

DUBUQUE COUNTY

FINANCIAL STATEMENTS
JUNE 30, 2004

DUBUQUE COUNTY

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DUBUQUE COUNTY

DUBUQUE COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donna Smith	Board of Supervisors	January, 2007
Eric Manternach	Board of Supervisors	January, 2007
Jim Waller	Board of Supervisors	January, 2005
Denise Dolan	County Auditor	January, 2005
Eric Stierman	County Treasurer	January, 2007
Kathy Flynn Thurlow	County Recorder	January, 2007
Leo Kennedy	County Sheriff	January, 2005
Fred McCaw	County Attorney	January, 2007
Paul Thomsen	County Assessor	N/A
Richard Engelken	City Assessor	N/A



INDEPENDENT AUDITOR'S REPORT

To the Officials of Dubuque County:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dubuque County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions 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 the 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dubuque County as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2005, on our consideration of Dubuque 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.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dubuque County's basic financial statements. We previously audited, in accordance with the standards and provisions referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, are presented for purposes of additional analysis and are not required parts 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.

Eida Bailly LLP

Dubuque, Iowa
March 17, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dubuque County provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded the liabilities at the close of the most recent fiscal year by \$76,140,848 (*net assets*). Of this amount, \$1,768,569 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net assets increased by \$232,717.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$16,179,482, a decrease of \$7,451,882 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,028,590, or 24% of total general fund expenditures.
- Total debt decreased by \$ 564,368 (9.7 percent) during the current fiscal year.

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 Dubuque 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 Dubuque 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 Dubuque County acts solely as an agent or custodian for the benefit of those outside of County government.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Other supplementary information provides detailed information about the nonmajor special revenue, the debt service, the capital projects, and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or 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 displayed in the statement of net assets and the statement of activities. The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (*business-type 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 other non-program activities. Property tax and state and federal grants finance most of these activities. The County has no business-type activities.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

A *fund* is grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County has two 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. These 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, mental health services fund, rural services, secondary roads fund and the local option tax fund, all of which are considered to be major funds. Data from the other ten funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, joint E911 services and the county and city assessors to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

The basic fiduciary fund financial statement can be found on page 19 of this report.

A summary reconciliation between the government-wide financial statements and the governmental fund financial statements follows each governmental fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's actual results in comparison to their original and amended budgets. Required supplementary information can be found on pages 35-37 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements and schedules can be found on pages 38-39 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$ 76,140,848 at the close of the most recent fiscal year.

Dubuque County, Iowa Net Assets of Governmental Activities

	Governmental Activities	
	2004	2003 (As Restated)
Current and other assets	\$ 39,445,766	\$ 44,636,680
Capital assets	<u>64,573,710</u>	<u>57,905,161</u>
Total assets	<u>104,019,476</u>	<u>102,541,841</u>
Long-term liabilities outstanding	5,276,411	5,840,779
Other liabilities	<u>22,602,217</u>	<u>20,792,931</u>
Total liabilities	<u>27,878,628</u>	<u>26,633,710</u>
Net assets:		
Invested in capital assets, net of related debt	61,603,710	54,580,161
Restricted	12,768,569	13,804,491
Unrestricted	<u>1,768,569</u>	<u>7,523,479</u>
Total net assets	<u>\$ 76,140,848</u>	<u>\$ 75,908,131</u>

The largest portion of the County's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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 - decreased from \$7,523,479 at June 30, 2003 to \$1,768,569 at the end of this year, a decrease of 76.49 percent.

Governmental activities. Governmental activities increased the County's net assets by \$232,717. A condensed version of the Statement of Activities as of June 30, 2004 follows:

Dubuque County, Iowa
Changes in Net Assets

	Governmental Activities	
	2004	2003 (As Restated)
Revenues:		
Program Revenues:		
Fees, fines and charges for service	\$ 8,654,201	\$ 8,223,548
Operating grants and contributions	6,153,206	5,930,693
Capital grants and contributions	2,619,058	2,432,472
General Revenues:		
Property taxes	17,401,322	17,030,155
Penalty and interest on property tax	165,622	140,947
State tax credits	3,929,626	4,360,260
Local option sales tax	2,869,485	2,584,557
Unrestricted investment earnings	368,471	745,078
Gain on sale of capital assets	-	16,706
Miscellaneous	<u>487,299</u>	<u>505,625</u>
Total revenues	<u>42,648,290</u>	<u>41,970,041</u>
Expenses:		
Public safety and legal services	8,906,719	7,443,507
Physical health and social services	6,442,747	5,217,634
Mental health	12,134,672	12,679,063
County environment and education	2,112,104	2,058,638
Roads and transportation	8,803,028	8,267,639
Governmental services to residents	1,230,622	1,184,533
Administration	2,590,035	2,324,693
Non-program	50,276	6,483
Interest on long-term debt	<u>145,370</u>	<u>163,268</u>
Total expenses	<u>42,415,573</u>	<u>39,345,458</u>
Change in net assets	232,717	2,624,583
Beginning net assets (2003 restated)	<u>75,908,131</u>	<u>73,283,548</u>
Ending net assets	<u>\$ 76,140,848</u>	<u>\$ 75,908,131</u>

-- Taxes increased by approximately \$371,000, or 2%, during the year due to an 11-cent increase in the rural fund levy to maintain the current level of service.

- Capital Grants increased due to state participation projects with the Secondary Road department which occurred during the year.

Financial Analysis of the Government's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 16,179,482, a decrease of \$7,451,882 in comparison with the prior year. The *unreserved fund balance* of \$ 14,835,038, which is available for spending at the County's discretion, decreased \$ 7,106,056 with the reserve for inventories decreasing \$ 40,124. The *designated* fund balance of \$ 900,000 represents tentative management plans that are subject to change. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$ 4,128,590, while the total fund balance reached \$ 5,438,634. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24% of total general fund expenditures, while total fund balance represents 26% of that same amount.

The fund balance of the County's general fund decreased \$ 2,546,140 during the current fiscal year. Key factors in this increase are as follows:

- Property taxes increased only slightly, \$101,714, as a result of new construction and new valuation, while the general fund tax rate decreased 7-cents/\$1,000 in order to maintain a stable county-wide tax rate.
- An increase in administrative costs, including a 10% increase in health insurance expenses of over \$318,000.

The rural services fund has a total fund balance of \$ 16,670, which is a increase of \$ 15,243 from the prior year. Key factors in this increase are as follows:

- Increase in the property tax rate by 11-cents (3.7%) to maintain the current level of services. This amount raised approximately \$88,000.
- Interfund transfer from rural services increased approximately \$38,000.

The secondary roads fund has a total fund balance of \$ 1,456,317, which is a decrease of \$524,484 from the prior year. Key factors in this decrease are as follows:

- Expenses increased approximately \$39,000.
- Non-tax revenues decreased approximately \$518,000.

The mental health fund has a total fund balance of \$ 4,253,001, which is a decrease of \$ 28,998 from the prior year. Key factors in this decrease are as follows:

- Reallocation of taxes levied increased the amount levied in the mental health fund by approximately \$ 912,000.
- Expenses decreased slightly by approximately \$ 547,000.

The local option tax fund has a total fund balance of \$ 2,878,582, which is a decrease of \$2,358,054 from the prior year. Key factors in this decrease are as follows:

- Timing of road construction projects increased expenses by approximately \$3.3-million.

General Fund Budgetary Highlights

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following a required public notice and hearing for all governmental funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis.

Over the course of the year, the County amended its operating budget three times.

The first amendment, on October 20, 2003, increased receipts by \$ 225,921 and disbursements by \$ 8,789,215. This amendment revised receipts and disbursements to reflect monies budgeted in the previous fiscal year which were not received or expended until the current fiscal year. \$2,429,518 of the increase in disbursements was due to delays in the capital projects for the Swiss Valley Nature Center, approximately, \$ 81,000; exterior work on the Old Jail, approximately \$ 119,000; and the jail addition to the Law Enforcement Center, approximately \$2.2-million. \$ 4.2-million was due to the timing of road construction projects.

The second amendment, on March 8, 2004, increased receipts by \$ 2,276,994 and disbursements by \$ 149,080. These increases reflected changes made by the Board of Supervisors during departmental worksessions for preparation of the FY05 budget. The majority of the revenue increase was due to grant awards that were unknown during original budget preparation. Disbursements included increased personnel costs for opening of the jail addition and grant awards that were received after preparation of the original budget.

The third amendment, on May 17, 2004, increased receipts by \$ 369,652 and disbursements by \$445,439. Increased local option tax revenues contributed to the majority of the change in receipts, while changes in contracts and change orders for construction projects attributed to the increased expenses.

