (Farm). Effective March 1, 2008, 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 \$41,536 in land and building rent annually.

**(19) Designated Fund Equity**

The County has designated amounts from the General and Special Revenue, Rural Services and Secondary Roads Funds for special projects. At June 30, 2010, the amounts designated are as follows:

<u>Description</u>	<u>Amount</u>
General:	
Miscellaneous	\$ 898,948
Special Revenue:	
Rural Services:	
Miscellaneous	22,900
Secondary Roads:	
Construction	427,000
County Sheriff Forfeiture:	
Training facilities and reserve program	110,000
Total	<u>\$ 1,458,848</u>

**(20) Deficit Fund Balance**

The Special Revenue, Sheriff Federal Forfeiture Fund had a deficit balance of \$3,758 at June 30, 2010. The deficit will be eliminated by a reimbursement to the fund.

**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, 2010

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 19,142,150	-	19,142,150
Interest and penalty on property tax	237,549	-	237,549
Intergovernmental	11,136,107	-	11,136,107
Licenses and permits	112,472	-	112,472
Charges for service	2,283,915	-	2,283,915
Use of money and property	531,886	89,295	442,591
Miscellaneous	1,425,693	45,279	1,380,414
Total receipts	<u>34,869,772</u>	<u>134,574</u>	<u>34,735,198</u>
Disbursements:			
Public safety and legal services	6,964,083	-	6,964,083
Physical health and social services	2,818,531	-	2,818,531
Mental health	3,872,191	-	3,872,191
County environment and education	3,074,424	172,217	2,902,207
Roads and transportation	5,917,634	-	5,917,634
Governmental services to residents	1,520,862	-	1,520,862
Administration	1,582,369	-	1,582,369
Non-program	129,451	96,294	33,157
Debt service	1,624,943	-	1,624,943
Capital projects	1,860,329	-	1,860,329
Total disbursements	<u>29,364,817</u>	<u>268,511</u>	<u>29,096,306</u>
Excess (deficiency) of receipts over (under) disbursements	5,504,955	(133,937)	5,638,892
Other financing sources, net	166,622	28,542	138,080
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,671,577	(105,395)	5,776,972
Balance beginning of year	18,703,159	251,460	18,451,699
Balance end of year	<u>\$ 24,374,736</u>	<u>146,065</u>	<u>24,228,671</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net
Original	Final	Variance
19,221,341	19,217,477	(75,327)
69,690	69,690	167,859
9,095,144	11,068,831	67,276
159,500	159,500	(47,028)
1,908,672	2,022,832	261,083
625,988	576,050	(133,459)
393,702	1,014,844	365,570
<u>31,474,037</u>	<u>34,129,224</u>	<u>605,974</u>
7,776,539	8,226,193	1,262,110
2,738,108	3,121,685	303,154
4,708,783	3,918,741	46,550
2,495,469	3,180,058	277,851
6,247,019	6,582,251	664,617
1,850,292	1,882,023	361,161
1,439,171	2,076,056	493,687
33,050	103,050	69,893
1,627,615	1,632,615	7,672
2,166,863	5,761,801	3,901,472
<u>31,082,909</u>	<u>36,484,473</u>	<u>7,388,167</u>
391,128	(2,355,249)	7,994,141
-	138,080	-
391,128	(2,217,169)	7,994,141
9,848,378	18,291,605	160,094
<u>10,239,506</u>	<u>16,074,436</u>	<u>8,154,235</u>

Dallas County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 34,869,772	399,595	35,269,367
Expenditures	29,364,817	536,183	29,901,000
Net	5,504,955	(136,588)	5,368,367
Other financing sources, net	166,622	-	166,622
Beginning fund balances	18,703,159	(12,252)	18,690,907
Ending fund balances	\$ 24,374,736	(148,840)	24,225,896

See accompanying independent auditor's report.



Dallas County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2010

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 \$5,401,564. 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, 2010, disbursements did not exceed the amounts budgeted.

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)			
2009	July 1, 2008	-	\$ 450	450	0.00%	\$ 8,690	5.20%
2010	July 1, 2008	-	450	450	0.00%	8,690	5.20

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.

**Other Supplementary Information**

Dallas County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	Tax Increment Financing	Wetland Bank Maintenance	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
<b>Assets</b>											
Cash and pooled investments:											
County Treasurer	\$ 3	13,804	1,000	595,320	-	845	95,959	7,467	98,638	14,390	237,037
Conservation Foundation	-	-	-	-	-	-	-	-	-	-	-
Receivables:											
Property tax:											
Delinquent	-	-	-	-	-	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-	-	-	-	-	-
Succeeding year											
tax increment financing	114,000	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	27	-	-
Drainage assessments	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	3,758	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	1,569	-	-
Prepaid insurance	-	-	-	-	-	-	-	-	-	-	164
<b>Total assets</b>	<b>\$ 114,003</b>	<b>13,804</b>	<b>1,000</b>	<b>599,078</b>	<b>-</b>	<b>845</b>	<b>95,959</b>	<b>7,467</b>	<b>100,234</b>	<b>14,390</b>	<b>237,201</b>
<b>Liabilities and Fund Equity</b>											
Liabilities:											
Accounts payable	\$ -	-	-	384	-	-	-	-	-	-	20,935
Due to other funds	-	-	-	-	3,758	-	-	-	-	-	-
Deferred revenue:											
Succeeding year property tax	-	-	-	-	-	-	-	-	-	-	-
Succeeding year tax increment financing	114,000	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>114,000</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>3,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,935</b>
Fund equity:											
Fund balances:											
Reserved for:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Drainage projects	-	-	-	-	-	-	-	-	-	-	-
Unreserved:											
Designated for special projects	-	-	-	110,000	-	-	-	-	-	-	-
Undesignated	3	13,804	1,000	488,694	(3,758)	845	95,959	7,467	100,234	14,390	216,266
<b>Total fund equity</b>	<b>3</b>	<b>13,804</b>	<b>1,000</b>	<b>598,694</b>	<b>(3,758)</b>	<b>845</b>	<b>95,959</b>	<b>7,467</b>	<b>100,234</b>	<b>14,390</b>	<b>216,266</b>
<b>Total liabilities and fund equity</b>	<b>\$ 114,003</b>	<b>13,804</b>	<b>1,000</b>	<b>599,078</b>	<b>-</b>	<b>845</b>	<b>95,959</b>	<b>7,467</b>	<b>100,234</b>	<b>14,390</b>	<b>237,201</b>

See accompanying independent auditor's report.

Special Revenue													
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Sale County Property	Conservation Conditional Use	Drainage Districts	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
396,172	16	77,956	42,962	138,080	601,155	99,295	80,007	7,895	14,094	2,584	-	498,333	3,023,012
-	-	-	-	-	-	-	-	-	-	-	46,770	-	46,770
-	-	-	-	-	-	-	-	-	-	-	-	1,090	1,090
-	-	-	-	-	-	-	-	-	-	-	-	1,387,000	1,387,000
-	-	-	-	-	-	-	-	-	-	-	-	-	114,000
-	-	-	-	-	-	-	22	-	-	367	-	464	853
57	-	22	-	-	481	-	-	-	-	-	-	-	587
-	-	-	-	-	-	3,895	-	-	-	-	-	-	3,895
-	-	-	-	-	-	-	-	-	-	-	-	-	3,758
-	-	-	-	-	-	-	-	-	-	-	-	-	1,569
-	-	-	-	-	-	-	-	-	-	-	-	-	164
396,229	16	77,978	42,962	138,080	601,636	103,190	80,029	7,895	14,094	2,951	46,770	1,886,887	4,582,698
-	-	4,174	2,049	-	-	-	-	-	-	1,070	-	-	28,612
-	-	-	-	-	-	-	-	-	-	-	-	-	3,758
-	-	-	-	-	-	-	-	-	-	-	-	1,387,000	1,387,000
-	-	-	-	-	-	-	-	-	-	-	-	-	114,000
-	-	-	-	-	-	3,895	-	-	-	-	-	967	4,862
-	-	4,174	2,049	-	-	3,895	-	-	-	1,070	-	1,387,967	1,538,232
-	-	-	-	-	-	-	-	-	-	-	-	498,920	498,920
-	-	-	-	-	-	99,295	-	-	-	-	-	-	99,295
-	-	-	-	-	-	-	-	-	-	-	-	-	110,000
396,229	16	73,804	40,913	138,080	601,636	-	80,029	7,895	14,094	1,881	46,770	-	2,336,251
396,229	16	73,804	40,913	138,080	601,636	99,295	80,029	7,895	14,094	1,881	46,770	498,920	3,044,466
396,229	16	77,978	42,962	138,080	601,636	103,190	80,029	7,895	14,094	2,951	46,770	1,886,887	4,582,698