The net increase in receipts of \$ 2,772,567 resulted in an amended total of \$ 40,494,744. The net increase in disbursements of \$ 9,283,734 resulted in an amended total of \$ 53,791,131.

Actual disbursements for the year totaled \$ 47,611,431 or \$ 6,179,700 less than the final amended budget. The largest factor contributing to the difference was in capital projects which was \$ 2,622,806 less than budget due to seasonal timing of road construction projects in the local option tax fund and delays in the jail addition to the Law Enforcement Center in the Capital Projects fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY04, Dubuque County had \$ 64,573,710 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$ 6,668,548, or 12 percent over last year.

Capital Assets of Governmental Activities at Year End

		Governmental Activities
	2004	2003 (As Restated)
Land	\$ 2,360,591	\$ 2,360,591
Buildings and improvements	12,478,537	3,629,210
Machinery and equipment	5,192,471	4,642,127
Infrastructure	37,836,602	38,353,656
Construction in progress	<u>6,705,509</u>	<u>8,919,578</u>
Totals	<u>\$ 64,573,710</u>	<u>\$ 57,905,162</u>

The County had depreciation expense of \$ 3,204,841 for the year ended June 30, 2004 and total accumulated depreciation as of June 30, 2004 of \$ 34,018,297.

The County's fiscal year 2004 capital budget included approximately \$ 9.8-million for capital projects, principally an additional \$ 2.2-million for the jail addition to the Law Enforcement Center, an additional approximately \$150,000 for remodeling of the Court House, and an additional approximately \$188,000 for construction of the addition to the Swiss Valley Nature Center. Also included were \$ 134,749 for continued upgrading of secondary roads and bridges, including the Balltown Overlook. The County has no plans to issue additional debt to finance these projects. The County will continue to use proceeds of bonds sold in 2001 and resources on hand in the County's fund balance.

Additional information on the County's capital assets can be found in note 5 on page 27 of this report.

Debt

At year-end, the County had total outstanding debt of \$ 5,276,411 in bonds and other debt compared to \$5,840,779 last year, a decrease of \$564,368 (9.7%), as detailed below:

Outstanding Debt of Governmental Activities at Year-End

	2004	2003 (As Restated)
General obligation bonds	\$ 2,970,000	\$ 3,325,000
Rural economic development loan	800,159	834,266
Compensated absences	1,253,002	1,175,013
Claims payable	<u>253,250</u>	<u>506,500</u>
 Totals	 <u>\$ 5,276,411</u>	 <u>\$ 5,840,779</u>

For more detailed information on the County's debt and amortization terms, please refer to note 8 on page 30 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 4.6-percent, an increase from 3.3-percent the previous year, but still comparing favorably with the state of Iowa rate of 4.8-percent and the 5.6-percent national rate.

Taxes levied for fiscal year 2005 will increase by \$ 1,685,839, or 9.5-percent from the fiscal year 2004 budget. This increase represents a taxable valuation growth of 2.1-percent and a 49-cent increase in the general fund levy.

The 2005 county wide levy rate is \$ 6.09 per thousand dollars of taxable value. Net property tax revenue represents 45.8-percent of total revenues, an increase from 48.2-percent in 2004. Rural residents will pay \$ 9.24 per thousand dollars of taxable value, including the rural service levy of \$3.15.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Dubuque County's finances and to show the County's accountability for the money it received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dubuque County Auditor's Office, 720 Central Avenue, Dubuque, Iowa 52001.

BASIC FINANCIAL STATEMENTS

DUBUQUE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2004

Exhibit A

	Primary Government	Component Unit
	Governmental Activities	Drug Task Force
ASSETS		
Cash and pooled investments	\$ 16,674,481	\$ 72,041
Receivables:		
Property tax:		
Delinquent	55,839	-
Succeeding year	19,335,150	-
Interest and penalty on property tax	99,462	-
Accounts	173,104	-
Accrued interest	58,324	-
Due from other governments	1,727,848	-
Prepaid expenses	295,393	-
Inventories	400,484	-
Note receivable	625,681	-
Capital assets:		
Land and construction in progress, not being depreciated	9,066,100	-
Other capital assets (net of accumulated depreciation)	55,507,610	-
Total assets	<u>104,019,476</u>	<u>72,041</u>
LIABILITIES		
Accounts payable	1,544,784	-
Accrued interest payable	12,134	-
Salaries and benefits payable	1,074,204	-
Due to other governments	635,945	-
Deferred revenue	19,335,150	-
Long-term liabilities:		
Portion due or payable within one year:		
Claims payable	253,250	-
Notes payable	34,448	-
Bonds payable	370,000	-
Compensated absences	585,152	-
Portion due or payable after one year:		
Notes payable	765,711	-
Bonds payable	2,600,000	-
Compensated absences	667,850	-
Total liabilities	<u>27,878,628</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	61,603,710	-
Restricted for:		
Supplemental levy purposes	2,538,710	-
Mental health purposes	4,258,142	-
Secondary roads purposes	1,203,067	-
Capital projects	330,248	-
Other purposes	4,438,402	-
Unrestricted	1,768,569	72,041
Total net assets	<u>\$ 76,140,848</u>	<u>\$ 72,041</u>

See notes to financial statements.

DUBUQUE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Public safety and legal services	\$ 8,906,719	\$ 470,408	\$ 719,509	\$ -
Physical health and social services	6,442,747	2,244,235	704,116	-
Mental health	12,134,672	4,050,545	867,564	-
County environment and education	2,112,104	381,276	663,621	-
Roads and transportation	8,803,028	34,001	3,198,396	2,613,458
Governmental services to residents	1,230,622	1,404,935	-	-
Administration	2,590,035	60,855	-	-
Non-program	50,276	7,946	-	5,600
Interest on long-term debt	145,370	-	-	-
Total primary government	<u>\$ 42,415,573</u>	<u>\$ 8,654,201</u>	<u>\$ 6,153,206</u>	<u>\$ 2,619,058</u>
Component unit:				
Drug Task Force	<u>\$ 16,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes levied for:
 General purposes
 Debt service
Penalty and interest on property tax
State tax credits
Local option sales tax
Unrestricted investment earnings
Miscellaneous
 Total general revenues
Change in net assets
Net assets beginning of year, as restated
Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government	Component Unit
Governmental Activities	Drug Task Force

\$ (7,716,802)
(3,494,396)
(7,216,563)
(1,067,207)
(2,957,173)
174,313
(2,529,180)
(36,730)
(145,370)
(24,989,108)

\$ (16,631)

16,932,471	-
468,851	-
165,622	-
3,929,626	-
2,869,485	-
368,471	679
<u>487,299</u>	<u>7,859</u>
25,221,825	8,538
232,717	(8,093)
<u>75,908,131</u>	<u>80,134</u>
<u>\$ 76,140,848</u>	<u>\$ 72,041</u>

DUBUQUE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 5,795,084	\$ 37,836	\$ 1,101,974
Receivables:			
Property tax:			
Delinquent	35,614	6,871	-
Succeeding year	13,878,147	2,432,163	-
Interest and penalty on property tax	99,462	-	-
Accounts	172,303	-	-
Accrued interest	58,324	-	-
Due from other governments	459,357	2,206	267,622
Inventories	73,444	-	327,040
Prepaid expenses	295,393	-	-
Notes receivable	25,765	-	-
Total assets	<u>\$ 20,892,893</u>	<u>\$ 2,479,076</u>	<u>\$ 1,696,636</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 453,603	\$ 8,774	\$ 81,808
Salaries and benefits payable	813,495	15,837	136,004
Due to other governments	81,072	-	304
Deferred revenue:			
Succeeding year property tax	13,878,147	2,432,163	-
Other	227,942	5,632	22,203
Total liabilities	<u>15,454,259</u>	<u>2,462,406</u>	<u>240,319</u>
Fund balances:			
Reserved for:			
Inventories	73,444	-	327,040
Supplemental levy purposes	310,835	-	-
Notes receivable	25,765	-	-
Debt service	-	-	-
Unreserved:			
Designated	900,000	-	-
Undesignated, reported in:			
General fund	4,128,590	-	-
Special revenue funds	-	16,670	1,129,277
Capital projects fund	-	-	-
Total fund balances	<u>5,438,634</u>	<u>16,670</u>	<u>1,456,317</u>
Total liabilities and fund balances	<u>\$ 20,892,893</u>	<u>\$ 2,479,076</u>	<u>\$ 1,696,636</u>

See notes to financial statements.