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

Year ended June 30, 2010

	Tax Increment Financing	Wetland Bank Maintenance	Supplemental Environmental Projects	County Sheriff Forfeiture	Sheriff Federal Forfeiture	DARE	County Attorney Forfeiture	Courthouse Restoration	County Recorder's Records Management	Facility Maintenance Dallas County Care Facility	County Farm
<b>Revenues:</b>											
Property and other county tax	\$ -	-	-	-	-	-	-	-	-	-	-
Tax increment financing	113,173	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-	-	21,466	-	-
Use of money and property	-	13,804	-	-	-	-	-	-	396	34,000	40,035
Miscellaneous	-	-	-	646,091	800	-	646	20	-	28,006	1,502
<b>Total revenues</b>	<b>113,173</b>	<b>13,804</b>	<b>-</b>	<b>646,091</b>	<b>800</b>	<b>-</b>	<b>646</b>	<b>20</b>	<b>21,862</b>	<b>62,006</b>	<b>41,537</b>
<b>Expenditures:</b>											
<b>Operating:</b>											
Public safety and legal services	-	-	-	161,367	37,038	-	103,683	-	-	-	-
County environment and education	40,992	-	-	-	-	-	-	-	-	-	-
Governmental services to residents	-	-	-	-	-	-	-	-	44,406	-	-
Administration	-	-	-	-	-	-	-	-	-	84,364	339
Non-program	-	-	-	-	-	-	-	-	-	-	45,204
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>40,992</b>	<b>-</b>	<b>-</b>	<b>161,367</b>	<b>37,038</b>	<b>-</b>	<b>103,683</b>	<b>-</b>	<b>44,406</b>	<b>84,364</b>	<b>45,543</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>72,181</b>	<b>13,804</b>	<b>-</b>	<b>484,724</b>	<b>(36,238)</b>	<b>-</b>	<b>(103,037)</b>	<b>20</b>	<b>(22,544)</b>	<b>(22,358)</b>	<b>(4,006)</b>
<b>Other financing sources (uses):</b>											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Drainage warrants/drainage improvement certificates issued	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	(72,180)	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(72,180)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>1</b>	<b>13,804</b>	<b>-</b>	<b>484,724</b>	<b>(36,238)</b>	<b>-</b>	<b>(103,037)</b>	<b>20</b>	<b>(22,544)</b>	<b>(22,358)</b>	<b>(4,006)</b>
<b>Fund balances beginning of year</b>	<b>2</b>	<b>-</b>	<b>1,000</b>	<b>113,970</b>	<b>32,480</b>	<b>845</b>	<b>198,996</b>	<b>7,447</b>	<b>122,778</b>	<b>36,748</b>	<b>220,272</b>
<b>Fund balances end of year</b>	<b>\$ 3</b>	<b>13,804</b>	<b>1,000</b>	<b>598,694</b>	<b>(3,758)</b>	<b>845</b>	<b>95,959</b>	<b>7,467</b>	<b>100,234</b>	<b>14,390</b>	<b>216,266</b>

See accompanying independent auditor's report.

Special Revenue													
Economic Development	County Recorder's Electronic Transaction	Resource Enhancement and Protection	Jail Commissary	Sale County Property	Conservation Conditional Use	Drainage Districts	Conservation Land Acquisition	Ambulance Trust	Public Health Nurse Trust	Ortonville Sewer	Conservation Foundation	Debt Service	Total
-	-	-	-	-	-	-	-	-	-	-	-	1,331,728	1,331,728
-	-	-	-	-	-	-	-	-	-	-	-	-	113,173
-	-	67,754	-	-	-	-	-	-	-	-	-	24,971	92,725
-	-	-	33,914	-	-	-	-	-	-	-	-	-	55,380
7,534	-	285	-	-	68,278	87,084	23,512	-	-	-	2,211	10,926	288,065
-	-	-	-	-	-	1,252	1,150	50	-	1,739	44,027	-	725,283
7,534	-	68,039	33,914	-	68,278	88,336	24,662	50	-	1,739	46,238	1,367,625	2,606,354
-	-	-	20,573	-	-	-	-	151	-	-	-	-	322,812
-	-	-	-	-	-	-	-	-	-	4,657	172,217	-	217,866
-	-	-	-	-	-	-	-	-	-	-	-	-	44,406
-	-	-	-	-	-	96,294	-	-	-	-	-	-	84,703
-	-	-	-	-	-	-	-	-	-	-	-	-	141,498
-	-	-	-	-	-	-	-	-	-	-	-	1,451,325	1,451,325
-	-	93,480	-	-	-	-	9,267	-	-	-	-	-	102,747
-	-	93,480	20,573	-	-	96,294	9,267	151	-	4,657	172,217	1,451,325	2,365,357
7,534	-	(25,441)	13,341	-	68,278	(7,958)	15,395	(101)	-	(2,918)	(125,979)	(83,700)	240,997
-	-	-	-	138,080	-	-	-	-	-	-	-	-	138,080
-	-	-	-	-	-	28,542	-	-	-	-	-	-	28,542
-	-	-	-	-	-	-	-	-	-	-	-	72,180	72,180
-	-	-	-	-	-	-	-	-	-	-	-	-	(72,180)
-	-	-	-	138,080	-	28,542	-	-	-	-	-	72,180	166,622
7,534	-	(25,441)	13,341	138,080	68,278	20,584	15,395	(101)	-	(2,918)	(125,979)	(11,520)	407,619
388,695	16	99,245	27,572	-	533,358	78,711	64,634	7,996	14,094	4,799	172,749	510,440	2,636,847
396,229	16	73,804	40,913	138,080	601,636	99,295	80,029	7,895	14,094	1,881	46,770	498,920	3,044,466