Revenue			
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,987,060	\$ 2,742,545	\$ 2,009,982	\$ 16,674,481
11,866	-	1,488	55,839
2,532,692	-	492,148	19,335,150
-	-	-	99,462
801	-	-	173,104
-	-	-	58,324
362,344	636,319	-	1,727,848
-	-	-	400,484
-	-	-	295,393
-	60,000	539,916	625,681
<u>\$ 7,894,763</u>	<u>\$ 3,438,864</u>	<u>\$ 3,043,534</u>	<u>\$ 39,445,766</u>
\$ 435,905	\$ 150,564	\$ 414,130	\$ 1,544,784
108,868	-	-	1,074,204
554,569	-	-	635,945
2,532,692	-	492,148	19,335,150
9,728	409,718	978	676,201
<u>3,641,762</u>	<u>560,282</u>	<u>907,256</u>	<u>23,266,284</u>
-	-	-	400,484
-	-	-	310,835
-	60,000	539,916	625,681
-	-	7,444	7,444
-	-	-	900,000
-	-	-	4,128,590
4,253,001	2,818,582	1,258,670	9,476,200
-	-	330,248	330,248
<u>4,253,001</u>	<u>2,878,582</u>	<u>2,136,278</u>	<u>16,179,482</u>
<u>\$ 7,894,763</u>	<u>\$ 3,438,864</u>	<u>\$ 3,043,534</u>	<u>\$ 39,445,766</u>

DUBUQUE COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Exhibit D

Total governmental fund balances \$ 16,179,482

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 funds. Those
assets consist of:

Land and land improvements, net of \$101,865 accumulated depreciation	\$ 2,460,956	
Construction in progress	6,705,509	
Infrastructure, net of \$20,241,151 accumulated depreciation	37,836,602	
Buildings and improvements, net of \$6,329,249 accumulated depreciation	12,378,172	
Equipment, net of \$7,346,032 accumulated depreciation	<u>5,192,471</u>	
Total capital assets		64,573,710

Some of the County's revenue will be collected after year-end,
but is not available soon enough to pay for the current period's
expenditures, and therefore is reported as deferred
revenue in the funds. 676,201

Long-term liabilities applicable to the County's governmental
activities are not due and payable in the current period and
accordingly are not reported as fund liabilities. Interest on
long-term debt is not accrued in governmental funds, but rather
is recognized as an expenditure when due. All liabilities - both
current and long-term - are reported in the statement of net
assets. Balances at June 30, 2004 are:

Accrued interest on bonds	(12,134)	
Notes payable	(800,159)	
Bonds payable	(2,970,000)	
Compensated absences	(1,253,002)	
Claims payable	<u>(253,250)</u>	
Total long-term liabilities		<u>(5,288,545)</u>

Net assets of governmental activities \$ 76,140,848

DUBUQUE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Rural Services</u>	<u>Special Secondary Roads</u>
Revenues:			
Property and other County tax	\$ 10,773,033	\$ 2,351,759	\$ -
Interest and penalty on property tax	150,455	-	-
Intergovernmental	4,455,977	179,811	3,224,542
Licenses and permits	73,902	-	1,450
Charges for service	2,547,095	19,618	16,972
Use of money and property	329,341	-	26,623
Miscellaneous	92,926	16,070	65,513
Total revenues	<u>18,422,729</u>	<u>2,567,258</u>	<u>3,335,100</u>
Expenditures:			
Operating:			
Public safety and legal services	9,059,895	-	-
Physical health and social services	6,294,233	-	-
Mental health	-	-	-
County environment and education	1,740,233	455,720	-
Roads and transportation	59,228	-	5,919,546
Governmental services to residents	1,185,902	-	-
Administration	2,631,399	-	-
Non-program	479	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>20,971,369</u>	<u>455,720</u>	<u>5,919,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,548,640)</u>	<u>2,111,538</u>	<u>(2,584,446)</u>
Other financing sources (uses):			
Transfers in (out)	-	(2,096,295)	2,096,295
Compensation for loss of general fixed assets	-	-	6,291
Total other financing sources (uses)	<u>-</u>	<u>(2,096,295)</u>	<u>2,102,586</u>
Net change in fund balances	(2,548,640)	15,243	(481,860)
Fund balances beginning of year	7,984,774	1,427	1,980,801
Increase (decrease) in reserve for inventories	2,500	-	(42,624)
Fund balances end of year	<u>\$ 5,438,634</u>	<u>\$ 16,670</u>	<u>\$ 1,456,317</u>

See notes to financial statements.

Revenue			
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,803,144	\$ 2,869,484	\$ 468,851	\$ 20,266,271
-	-	-	150,455
7,774,269	5,600	48,719	15,688,918
-	-	-	75,352
455,455	-	52,060	3,091,200
-	-	69,943	425,907
65,196	48,349	7,806	295,860
<u>12,098,064</u>	<u>2,923,433</u>	<u>647,379</u>	<u>39,993,963</u>
-	-	-	9,059,895
-	-	-	6,294,233
12,127,062	-	-	12,127,062
-	-	5,686	2,201,639
-	-	-	5,978,774
-	-	5,000	1,190,902
-	-	-	2,631,399
-	-	65,235	65,714
-	-	535,574	535,574
-	5,281,487	2,045,333	7,326,820
<u>12,127,062</u>	<u>5,281,487</u>	<u>2,656,828</u>	<u>47,412,012</u>
<u>(28,998)</u>	<u>(2,358,054)</u>	<u>(2,009,449)</u>	<u>(7,418,049)</u>
-	-	-	-
-	-	-	6,291
-	-	-	6,291
(28,998)	(2,358,054)	(2,009,449)	(7,411,758)
4,281,999	5,236,636	4,145,727	23,631,364
-	-	-	(40,124)
<u>\$ 4,253,001</u>	<u>\$ 2,878,582</u>	<u>\$ 2,136,278</u>	<u>\$ 16,179,482</u>

DUBUQUE COUNTY**Exhibit F****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Net change in fund balances - Total governmental funds \$ (7,411,758)

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense. This is the amount by which capital outlays (\$9,879,680)
exceeded depreciation (\$3,204,841) in the current period. 6,674,839

Bond proceeds and capital leases are reported as financing sources
in governmental funds and thus contribute to the change in fund balances.
In the statement of net assets, however, issuing debt increases long-term
liabilities and does not affect the statement of activities. Repayment of
principal is an expenditure in the governmental funds but reduces the
liability in the statement of net assets.

Repayments 389,107

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 450,586

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 governmental funds:

Change in accrued compensated absences (77,989)
Change in legal settlement 253,250
Change in accrued interest on debt 1,096

Inventories in the governmental funds have been recorded as expenditures
when paid. However, the statement of activities will report these items
as expenses in the period that the corresponding net asset is exhausted. (40,123)

In the statement of activities, only the loss on the sale of
capital assets is recognized, whereas in the governmental funds,
the proceeds from the sale increased financial resources.
Thus, the change in net assets differs from the change in fund
balances by the cost of the capital asset sold. (6,291)

Change in net assets of governmental activities \$ 232,717

DUBUQUE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2004

Exhibit G

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 3,549,711
Other County officials	164,287
Receivables:	
Property tax:	
Delinquent	204,270
Succeeding year	66,663,103
Interest and penalty on property tax	6,424
Accounts	6,772
Due from other governments	<u>29,717</u>
 Total assets	 <u>70,624,284</u>

LIABILITIES

Accounts payable	29,264
Salaries and benefits payable	43,255
Due to other governments	70,493,737
Trusts payable	<u>58,028</u>
 Total liabilities	 <u>70,624,284</u>

NET ASSETS \$ -

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dubuque 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Dubuque 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 Dubuque County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationships with the County.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the Dubuque County-City Drug Task Force. It is reported in a separate column. The following is a summary of the component unit:

Dubuque County and the City of Dubuque have formed the Dubuque County-City Drug Task Force under Chapter 28E of the Code of Iowa. The Task Force receives grant funding which it uses in the enforcement of narcotic laws. Certain County officials serve on the board of the Task Force, and certain County employees also assist in the Task Force's operations. Separate financial statements are not issued for this organization.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Jointly Governed Organizations

The County also 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: Dubuque County Assessor's Conference Board, Dubuque City Assessor's Conference Board, Dubuque County Emergency Management Commission, Dubuque Metropolitan Area Solid Waste Agency, Dubuque County Joint E911 Service Board, and Dubuque County Empowerment 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.

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 unit. 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 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 that do not meet 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 and contributions 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 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 that are not paid from other funds.

Special Revenue:

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 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 Local Option Tax Fund is used to account for revenue received from a 1% sales tax to be used for rural road construction.

Additionally, the County reports the following funds:

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.