**Dallas County**



Dallas County  
 Combining Schedule of Net Assets  
 Internal Service Funds

June 30, 2010

	Professional Services	Employee Group Health	Total
<b>Assets</b>			
Cash and pooled investments	\$ 460,775	1,363,955	1,824,730
Accounts receivable	2,242	52,321	54,563
Accrued interest receivable	-	162	162
Due from other governments	257	-	257
Capital assets, net of accumulated depreciation	296,495	-	296,495
<b>Total assets</b>	<b>759,769</b>	<b>1,416,438</b>	<b>2,176,207</b>
<b>Liabilities</b>			
Accounts payable	50,354	316,478	366,832
Salaries and benefits payable	49,395	-	49,395
Due to other governments	969	-	969
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	30,863	-	30,863
Portion due or payable after one year:			
Compensated absences	16,193	-	16,193
Net OPEB liability	3,546	-	3,546
<b>Total liabilities</b>	<b>151,320</b>	<b>- 316,478</b>	<b>467,798</b>
<b>Net Assets</b>			
Invested in capital assets	296,495	-	296,495
Unrestricted	311,954	1,099,960	1,411,914
<b>Total net assets</b>	<b>\$ 608,449</b>	<b>1,099,960</b>	<b>1,708,409</b>

See accompanying independent auditor's report.

**Schedule 4**

## Dallas County

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

Year ended June 30, 2010

	Professional Services	Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds and other governmental units	\$ 2,042,157	2,070,503	4,112,660
Reimbursements from employees and others	-	357,684	357,684
Insurance reimbursements	-	211,522	211,522
Miscellaneous	9,441	-	9,441
Total operating revenues	<u>2,051,598</u>	<u>2,639,709</u>	<u>4,691,307</u>
Operating expenses:			
Medical claims	-	2,080,232	2,080,232
Administrative and other fees	-	367,853	367,853
Central services	442,813	-	442,813
Information technology	967,219	-	967,219
Operations administration	310,557	-	310,557
Human resources	248,122	-	248,122
Total operating expenses	<u>1,968,711</u>	<u>2,448,085</u>	<u>4,416,796</u>
Operating income	82,887	191,624	274,511
Non-operating revenues:			
Interest income	-	11,651	11,651
Net income	82,887	203,275	286,162
Net assets beginning of year	525,562	896,685	1,422,247
Net assets end of year	<u>\$ 608,449</u>	<u>1,099,960</u>	<u>1,708,409</u>

See accompanying independent auditor's report.

Dallas County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2010

	Professional Services	Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating funds and other reimbursements	\$ 2,050,786	2,428,186	4,478,972
Cash received from insurance reimbursements	-	191,320	191,320
Cash paid to suppliers for services	(1,919,444)	(2,477,703)	(4,397,147)
Net cash provided by operating activities	131,342	141,803	273,145
Cash flows from capital and related financing activities:			
Purchase of equipment	(118,816)	-	(118,816)
Cash flows from investing activities:			
Interest on investments	-	12,362	12,362
Net increase in cash and cash equivalents	12,526	154,165	166,691
Cash and cash equivalents beginning of year	448,249	1,209,790	1,658,039
Cash and cash equivalents end of year	\$ 460,775	1,363,955	1,824,730
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 82,887	191,624	274,511
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	41,874	-	41,874
Changes in assets and liabilities:			
Increase in accounts receivable and due from other governments	(811)	(20,203)	(21,014)
Decrease in accounts payable and due to other governments	(7,866)	(29,618)	(37,484)
Increase in salaries and benefits payable	15,518	-	15,518
Decrease in compensated absences	(1,908)	-	(1,908)
Increase in net OPEB liability	1,648	-	1,648
Net cash provided by operating activities	\$ 131,342	141,803	273,145

See accompanying independent auditor's report.