Measurement Focus and Basis of Accounting

The government-wide 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 period or soon enough thereafter to pay liabilities of the current period. 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments consist of certificates of deposit which are stated at cost.

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 becomes 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, 2002, assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2003.

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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 General Fund and 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 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated 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. There are no capitalization thresholds for land and buildings. Acquisitions for land and buildings are recorded.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Building improvements	5,000
Machinery, equipment, and vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	15 – 50
Building improvements	10 – 25
Infrastructure	10 – 65
Machinery, equipment, and vehicles	5 – 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services, Secondary Roads, and Mental Health Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance 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 that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the county environment and education function prior to the second budget amendment. Disbursements exceeded the amounts budgeted in the physical health and social services function prior to the third budget amendment. Departmental appropriations were exceeded throughout the year.

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2004, 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 state 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 no investments subject to risk categorization at June 30, 2004.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 3 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2004, is as follows:

	<u>Transfer to:</u>
	Secondary
	<u>Roads</u>
Transfer from:	
Rural Services	<u>\$ 2,096,295</u>

During the year, \$2,096,295 was transferred from the Rural Services Fund to the Secondary Roads Fund. The Rural Services Fund is statutorily required to collect the resources, and the Secondary Roads Fund is statutorily required to expend the resources.

NOTE 4 – NOTES RECEIVABLE

The County has made funds available for interest-free loans to rural Dubuque County fire departments and EMS services to purchase fire protection and life support equipment through the County Assistance Fund. These amounts are to be repaid to the County in annual installments. The balance of these notes receivable at June 30, 2004, was \$157,571.

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with seven loans to businesses located in Dubuque County, totaling \$382,345 at June 30, 2004. The loans are accounted for in the Rural Economic Development Fund and mature in varying amounts through June 30, 2012.

The County has made an interest-free loan to the City of Centralia for a road construction project. This amount is to be repaid to the County in annual installments. The balance of this note receivable at June 30, 2004, was \$60,000.

The County has also made one time interest-free loans to the Holy Cross Fire Department, the Dubuque County Fire Fighters Association, and Worthington Community Fire Department for equipment. These amounts are to be repaid to the County in annual installments. The balance of these notes receivable at June 30, 2004, was \$25,765.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004, was as follows:

Primary government

	Restated Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,360,591	\$ -	\$ -	\$ 2,360,591
Construction in progress	8,919,578	7,698,581	9,912,650	6,705,509
Total capital assets, not being depreciated	<u>11,280,169</u>	<u>7,698,581</u>	<u>9,912,650</u>	<u>9,066,100</u>
Capital assets, being depreciated:				
Buildings	9,542,823	9,164,598	-	18,707,421
Improvements other than buildings	195,695	6,535	-	202,230
Machinery and equipment	11,330,976	1,396,520	188,993	12,538,503
Infrastructure	56,551,657	1,526,096	-	58,077,753
Total capital assets being depreciated	<u>77,621,151</u>	<u>12,093,749</u>	<u>188,993</u>	<u>89,525,907</u>
Less accumulated depreciation for:				
Buildings	6,024,017	305,232	-	6,329,249
Improvements other than buildings	85,291	16,574	-	101,865
Machinery and equipment	6,688,849	835,061	177,878	7,346,032
Infrastructure	18,198,001	2,043,150	-	20,241,151
Total accumulated depreciation	<u>30,996,158</u>	<u>3,200,017</u>	<u>177,878</u>	<u>34,018,297</u>
Total capital assets, being depreciated, net	<u>46,624,993</u>	<u>8,893,732</u>	<u>11,115</u>	<u>55,507,610</u>
Governmental activities capital assets, net	<u>\$ 57,905,162</u>	<u>\$ 16,592,313</u>	<u>\$ 9,923,765</u>	<u>\$ 64,573,710</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 261,678
Physical health and social services	106,577
County environment and education	111,687
Roads and transportation	2,426,012
Governmental services to residents	38,666
Administration	<u>260,221</u>

Total depreciation expense - governmental activities	<u>\$ 3,204,841</u>
--	---------------------

Beginning balances have been restated to reflect the changes in the County's capitalization policy.

Discretely Presented Component Unit

Capital assets activity for the Drug Task Force for the year ended June 30, 2004, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets, being depreciated:				
Machinery and equipment	\$ 10,700	\$ -	\$ -	\$ 10,700
Less accumulated depreciation for:				
Machinery and equipment	<u>8,560</u>	<u>2,140</u>	<u>-</u>	<u>10,700</u>
Drug Task Force capital assets, net	<u>\$ 2,140</u>	<u>\$ (2,140)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 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:

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Fund	Description	Amount
General	Services	\$ <u>81,072</u>
Special Revenue:		
Secondary Roads	Services	304
Mental Health	Services	<u>554,569</u>
		<u>554,873</u>
Total for governmental funds		<u>\$ 635,945</u>
Agency:		
County Recorder	Collections	\$ 69,440
County Recorder's Electronic Fee		11,125
County Sheriff		41,669
E911		482,971
Drainage District		659
Agricultural Extension Education		113,899
County Assessor		620,201
City Assessor		740,290
Schools		38,979,646
Area Schools		1,676,431
Corporations		24,790,874
Townships		409,148
Auto License and Use Tax		1,877,729
Brucellosis and Tuberculosis Eradication		11,217
Joint Disaster Services		17,916
County Hospital		<u>650,522</u>
Total for agency funds		<u>\$ 70,493,737</u>

NOTE 7 – LEASE COMMITMENTS

Dubuque County leases office space for use by the departments of Human Services, Veterans Affairs, General Relief, Juvenile Probation, and the Library. The following is a schedule of the future minimum lease payments.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Year Ending June 30,

2005	\$	180,631
2006		180,631
2007		180,631
2008		<u>169,230</u>
	<u>\$</u>	<u>711,123</u>

Payments under these leases for the year ended June 30, 2004, totaled \$192,540.

NOTE 8- CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2004, is as follows:

	General Obligation Bonds	Rural Economic Development Loan	Compensated Absences	Claims Payable	Total
Balance beginning of year, as restated	\$ 3,325,000	\$ 834,266	\$ 1,175,013	\$ 506,500	\$ 5,840,779
Increases	-	-	77,989	-	77,989
Decreases	<u>355,000</u>	<u>34,107</u>	<u>-</u>	<u>253,250</u>	<u>642,357</u>
Balance end of year	<u>\$ 2,970,000</u>	<u>\$ 800,159</u>	<u>\$ 1,253,002</u>	<u>\$ 253,250</u>	<u>\$ 5,276,411</u>
Due within one year	<u>\$ 370,000</u>	<u>\$ 34,448</u>	<u>\$ 585,152</u>	<u>\$ 253,250</u>	<u>\$ 1,242,850</u>

Dubuque County has borrowed funds through the Rural Economic Development Intermediary Relending Program in order to provide economic development loans to industries within Dubuque County. The indebtedness is guaranteed with loans the County has made to various businesses at an interest rate of 5.5%. At June 30, 2004, there was \$800,159 outstanding.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Bonds Payable

A summary of the County's June 30, 2004, indebtedness is as follows:

Year Ending June 30,	General Obligation Bonds			Rural Economic Development Loan		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2005	4.000%	\$ 370,000	\$ 121,700	1.000%	\$ 34,448	\$ 8,002
2006	4.000%	390,000	106,900	1.000%	34,793	7,657
2007	4.000%	405,000	91,300	1.000%	35,141	7,309
2008	4.000%	425,000	75,100	1.000%	35,492	6,958
2009	4.125%	440,000	58,100	1.000%	35,847	6,603
2010-2014	4.125-4.250%	940,000	60,350	1.000%	184,686	27,564
2015-2019		-	-	1.000%	194,106	18,144
2020-2024		-	-	1.000%	204,006	8,244
2025		-	-	1.000%	41,640	416
		<u>\$ 2,970,000</u>	<u>\$ 513,450</u>		<u>\$ 800,159</u>	<u>\$ 90,897</u>

NOTE 9 – PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 3.70% of their annual covered salary, and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002, were \$803,252, \$742,622, and \$700,106, respectively, equal to the required contributions for each year.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 10 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At June 30, 2004, there were seven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the one series issued after July 1, 1997, was \$7,210,000. The aggregate principal amount payable for the six series issued prior to July 1, 1997, could not be determined; however, their original issue amounts totaled approximately \$17.64 million.

NOTE 12 – CONSTRUCTION COMMITMENTS

The County has entered into a contract totaling \$959,462 for road construction. As of June 30, 2004, costs of \$142,535 have been incurred against the contract. The balance of \$816,927 remaining at June 30, 2004, will be paid as work on the project progresses.

The County has entered into a contract totaling \$762,124 for road construction. As of June 30, 2004, costs of \$625,112 have been incurred against the contract. The balance of \$137,012 remaining at June 30, 2004, will be paid as work on the project progresses.

The County has entered into two contracts totaling \$1,329,571 for bridge replacements. As of June 30, 2004, costs of \$405,330 have been incurred against the contract. The balance of \$924,241 remaining at June 30, 2004, will be paid as work on the project progresses.

The County has entered into a contract totaling \$1,587,618 for road construction. As of June 30, 2004, costs of \$386,832 have been incurred against the contract. The balance of \$1,200,786 remaining at June 30, 2004, will be paid as work on the project progresses.

The County has entered into a contract totaling \$867,419 for road construction. As of June 30, 2004, costs of \$118,773 have been incurred against the contract. The balance of \$748,646 remaining at June 30, 2004, will be paid as work on the project progresses.

The County has entered into a contract totaling \$370,837 for building remodeling. As of June 30, 2004, costs of \$348,309 have been incurred against the contract. The balance of \$22,528 remaining at June 30, 2004, will be paid as work on the project progresses.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 13 – DESIGNATION OF FUND BALANCES

	General
Construction/remodeling projects	\$ 400,000
Land purchases	<u>500,000</u>
	<u>\$ 900,000</u>

NOTE 14 – RESTATEMENT OF BEGINNING BALANCES

A restatement of beginning net assets was done to correct the balance on a rural economic development loan. An incorrect amortization schedule was being used, and as a result, the amount of the loan was understated.

A restatement of beginning net assets was also done to correct the balances of capital assets. Due to problems with the County's system, the incorrect amount was recorded previously.

Net assets, June 30, 2003, as previously reported	\$ 73,484,578
Correction of loan balance	(46,516)
Correction of capital assets	<u>2,470,069</u>
Net assets, June 30, 2003, as restated	<u>\$ 75,908,131</u>

NOTE 15 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The Governmental Accounting Standards Board (GASB) has issued five statements not yet implemented by Dubuque County. The statements, which might impact Dubuque County, are as follows:

Statement No. 40, *Deposit and Investment Risk Disclosures*, issued March 2003, will be effective for the County for the fiscal year ending June 30, 2005. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the County for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the County for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in Statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the County for the fiscal year ending June 30, 2006. This statement amends previous guidance regarding preparation of the statistical section for governments that issue a comprehensive annual financial report.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the County for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The County's management has not yet determined the effect these statements will have on the County's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DUBUQUE 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, 2004

	Actual	Budgeted Amounts	
		Original	Final
Receipts:			
Property and other County tax	\$ 20,276,003	\$ 19,709,413	\$ 20,212,590
Interest and penalty on property tax	150,775	99,600	99,600
Intergovernmental	15,673,344	14,231,320	15,982,328
Licenses and permits	75,776	46,750	67,850
Charges for service	3,109,961	2,479,813	3,060,699
Use of money and property	1,046,936	880,449	824,666
Miscellaneous	308,230	274,832	247,011
Total receipts	<u>40,641,025</u>	<u>37,722,177</u>	<u>40,494,744</u>
Disbursements:			
Public safety and legal services	8,824,492	8,579,776	9,577,528
Physical health and social services	5,974,186	6,102,938	6,825,073
Mental health	12,045,887	14,501,649	12,987,003
County environment and education	2,840,675	2,179,097	3,229,507
Roads and transportation	6,185,818	5,778,828	6,467,704
Governmental services to residents	1,182,972	1,217,415	1,257,947
Administration	2,685,021	2,547,229	2,948,797
Non-program	65,714	109,065	68,100
Debt service	535,574	491,400	535,574
Capital projects	7,271,092	3,000,000	9,893,898
Total disbursements	<u>47,611,431</u>	<u>44,507,397</u>	<u>53,791,131</u>
Deficiency of receipts under disbursements	(6,970,406)	(6,785,220)	(13,296,387)
Other financing sources, net	92	-	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(6,970,314)	(6,785,220)	(13,296,387)
Balance beginning of year	<u>23,402,508</u>	<u>23,402,508</u>	<u>23,402,508</u>
Balance end of year	<u>\$ 16,432,194</u>	<u>\$ 16,617,288</u>	<u>\$ 10,106,121</u>

Variance - Over (Under) <u>Budget</u>	Actual as a % of Amended <u>Budget</u>
\$ 63,413	100
51,175	151
(308,984)	98
7,926	112
49,262	102
222,270	127
61,219	125
<u>146,281</u>	<u>100</u>

(753,036)	92
(850,887)	88
(941,116)	93
(388,832)	88
(281,886)	96
(74,975)	94
(263,776)	91
(2,386)	96
-	100
<u>(2,622,806)</u>	<u>73</u>
<u>(6,179,700)</u>	<u>89</u>

6,325,981

92

6,326,073

-

\$ 6,326,073

DUBUQUE COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2004

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 40,641,025	\$ (647,062)	\$ 39,993,963
Expenditures	<u>47,611,431</u>	<u>(199,419)</u>	<u>47,412,012</u>
Net	(6,970,406)	(447,643)	(7,418,049)
Other financing sources, net	92	6,199	6,291
Beginning fund balances	23,402,508	228,856	23,631,364
Decrease in reserve for inventories	<u>-</u>	<u>(40,124)</u>	<u>(40,124)</u>
Ending fund balances	<u>\$ 16,432,194</u>	<u>\$ (252,712)</u>	<u>\$ 16,179,482</u>

DUBUQUE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
JUNE 30, 2004

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 for the 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 or fund type. 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, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$9,383,734. 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 City Assessor by the City 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, 2004, disbursements exceeded the amounts budgeted in the county environment and education function prior to the second budget amendment. Disbursements exceeded the amounts budgeted in the physical health and social services function prior to the third budget amendment. Departmental appropriations were exceeded throughout the year.

OTHER SUPPLEMENTARY INFORMATION

DUBUQUE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

Assets	County Assistance	REAP Fund	County Recorder's Records Management
Cash and pooled investments	\$ 30,642	\$ 29,008	\$ 74,884
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Notes receivable	<u>157,571</u>	-	-
 Total assets	 <u>\$ 188,213</u>	 <u>\$ 29,008</u>	 <u>\$ 74,884</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved for:			
Notes receivable	157,571	-	-
Debt service	-	-	-
Unreserved:			
Undesignated	<u>30,642</u>	<u>29,008</u>	<u>74,884</u>
Total fund balances	<u>188,213</u>	<u>29,008</u>	<u>74,884</u>
 Total liabilities and fund balances	 <u>\$ 188,213</u>	 <u>\$ 29,008</u>	 <u>\$ 74,884</u>

Special Revenue

<u>Rural Economic Development</u>	<u>Gold Dome</u>	<u>Sheriff's Commissary</u>	<u>Conservation Land Acquisition</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,005,559	\$50,553	\$ 10,087	\$ 35,178	\$ 22,759	\$ 6,934	\$744,378	\$ 2,009,982
-	-	-	-	-	1,488	-	1,488
-	-	-	-	-	492,148	-	492,148
<u>382,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>539,916</u>
<u>\$ 1,387,904</u>	<u>\$50,553</u>	<u>\$ 10,087</u>	<u>\$ 35,178</u>	<u>\$ 22,759</u>	<u>\$500,570</u>	<u>\$744,378</u>	<u>\$ 3,043,534</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$414,130	\$ 414,130
-	-	-	-	-	492,148	-	492,148
-	-	-	-	-	978	-	978
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>493,126</u>	<u>414,130</u>	<u>907,256</u>
382,345	-	-	-	-	-	-	539,916
-	-	-	-	-	7,444	-	7,444
<u>1,005,559</u>	<u>50,553</u>	<u>10,087</u>	<u>35,178</u>	<u>22,759</u>	<u>-</u>	<u>330,248</u>	<u>1,588,918</u>
<u>1,387,904</u>	<u>50,553</u>	<u>10,087</u>	<u>35,178</u>	<u>22,759</u>	<u>7,444</u>	<u>330,248</u>	<u>2,136,278</u>
<u>\$ 1,387,904</u>	<u>\$50,553</u>	<u>\$ 10,087</u>	<u>\$ 35,178</u>	<u>\$ 22,759</u>	<u>\$500,570</u>	<u>\$744,378</u>	<u>\$ 3,043,534</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>County Assistance</u>	<u>REAP Fund</u>	<u>County Recorder's Records Management</u>
Revenues:			
Property and other County tax	\$ -	\$ -	\$ -
Intergovernmental	-	27,130	-
Charges for service	-	-	27,340
Use of money and property	-	184	495
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>27,314</u>	<u>27,835</u>
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	-	-	5,000
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	16,058	-
Total expenditures	<u>-</u>	<u>16,058</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	11,256	22,835
Fund balances beginning of year	<u>188,213</u>	<u>17,752</u>	<u>52,049</u>
Fund balances end of year	<u>\$ 188,213</u>	<u>\$ 29,008</u>	<u>\$ 74,884</u>