Dallas County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets</b>						
Cash and pooled investments:						
County Treasurer	\$ -	1,772	639,355	494,271	14,050	503,394
Other County officials	160,449	-	-	-	-	-
Receivables:						
Property tax:						
Delinquent	-	211	971	55,071	1,652	32,360
Succeeding year	-	225,000	1,084,000	61,875,000	1,843,000	44,420,000
Accounts	10,338	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 170,787</b>	<b>226,983</b>	<b>1,724,326</b>	<b>62,424,342</b>	<b>1,858,702</b>	<b>44,955,754</b>
<b>Liabilities</b>						
Accounts payable	\$ -	-	40,789	-	-	-
Salaries and benefits payable	-	-	29,076	-	-	-
Due to other funds	5,327	-	-	-	-	-
Due to other governments	82,379	226,983	1,610,110	62,424,342	1,858,702	44,955,754
Trusts payable	83,081	-	-	-	-	-
Compensated absences	-	-	44,351	-	-	-
<b>Total liabilities</b>	<b>\$ 170,787</b>	<b>226,983</b>	<b>1,724,326</b>	<b>62,424,342</b>	<b>1,858,702</b>	<b>44,955,754</b>

See accompanying independent auditor's report.

Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
3,560	89,806	1,625,837	414,889	3,786,934
-	-	-	-	160,449
422	-	-	1,845	92,532
356,000	-	-	2,566,000	112,369,000
-	-	-	45,612	55,950
-	-	-	285	285
-	1,826,405	-	-	1,826,405
-	-	-	5,327	5,327
-	-	-	18,616	18,616
-	-	-	1,533	1,533
<b>359,982</b>	<b>1,916,211</b>	<b>1,625,837</b>	<b>3,054,107</b>	<b>118,317,031</b>
-	-	-	29,343	70,132
-	-	-	12,526	41,602
-	-	-	-	5,327
359,982	1,916,211	1,625,837	2,867,603	117,927,903
-	-	-	124,456	207,537
-	-	-	20,179	64,530
<b>359,982</b>	<b>1,916,211</b>	<b>1,625,837</b>	<b>3,054,107</b>	<b>118,317,031</b>

Dallas County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2010

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations
<b>Assets and Liabilities</b>						
Balances beginning of year	\$ 224,749	219,707	1,573,794	57,723,425	1,744,841	43,662,539
Additions:						
Property and other county tax	-	226,204	1,086,944	62,037,548	1,848,491	44,140,196
E911 surcharge	-	-	-	-	-	-
State tax credits	-	4,494	21,045	1,159,108	35,615	614,748
Drivers license fees	-	-	-	-	-	-
Office fees and collections	1,884,048	-	165	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Trusts	1,568,373	-	-	-	-	-
Miscellaneous	-	6	30,362	1,786	51	1,450
Total additions	<u>3,452,421</u>	<u>230,704</u>	<u>1,138,516</u>	<u>63,198,442</u>	<u>1,884,157</u>	<u>44,756,394</u>
Deductions:						
Agency remittances:						
To other funds	1,023,680	-	-	-	-	-
To other governments	862,467	223,428	987,984	58,497,525	1,770,296	43,463,179
Trusts paid out	1,620,236	-	-	-	-	-
Total deductions	<u>3,506,383</u>	<u>223,428</u>	<u>987,984</u>	<u>58,497,525</u>	<u>1,770,296</u>	<u>43,463,179</u>
Balances end of year	<u>\$ 170,787</u>	<u>226,983</u>	<u>1,724,326</u>	<u>62,424,342</u>	<u>1,858,702</u>	<u>44,955,754</u>

See accompanying independent auditor's report.

Townships	City Special Assess- ments	Auto License and Use Tax	Other	Total
351,881	1,751,972	1,454,669	3,606,788	112,314,365
369,987	-	-	2,599,671	112,309,041
-	-	-	274,894	274,894
10,732	-	-	43,324	1,889,066
-	-	309,209	-	309,209
-	-	-	-	1,884,213
-	-	17,660,277	-	17,660,277
-	549,164	-	-	549,164
-	-	-	1,546,587	3,114,960
-	-	-	811,876	845,531
380,719	549,164	17,969,486	5,276,352	138,836,355
-	-	674,931	-	1,698,611
372,618	384,925	17,123,387	4,248,566	127,934,375
-	-	-	1,580,467	3,200,703
372,618	384,925	17,798,318	5,829,033	132,833,689
359,982	1,916,211	1,625,837	3,054,107	118,317,031

Dallas County

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

For the Last Ten Years

	Modified Accrual				
	2010	2009	2008	2007	2006
<b>Revenues:</b>					
Property and other county tax	\$ 19,030,273	17,705,482	16,435,190	14,131,764	12,363,153
Interest and penalty on property tax	239,000	267,434	200,150	120,212	129,471
Tax increment financing	113,173	124,508	118,668	71,915	69,156
Intergovernmental	11,527,229	11,669,174	9,267,818	8,821,036	8,351,295
Licenses and permits	111,223	114,954	165,210	167,762	228,474
Charges for service	2,341,986	2,171,847	2,220,105	2,033,444	2,151,942
Use of money and property	516,572	758,573	1,214,811	1,352,680	938,619
Miscellaneous	1,389,911	454,448	471,613	582,977	1,156,236
<b>Total</b>	<b>\$ 35,269,367</b>	<b>33,266,420</b>	<b>30,093,565</b>	<b>27,281,790</b>	<b>25,388,346</b>
<b>Expenditures:</b>					
<b>Operating:</b>					
Public safety and legal services	\$ 6,992,046	6,503,733	6,394,696	5,557,939	5,662,792
Physical health and social services	2,803,326	2,839,385	2,725,731	2,793,823	2,446,243
Mental health	4,182,996	4,131,844	4,165,304	3,930,862	4,031,506
County environment and education	3,126,025	3,410,286	2,797,350	2,246,610	1,977,690
Roads and transportation	6,030,594	6,642,798	5,681,840	5,080,974	5,461,934
Governmental services to residents	1,516,940	1,474,652	1,350,487	1,201,824	1,405,061
Administration	1,531,994	1,459,195	1,504,643	1,652,347	1,487,404
Non-program	149,498	81,993	82,364	35,203	194,704
Debt service	1,624,943	1,957,792	1,374,999	1,429,872	2,168,603
Capital projects	1,942,638	5,709,783	4,599,429	4,809,405	2,580,017
<b>Total</b>	<b>\$ 29,901,000</b>	<b>34,211,461</b>	<b>30,676,843</b>	<b>28,738,859</b>	<b>27,415,954</b>

See accompanying independent auditor's report.



Basis				
2005	2004	2003	2002	2001
12,223,329	12,607,687	12,032,172	11,039,642	9,881,176
157,069	121,381	115,161	124,755	95,133
68,393	41,064	31,994	24,008	41,069
8,685,409	8,156,106	7,904,433	8,281,991	8,926,732
212,699	187,435	179,451	149,465	144,663
1,966,320	1,797,483	1,730,355	1,480,991	1,388,435
376,332	243,537	321,119	327,598	473,574
640,509	1,068,399	1,090,338	535,315	836,748
24,330,060	24,223,092	23,405,023	21,963,765	21,787,530
4,235,897	4,141,707	4,348,165	3,782,743	3,667,036
2,283,649	2,347,396	2,260,699	2,427,581	3,142,956
4,021,399	3,892,605	3,541,726	3,541,905	3,286,486
1,632,788	1,460,257	1,370,639	1,387,881	1,666,743
4,771,237	4,856,470	4,692,586	4,405,522	4,242,934
863,783	740,936	944,689	692,597	616,099
2,582,284	2,744,922	2,715,171	2,630,155	2,159,302
286,075	287,288	367,328	369,459	815,834
1,086,288	1,084,659	1,103,312	730,587	706,938
2,170,970	2,200,176	3,732,903	2,896,180	2,582,424
23,934,370	23,756,416	25,077,218	22,864,610	22,886,752