Special Revenue

<u>Rural Economic Development</u>	<u>Gold Dome</u>	<u>Sheriff's Commissary</u>	<u>Conservation Land Acquisition</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$468,851	\$ -	\$ 468,851
-	-	-	-	-	21,589	-	48,719
-	-	2,031	-	22,689	-	-	52,060
34,380	406	7,977	-	70	-	26,431	69,943
-	-	3,140	-	-	-	4,666	7,806
<u>34,380</u>	<u>406</u>	<u>13,148</u>	<u>-</u>	<u>22,759</u>	<u>490,440</u>	<u>31,097</u>	<u>647,379</u>
5,686	-	-	-	-	-	-	5,686
-	-	-	-	-	-	-	5,000
-	-	65,235	-	-	-	-	65,235
44,174	-	-	-	-	491,400	-	535,574
-	-	-	35,500	-	-	1,993,775	2,045,333
<u>49,860</u>	<u>-</u>	<u>65,235</u>	<u>35,500</u>	<u>-</u>	<u>491,400</u>	<u>1,993,775</u>	<u>2,656,828</u>
(15,480)	406	(52,087)	(35,500)	22,759	(960)	(1,962,678)	(2,009,449)
<u>1,403,384</u>	<u>50,147</u>	<u>62,174</u>	<u>70,678</u>	<u>-</u>	<u>8,404</u>	<u>2,292,926</u>	<u>4,145,727</u>
<u>\$ 1,387,904</u>	<u>\$50,553</u>	<u>\$ 10,087</u>	<u>\$ 35,178</u>	<u>\$ 22,759</u>	<u>\$ 7,444</u>	<u>\$ 330,248</u>	<u>\$ 2,136,278</u>

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
COUNTY AUDITOR				
Assets:				
Cash on hand	\$ 4,780	\$ 5,459	\$ 5,285	\$ 4,954
Liabilities:				
Trusts payable	\$ 4,780	\$ 5,459	\$ 5,285	\$ 4,954
COUNTY RECORDER				
Assets:				
Cash on hand	\$ 45,200	\$ 1,527,484	\$ 1,508,294	\$ 64,390
Accounts receivable	6,527	5,050	6,527	5,050
Total assets	<u>\$ 51,727</u>	<u>\$ 1,532,534</u>	<u>\$ 1,514,821</u>	<u>\$ 69,440</u>
Liabilities:				
Due to other funds	\$ -	\$ 832,386	\$ 832,386	\$ -
Due to other governments	51,727	693,621	675,908	69,440
Total liabilities	<u>\$ 51,727</u>	<u>\$ 1,526,007</u>	<u>\$ 1,508,294</u>	<u>\$ 69,440</u>
COUNTY RECORDER'S ELECTRONIC TRANSACTION FEE				
Assets:				
Cash on hand	\$ -	\$ 125,575	\$ 125,575	\$ -
Due from other governments	-	11,125	-	11,125
Total assets	<u>\$ -</u>	<u>\$ 136,700</u>	<u>\$ 125,575</u>	<u>\$ 11,125</u>
Liabilities:				
Due to other governments	\$ -	\$ 136,700	\$ 125,575	\$ 11,125

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
COUNTY SHERIFF				
Assets:				
Cash on hand	\$ 500,574	\$ 2,865,879	\$ 3,322,456	\$ 43,997
Accounts receivable	95,307	145,546	240,853	-
Total assets	<u>\$ 595,881</u>	<u>\$ 3,011,425</u>	<u>\$ 3,563,309</u>	<u>\$ 43,997</u>
Liabilities:				
Due to other funds	\$ -	\$ 373,702	\$ 373,702	\$ -
Due to other governments	33,386	481,673	473,390	41,669
Trusts payable	562,495	1,915,197	2,475,364	2,328
Total liabilities	<u>\$ 595,881</u>	<u>\$ 2,770,572</u>	<u>\$ 3,322,456</u>	<u>\$ 43,997</u>
E911 FUND				
Assets:				
Cash and pooled investments	\$ 640,613	\$ 486,709	\$ 633,161	\$ 494,161
Receivables:				
Accounts	3	894	3	894
Accrued interest	427	-	427	-
Due from other governments	-	5,484	-	5,484
Total assets	<u>\$ 641,043</u>	<u>\$ 493,087</u>	<u>\$ 633,591</u>	<u>\$ 500,539</u>
Liabilities:				
Accounts payable	\$ 20,230	\$ 17,568	\$ 20,230	\$ 17,568
Due to other governments	620,813	475,519	613,361	482,971
Total liabilities	<u>\$ 641,043</u>	<u>\$ 493,087</u>	<u>\$ 633,591</u>	<u>\$ 500,539</u>
DRAINAGE DISTRICT FUND				
Assets:				
Cash and pooled investments	\$ 654	\$ 5	\$ -	\$ 659
Liabilities:				
Due to other governments	\$ 654	\$ 5	\$ -	\$ 659

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
AGRICULTURAL EXTENSION EDUCATION FUND				
Assets:				
Cash and pooled investments	\$ 863	\$ 116,319	\$ 116,140	\$ 1,042
Property tax receivable:				
Delinquent	260	367	260	367
Succeeding year	<u>116,380</u>	<u>112,490</u>	<u>116,380</u>	<u>112,490</u>
Total assets	<u>\$ 117,503</u>	<u>\$ 229,176</u>	<u>\$ 232,780</u>	<u>\$ 113,899</u>
Liabilities:				
Due to other governments	<u>\$ 117,503</u>	<u>\$ 229,176</u>	<u>\$ 232,780</u>	<u>\$ 113,899</u>
COUNTY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 258,155	\$ 553,173	\$ 515,692	\$ 295,636
Property tax receivable:				
Delinquent	1,025	1,469	1,025	1,469
Succeeding year	<u>519,501</u>	<u>340,156</u>	<u>519,501</u>	<u>340,156</u>
Total assets	<u>\$ 778,681</u>	<u>\$ 894,798</u>	<u>\$ 1,036,218</u>	<u>\$ 637,261</u>
Liabilities:				
Accounts payable	\$ 4,680	\$ 238	\$ 4,680	\$ 238
Salaries and benefits payable	14,061	16,822	14,061	16,822
Due to other governments	<u>759,940</u>	<u>877,738</u>	<u>1,017,477</u>	<u>620,201</u>
Total liabilities	<u>\$ 778,681</u>	<u>\$ 894,798</u>	<u>\$ 1,036,218</u>	<u>\$ 637,261</u>

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
CITY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 353,946	\$ 432,524	\$ 494,717	\$ 291,753
Property tax receivable:				
Delinquent	780	1,745	780	1,745
Succeeding year	559,738	481,208	559,738	481,208
Total assets	<u>\$ 914,464</u>	<u>\$ 915,477</u>	<u>\$ 1,055,235</u>	<u>\$ 774,706</u>
Liabilities:				
Accounts payable	\$ 165	\$ 11,221	\$ 165	\$ 11,221
Salaries and benefits payable	19,733	23,195	19,733	23,195
Due to other governments	894,566	881,061	1,035,337	740,290
Total liabilities	<u>\$ 914,464</u>	<u>\$ 915,477</u>	<u>\$ 1,055,235</u>	<u>\$ 774,706</u>
SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 250,090	\$ 36,401,531	\$ 36,324,237	\$ 327,384
Property tax receivable:				
Delinquent	75,933	116,088	75,933	116,088
Succeeding year	36,420,753	38,536,174	36,420,753	38,536,174
Total assets	<u>\$ 36,746,776</u>	<u>\$ 75,053,793</u>	<u>\$ 72,820,923</u>	<u>\$ 38,979,646</u>
Liabilities:				
Due to other governments	<u>\$ 36,746,776</u>	<u>\$ 75,053,793</u>	<u>\$ 72,820,923</u>	<u>\$ 38,979,646</u>