Dallas County  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2010

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		\$ 1,892
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	FY 2007	<u>3,730</u>
Total direct			<u>5,622</u>
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		<u>30,204</u>
U.S. Department of Justice:			
Iowa Department of Justice - Crime Victim Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-10-02	1,948
ARRA - Violence Against Women Formula Grants	16.588	VWS-10-02	<u>2,298</u>
			<u>4,246</u>
Iowa Department of Human Rights - Division of Criminal and Juvenile Justice Planning:			
Enforcing Underage Drinking Laws Program	16.727	CJJP-05-M2-005	<u>9,558</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-E-C025(66)--8T-25	989,741
Highway Planning and Construction	20.205	STP-ES-E-C025(79)--8T-25	82,133
Highway Planning and Construction	20.205	STP-ES-E-C025(70)--8I-25	68,868
Highway Planning and Construction	20.205	STP-ES-E-C025(602)--8T-25	<u>46,183</u>
			<u>1,186,925</u>
Iowa Department of Public Safety - Governor's Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving Incentive Grants	20.601	PAP 09-410	313
Alcohol Traffic Safety and Drunk Driving Incentive Grants	20.601	PAP 10-410	<u>9,970</u>
			<u>10,283</u>
U.S. Department of Education:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	S397A090016A	<u>31,308</u>
Iowa Department of Public Health:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	5880PHM04	35,472
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	5880CO25	7,147
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	5880EM23	<u>2,352</u>
			<u>44,971</u>
			<u>76,279</u>

Dallas County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5889BT01	4,750
Public Health Emergency Preparedness	93.069	5880BT25	103,110
			<u>107,860</u>
Grinnell Regional Public Health:			
Public Health Emergency Preparedness	93.069	5887BT01	11,049
			<u>118,909</u>
Iowa Department of Public Health:			
Immunization Grants	93.268	5880I422	5,884
New Opportunities, Inc:			
Immunization Grants	93.268		4,178
			<u>10,062</u>
Iowa Department of Public Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5889OB06	9,841
Child Care and Development Block Grant	93.575		57,825
ARRA - Immunization Grants	93.712	5880I422	1,183
			<u>68,849</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		15,811
Refugee and Entrant Assistance - State Administered Programs	93.566		85
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		7,923
Foster Care - Title IV-E	93.658		16,241
Adoption Assistance	93.659		4,049
State Children's Health Insurance Program	93.767		184
Medical Assistance Program	93.778		34,220
Social Services Block Grant	93.667		16,134
Social Services Block Grant	93.667		131,315
Iowa Department of Public Health:			
Social Services Block Grant	93.677	5880C025	13,786
			<u>161,235</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	FFY 2009	1,565
Emergency Management Performance Grants	97.042	FFY 2010	27,794
			<u>29,359</u>
Homeland Security Grant Program	97.067	2006-GE-T6-0065-001	37,753
Homeland Security Grant Program	97.067	2007-GE-T7-0032-001	18,301
			<u>56,054</u>
Total indirect			1,840,476
Total			<u>\$ 1,846,098</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 on 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**

David A. Vaudt, CPA  
Auditor of State

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

To the Officials of Dallas County:

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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 9, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control over financial reporting we consider to be material weaknesses 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 deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-10 through II-E-10 to be significant deficiencies.

## Compliance and Other Matters

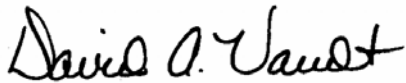
As part of obtaining reasonable assurance about whether Dallas County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 that 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, 2010 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 findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dallas County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 9, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133**

**Dallas County**





**OFFICE OF AUDITOR OF STATE**  
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David A. Vaudt, CPA  
Auditor of State

Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133

To the Officials of Dallas County:

Compliance

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 Dallas County's major federal program for the year ended June 30, 2010. Dallas County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Dallas County's management. Our responsibility is to express an opinion on Dallas County's compliance based on our audit.

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. Our audit does not provide a legal determination on Dallas County's compliance with those requirements.

In our opinion, Dallas County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

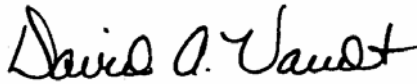
The management of Dallas County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Dallas County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or a combination of deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dallas County and other parties to whom Dallas County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 9, 2011

Dallas County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

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

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

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 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 and Sheriff
(2) Disbursements – processing claims, check writing, check signing, mailing checks and final approval.	Sheriff
(3) Bank reconciliation is not prepared by someone who doesn't sign checks, handle or record cash. Also, there is no evidence the reconciliation is reviewed.	Sheriff

In addition, advance fees in the Civil account in the Sheriff's Office are receipted, deposited and posted by the same individual. Also, jailers are authorized to prepare and sign checks for the commissary 2 account.

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 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 evidenced by initials or signature of the reviewer and the date of the review. In addition, advance fees collected by the Civil account in the Sheriff's Office should be receipted by someone other than the individual posting fees and preparing the deposit.

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.

County Sheriff - Beginning in March 2010, all claims are processed by the Sheriff's Clerk and reviewed by the Sheriff's Executive Assistant with the final approval from the Sheriff.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Beginning in March 2010, bank reconciliations are prepared by the Executive Assistant and the staff signs off after the final review of the reconciliation.