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
AREA SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 11,043	\$ 1,566,070	\$ 1,563,086	\$ 14,027
Property tax receivable:				
Delinquent	3,323	5,007	3,323	5,007
Succeeding year	1,566,857	1,657,397	1,566,857	1,657,397
Total assets	<u>\$ 1,581,223</u>	<u>\$ 3,228,474</u>	<u>\$ 3,133,266</u>	<u>\$ 1,676,431</u>
Liabilities:				
Due to other governments	<u>\$ 1,581,223</u>	<u>\$ 3,228,474</u>	<u>\$ 3,133,266</u>	<u>\$ 1,676,431</u>
CORPORATIONS FUND				
Assets:				
Cash and pooled investments	\$ 234,671	\$ 22,683,720	\$ 22,687,193	\$ 231,198
Receivables:				
Property tax:				
Delinquent	52,502	76,522	52,502	76,522
Succeeding year	22,543,638	24,476,730	22,543,638	24,476,730
Interest and penalty on property tax	5,353	6,424	5,353	6,424
Total assets	<u>\$ 22,836,164</u>	<u>\$ 47,243,396</u>	<u>\$ 45,288,686</u>	<u>\$ 24,790,874</u>
Liabilities:				
Due to other governments	<u>\$ 22,836,164</u>	<u>\$ 47,243,396</u>	<u>\$ 45,288,686</u>	<u>\$ 24,790,874</u>
TOWNSHIPS FUND				
Assets:				
Cash and pooled investments	\$ 3,446	\$ 412,039	\$ 411,994	\$ 3,491
Property tax receivable:				
Delinquent	1,114	1,165	1,114	1,165
Succeeding year	407,669	404,492	407,669	404,492
Total assets	<u>\$ 412,229</u>	<u>\$ 817,696</u>	<u>\$ 820,777</u>	<u>\$ 409,148</u>
Liabilities:				
Due to other governments	<u>\$ 412,229</u>	<u>\$ 817,696</u>	<u>\$ 820,777</u>	<u>\$ 409,148</u>

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
AUTO LICENSE AND USE TAX FUND				
Assets:				
Cash and pooled investments	\$ 1,758,269	\$ 17,906,595	\$ 17,787,963	\$ 1,876,901
Accounts receivable	-	828	-	828
Total assets	<u>\$ 1,758,269</u>	<u>\$ 17,907,423</u>	<u>\$ 17,787,963</u>	<u>\$ 1,877,729</u>
Liabilities:				
Due to other governments	<u>\$ 1,758,269</u>	<u>\$ 17,907,423</u>	<u>\$ 17,787,963</u>	<u>\$ 1,877,729</u>
BRUCCELLOSIS AND TUBERCULOSIS ERADICATION FUND				
Assets:				
Cash and pooled investments	\$ 78	\$ 10,836	\$ 10,817	\$ 97
Property tax receivable:				
Delinquent	23	35	23	35
Succeeding year	10,844	11,085	10,844	11,085
Total assets	<u>\$ 10,945</u>	<u>\$ 21,956</u>	<u>\$ 21,684</u>	<u>\$ 11,217</u>
Liabilities:				
Due to other governments	<u>\$ 10,945</u>	<u>\$ 21,956</u>	<u>\$ 21,684</u>	<u>\$ 11,217</u>
JOINT DISASTER SERVICES FUND				
Assets:				
Cash and pooled investments	\$ 11,727	\$ 102,278	\$ 105,646	\$ 8,359
Accounts receivable	547	-	547	-
Due from other governments	5,166	13,032	5,166	13,032
Total assets	<u>\$ 17,440</u>	<u>\$ 115,310</u>	<u>\$ 111,359</u>	<u>\$ 21,391</u>
Liabilities:				
Accounts payable	\$ 1,098	\$ 237	\$ 1,098	\$ 237
Salaries and benefits payable	2,751	3,238	2,751	3,238
Due to other governments	13,591	111,835	107,510	17,916
Total liabilities	<u>\$ 17,440</u>	<u>\$ 115,310</u>	<u>\$ 111,359</u>	<u>\$ 21,391</u>

(continued)

DUBUQUE COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2004

Schedule 3
(continued)

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
COUNTY HOSPITAL FUND				
Assets:				
Cash and pooled investments	\$ 48,582	\$ 588,201	\$ 580,834	\$ 55,949
Property tax receivable:				
Delinquent	1,371	1,872	1,371	1,872
Succeeding year	581,142	643,371	581,142	643,371
Due from other governments	47	76	47	76
Total assets	<u>\$ 631,142</u>	<u>\$ 1,233,520</u>	<u>\$ 1,163,394</u>	<u>\$ 701,268</u>
Liabilities:				
Due to other governments	\$ 587,114	\$ 1,182,774	\$ 1,119,366	\$ 650,522
Trusts payable	44,028	50,746	44,028	50,746
Total liabilities	<u>\$ 631,142</u>	<u>\$ 1,233,520</u>	<u>\$ 1,163,394</u>	<u>\$ 701,268</u>
TOTAL COMBINED FUNDS				
Assets:				
Cash and pooled investments	\$ 4,122,691	\$ 85,784,397	\$ 86,193,090	\$ 3,713,998
Receivables:				
Property tax:				
Delinquent	136,331	204,270	136,331	204,270
Succeeding year	62,726,522	66,663,103	62,726,522	66,663,103
Interest and penalty on property tax	5,353	6,424	5,353	6,424
Accounts	102,384	152,318	247,930	6,772
Accrued interest	427	-	427	-
Due from other governments	5,213	29,717	5,213	29,717
Total assets	<u>\$ 67,098,921</u>	<u>\$ 152,840,229</u>	<u>\$ 149,314,866</u>	<u>\$ 70,624,284</u>
Liabilities:				
Accounts payable	\$ 26,173	\$ 29,264	\$ 26,173	\$ 29,264
Salaries and benefits payable	36,545	43,255	36,545	43,255
Due to other funds	-	1,206,088	1,206,088	-
Due to other governments	66,424,900	149,342,840	145,274,003	70,493,737
Trusts payable	611,303	1,971,402	2,524,677	58,028
Total liabilities	<u>\$ 67,098,921</u>	<u>\$ 152,592,849</u>	<u>\$ 149,067,486</u>	<u>\$ 70,624,284</u>

DUBUQUE COUNTY

Schedule 4

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST FOUR YEARS**

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Property and other County tax	\$ 20,266,271	\$ 19,144,204	\$ 18,164,309	\$ 17,523,162
Interest and penalty on property tax	150,455	135,401	143,687	106,501
Intergovernmental	15,688,918	13,947,328	15,188,180	14,888,431
Licenses and permits	75,352	74,905	72,665	76,387
Charges for service	3,091,200	2,532,583	3,017,775	2,657,292
Use of money and property	425,907	766,244	1,409,904	1,891,004
Miscellaneous	295,860	349,517	251,377	563,538
Total	\$ 39,993,963	\$ 36,950,182	\$ 38,247,897	\$ 37,706,315
Expenditures:				
Operating:				
Public safety and legal services	\$ 9,059,895	\$ 7,294,779	\$ 6,778,959	\$ 6,526,108
Physical health and social services	6,294,233	2,082,828	4,843,408	4,632,814
Mental health	12,127,062	12,674,349	13,194,622	12,284,921
County environment and education	2,201,639	1,962,072	1,944,581	1,561,540
Roads and transportation	5,978,774	6,320,443	4,938,493	4,981,095
Governmental services to residents	1,190,902	1,150,037	1,121,156	996,242
Administration	2,631,399	2,362,147	2,385,156	2,505,322
Non-program	65,714	5,763	15,898	4,988
Debt service	535,574	537,488	562,675	42,450
Capital projects	7,326,820	6,374,823	3,403,216	2,368,155
Total	\$ 47,412,012	\$ 40,764,729	\$ 39,188,164	\$ 35,903,635

**INFORMATION PROVIDED TO
COMPLY WITH
GOVERNMENT AUDITING STANDARDS
AND
OMB CIRCULAR A-133**



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Officials of Dubuque County:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise Dubuque County, Iowa's, basic financial statements and have issued our report thereon dated March 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dubuque 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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Dubuque County's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Dubuque 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. Prior year statutory comments have been resolved except for item IV-B-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dubuque County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dubuque County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Dubuque County, Iowa, in a separate letter dated March 17, 2005. Prior year reportable conditions items II-A-04, II-B-04, and II-C-04 have not been resolved.

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

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
March 17, 2005



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Officials of Dubuque County:

Compliance

We have audited the compliance of Dubuque County, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Dubuque County's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Dubuque County's management. Our responsibility is to express an opinion on Dubuque County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; 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 provisions 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 Dubuque County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dubuque County's compliance with those requirements.

In our opinion, Dubuque County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item III-A-04.

Internal Control Over Compliance

The management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Dubuque 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Dubuque County and other parties to whom Dubuque 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.

Eide Bailly LLP

Dubuque, Iowa
March 17, 2005

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Justice:			
Bulletproof Vest Partnership Program	16.607		\$ <u>2,425</u>
Public Safety Partnership and Community Policing Grants	16.710	2003CKWX0467	<u>144,696</u>
Department of Health and Human Services:			
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	H79 SM54724	<u>316,490</u>
Total direct			<u>463,611</u>
Indirect:			
Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>32,024</u>
Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	01-CF-004	477,213
Community Development Block Grants/State's Program	14.228	02-CDTA-DCBH	<u>33,335</u>
			<u>510,548</u>
Department of Justice:			
Iowa Department of Public Defense:			
State Domestic Preparedness Equipment Support Program	16.007		3,490
State Domestic Preparedness Equipment Support Program	16.007	ODP-2003-31	6,556
State Domestic Preparedness Equipment Support Program	16.007	ODP-2002-027	40,065
State Domestic Preparedness Equipment Support Program	16.007	ODP-2003-027	<u>750</u>
			<u>50,861</u>
			(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Justice: (continued)			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	JJYD-S03-20	\$ 35,405
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	20-JD02-F03	<u>47,045</u>
			<u>82,450</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	20-JD02-F03	8,629
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	JJYD-S03-20	<u>2,208</u>
			<u>10,837</u>
Title V – Delinquency Prevention Program	16.548	JJYD-S03-20	<u>651</u>
Enforcing Underage Drinking Laws Program	16.727	JJYD-S03-20	6,635
Enforcing Underage Drinking Laws Program	16.727	20-JD02-03	<u>5,000</u>
			<u>11,635</u>
Governor’s Office of Drug Control Policy: Byrne Formula Grant Program	16.579	03A-0210	<u>133,384</u>
Iowa Department of Justice: Violence Against Women Formula Grants	16.588	VW-04-7325	<u>60,535</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	6-02-STPE-26	<u>48,349</u>
Governor’s Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 03-02, Task 04	3,011
State and Community Highway Safety	20.600	PAP 04-04, Task 08	<u>8,879</u>
			<u>11,890</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 04-163, Task 26	<u>7,328</u>
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		3,073
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		<u>3,038</u>
			<u>6,111</u>
			(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Health and Human Services:			
Iowa Department of Public Health:			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5884NB11	\$ 14,760
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5883BT207	11,179
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5884WW07	6,146
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5884BT06	8,835
Linn County, Iowa			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3104	<u>17,631</u>
			<u>58,551</u>
Iowa Department of Human Services:			
Child Support Enforcement	93.563		<u>322,040</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>41,662</u>
Refugee and Entrant Assistance – State Administered Programs	93.566		<u>142</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>7,702</u>
Foster Care – Title IV-E	93.658		<u>19,158</u>
Adoption Assistance	93.659		<u>5,077</u>
Medical Assistance Program	93.778		<u>42,028</u>
Social Services Block Grant	93.667		27,389
Social Services Block Grant	93.667		<u>333,008</u>
			<u>360,397</u>
Iowa Department of Public Health:			
HIV Prevention Activities – Health Department Based	93.940	5883AP09	12,711
HIV Prevention Activities – Health Department Based	93.940	5884AP09	<u>7,283</u>
			<u>19,994</u>
			(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Health and Human Services: (continued)			
Iowa Department of Public Health: (continued)			
Preventive Health and Health Services			
Block Grant	93.991	5884AP09	\$ 1,814
Preventive Health and Health Services			
Block Grant	93.991	5883AP09	<u>4,455</u>
			<u>6,269</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
Public Assistance Grants			
	97.036	FEMA DR-1420-IA	<u>36,154</u>
Emergency Management Performance			
Grants	97.042		<u>25,166</u>
State and Local All Hazards Emergency			
Operations Planning	97.051	EMK-2003-GR-2535	<u>7,063</u>
Citizen Corps	97.053	EMK-2003-GR-2535	<u>230</u>
Total indirect			<u>1,918,236</u>
Total			<u>\$ 2,381,847</u>

DUBUQUE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dubuque County and is presented on the 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 this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, Dubuque County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/State's Program	14.228	\$ 504,679
State Domestic Preparedness Equipment Support Program	16.007	7,014
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	73,085
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	10,837
Title V – Delinquency Prevention Program	16.548	651
Public Safety Partnership and Community Policing Grants	16.710	8,968
Enforcing Underage Drinking Laws Program	16.727	11,635
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	833
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	301,012
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	40,114
HIV Prevention Activities – Health Department Based	93.940	19,994
Preventive Health and Health Services Block Grant	93.991	6,269

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements but were not considered material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over the major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
 - CFDA Number 14.228 – Community Development Block Grants/State's Program
 - CFDA Number 93.243 – Substance Abuse and Mental Health Services – Projects of Regional and National Significance
 - CFDA Number 93.563 – Child Support Enforcement
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dubuque County qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

II-A-04 County Sheriff Ledger System – During the course of the audit, we noted that the Sheriff's office had implemented a bookkeeping system which has aided in the tracking of accounts receivable. However, it appears that the Sheriff's office is not fully utilizing the capabilities of their general ledger system which still makes it difficult to determine the source of receipts in the various bank accounts.

Recommendation – We recommend that the Sheriff's office review the various procedures regarding the general ledger system to ensure that it is being used properly and efficiently to provide the most accurate information possible.

Response – We continue to try to upgrade our programs, but we are limited with the programs we have. With the size of our building, all the receipts are not written from the same office.

Conclusion – Response accepted.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Part II: Findings Related to the Financial Statements: (continued)

II-B-04 County Recorder Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that 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.

The County Recorder’s office has various procedures implemented to enhance internal controls. However, due to time and staffing constraints, the County is still unable to fully segregate the receipt and posting functions.

Recommendation – We realize complete segregation of duties is difficult with a limited number of office employees. However, we recommend that the County Recorder should continue to review operating procedures as staff changes in order to obtain the maximum internal control possible under the circumstances.

Response – We have implemented bar coding and cashiering into our system and also rotate receiving and posting functions so one person is not always doing the same thing.

Conclusion – Response accepted.

II-C-04 County Sheriff Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that 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.

In the Sheriff’s office, reconciling duties are now being performed by personnel independent of the accounts, but individuals are still performing both the receipt and record keeping functions for all the accounts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Sheriff should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – Again, we are limited with the number of people available to write receipts and record them. We will continue to try to have two people handle all monies received here.

Conclusion – Response accepted.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE

CFDA Number 93.243: Substance Abuse and Mental Health Services – Projects of Regional and National Significance

Agency Number: H79 SM54724

Department of Health and Human Services

III-A-04 Subrecipient Agreements – Dubuque County is a pass-through entity to five subrecipients for this federal program. Subrecipient agreements do not exist between the County and each of the subrecipients. A subrecipient agreement identifies to the subrecipient the federal award information and applicable compliance requirements. The County would use this agreement to assist in the monitoring process of the subrecipient.

Recommendation – The County should notify the awarding agency that subrecipient agreements do not exist for this program. The County should draft subrecipient agreements with each subrecipient outlining federal award information and other applicable compliance requirements.

Response – Dubuque County now has subrecipient agreements with each subrecipient that outlines federal award information and other applicable compliance requirements. The awarding agency has been notified that the agreements are now in place.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-04 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 Certified Budget - Disbursements during the year ended June 30, 2004, exceeded the amounts budgeted in the physical health and social services and county environment and education functions prior to amendment. Disbursements in certain departments exceeded the amounts appropriated prior to all amendments and at year end.

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

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

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

Response – The County tries to be mindful of amending prior to amounts exceeding their allowable amount, but due to publication costs has also tried to keep the amendments to a minimum. Amounts over budget in the Social Services service area could also be due to the allocations made between the MH-DD fund and General Fund for MH-DD services at Sunnycrest Manor. As these allocations are made at the end of the year, the Social Services expenses could be greater than budget until the allocations are journaled at the end of the fiscal year. During the 2004-2005 fiscal year, the Board of Supervisors changed the way these services are expensed so this problem should not occur in future years.

Conclusion – Response accepted.

IV-C-04 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

IV-D-04 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-04 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mary Lammers, secondary roads employee, spouse owns 1/3 of White Front Feed	Supplies	\$ 166
Sue Breitbach, information services employee, spouse owns Breitbach Feeds	Supplies	\$ 153

In accordance with Chapter 362.5(10) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year.

IV-F-04 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-G-04 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-04 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-I-04 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-J-04 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, 2004, for the County Extension Office did not exceed the amounts budgeted.