The mail is opened by the 1<sup>st</sup> Chief Deputy. The Deputy records the receipt of every advance fee. At this time, the same person frequently is doing all the duties for the deposit. Effective immediately we will do a division of duties so the same person is not performing incompatible duties. Deposits and posting are done by the appropriate office and checked by the Sheriff's Executive Assistant when the bank reconciliation is done.

Jailers are authorized to prepare and sign checks for the commissary 2 account. Because of the number 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 2<sup>nd</sup> Chief Deputy are the only ones able to make changes and or override a check.

Conclusions – Responses accepted.

- II-B-10 Financial Reporting – We identified items recorded as capital asset additions which were not capital assets and items not capitalized which should have been included as capital asset additions. In addition, various receivables were identified which were not recorded. Adjustments were subsequently made by the County to properly report capital assets and receivables.

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

Response – We will continue to identify areas which need improvement and develop and implement procedures to ensure the County is recording items correctly.

Conclusion – Response accepted.

- II-C-10 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. A trusts on hand listing was not prepared as of June 30, 2010.

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.

Response – The Sheriff's Office will be installing Civil Soft Code in May 2011. This software will allow us to prepare a year end statement of all receipts and disbursements for each year.

Conclusion – Response accepted.

- II-D-10 Review and Approval of Timesheets – During review of timesheets for one pay period, we noted sixteen timesheets with the following exceptions:

- a) Seven with no employee signature.
- b) Nine with no supervisor signature.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Recommendation – The County should develop policies and procedures to ensure all timesheets are signed by the employee and then reviewed/approved by the employee’s supervisor prior to submission for payroll processing.

Response – The County continues to work towards an electronic timekeeping system to eliminate the exceptions and bring us to 100% compliance.

Conclusion – Response accepted.

II-E-10 Economic Development Fund – The County has received certain monies made available through the operation of U.S. and State of Iowa Economic Development Community Development Block Grant programs to provide supplemental financing in support of new and expanding businesses and to increase new employment opportunities for low and moderate income residents. There has been no expenditure activity in the Economic Development Fund since the fiscal year ended June 30, 2004. The fund has a balance of \$396,229 as of June 30, 2010.

Recommendation – The County should make an effort to promote its available economic development funding for loans to local area businesses.

Response – The Board is considering working with the Greater Dallas County Development Alliance to establish a broader outreach to identify new business in Dallas County which may qualify for this grant program. We have also alerted banking institutions as to the availability of this loan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**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 program were noted.

Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

IV-A-10 Certified Budget – During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted by function. However, disbursements in one department exceeded the amount appropriated.

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-10 Questionable Expenditures – In June 2010, the Central Point of Coordination (CPC) approved a claim for \$120 for washing and detailing 2 CPC vehicles. In May 2010, Human Resources approved a claim for \$150 for registration for an adult softball league for County employees. These expenditure may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefit to be derived has not been clearly documented.

Recommendation – The CPC and Human Resources should determine and document the public purpose served by these expenditures. If this practice is continued, the CPC and Human Resources should establish written policies and procedures, including the requirement for proper documentation of public purpose.

Responses –

Central Point of Coordination – For any questionable expenses, public purpose will be documented on the claim to explain the need.

Human Resources – HR has been designated as the ‘keeper’ of the wellness dollars. Per conversation with the State Auditor’s Office, the HR Director was told the Wellness Committee could use these dollars if the expenditure met the wellness criteria defined by the Board of Supervisors – for the benefit/wellness of the employees with an overall impact on health fund claims – and would be considered an acceptable expense. Currently, the Wellness Committee is in the process of defining future wellness related activities to be reviewed and approved by the Board of Supervisors.

Conclusions – Responses accepted.



Dallas County

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

- IV-C-10 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-10 Business Transactions - No business transactions between the County and County officials or employees were noted.
- IV-E-10 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-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-10 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.
- IV-H-10 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-10 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, 2010 for the County Extension Office did not exceed the amount budgeted.
- IV-J-10 Financial Condition – The Special Revenue, Sheriff Federal Forfeiture Fund had a deficit balance of \$3,758 at June 30, 2010.
- Recommendation – The County should investigate alternatives to eliminate this deficit to return this fund to a sound financial position.
- Response – There was a duplicate payment made on an invoice. A reimbursement was made to make the fund whole.
- Conclusion – Response accepted.

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Dallas County

Staff

This audit was performed by:

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