

**FINANCIAL STATEMENTS
JUNE 30, 2006**

DUBUQUE COUNTY

DUBUQUE COUNTY

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DUBUQUE COUNTY

DUBUQUE COUNTY OFFICIALS

Name	Title	Term Expires
Donna Smith	Board of Supervisors	January, 2007
Eric Manternach	Board of Supervisors	January, 2007
Wayne Demmer	Board of Supervisors	January, 2009
Denise Dolan	County Auditor	January, 2009
Eric Stierman	County Treasurer	January, 2007
Kathy Flynn Thurlow	County Recorder	January, 2007
Ken Runde	County Sheriff	January, 2009
Fred McCaw	County Attorney	January, 2007
Dave Kubik	County Assessor	January, 2010
Rick Engelken	City Assessor	January, 2008



CPAs & BUSINESS ADVISORS

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, 2006, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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, 2006, 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 November 1, 2006, 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 a required part 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.

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 referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2005, (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 a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eide Bailly LLP

Dubuque, Iowa
November 1, 2006

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, 2006. 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 \$79,472,783 (*net assets*). Of this amount, \$3,584,711 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net assets increased by \$2,055,220.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$14,744,145, a decrease of \$1,869,731 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,205,143, or 19.5% of total general fund expenditures.
- Total debt decreased by \$ 424,793 (12.6 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 a 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, Secondary Roads, and Local Option Tax, 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 the 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 20-35 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 36-38 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 39-40 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 \$ 79,472,783 at the close of the most recent fiscal year.

Dubuque County, Iowa Net Assets of Governmental Activities

	June 30,	
	2006	2005
Current and other assets	\$ 38,311,750	\$ 40,219,350
Capital assets	68,995,144	65,391,118
Total assets	107,306,894	105,610,468
Long-term debt outstanding	4,343,483	4,740,777
Other liabilities	23,490,628	23,452,128
Total liabilities	27,834,111	28,192,905
Net assets:		
Invested in capital assets, net of related debt	66,785,144	62,791,118
Restricted	9,102,928	10,759,305
Unrestricted	3,584,711	3,867,140
Total net assets	\$ 79,472,783	\$ 77,417,563

The largest portion of the County's net assets (84%) 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 \$3,867,140 at June 30, 2005 to \$3,584,711 at the end of this year, a decrease of 7-percent.

Governmental activities. Governmental activities increased the County's net assets by \$2,055,220. A condensed version of the Statement of Activities as of June 30, 2006 follows:

Dubuque County, Iowa
Changes in Net Assets of Governmental Activities

	Year Ended June 30,	
	2006	2005
Program revenues:		
Fines, fees, and charges for service	\$ 9,656,588	\$ 9,704,068
Operating grants and contributions	5,514,004	5,461,809
Capital grants and contributions	2,597,771	2,214,908
General revenues:		
Property taxes	20,084,229	19,032,543
Penalty and interest on property tax	4,650	165,349
State tax credits	3,966,127	3,579,513
Local option sales tax	2,923,074	2,802,107
Unrestricted investment earnings	940,421	542,367
Gain on sale of capital assets	-	15,669
Miscellaneous	844,233	492,049
	<u>46,531,097</u>	<u>44,010,382</u>
Program expenses:		
Public safety and legal services	10,304,469	9,427,370
Physical health and social services	11,528,875	11,318,939
Mental health	7,699,667	8,038,186
County environment and education	2,178,045	1,644,704
Roads and transportation	8,736,566	7,683,357
Governmental services to residents	1,193,436	1,297,059
Administration	2,707,118	2,650,673
Non-program	14,040	11,315
Interest on long-term debt	113,661	130,024
	<u>44,475,877</u>	<u>42,201,627</u>
Increase in net assets	2,055,220	1,808,755
Beginning net assets	<u>77,417,563</u>	<u>75,608,808</u>
Ending net assets	<u>\$ 79,472,783</u>	<u>\$ 77,417,563</u>

-- Taxes increased by approximately \$1,051,686, or 5.5%, during the year. This increase represents a taxable valuation growth of 4-percent and a .5-cent increase in the general fund levy and a .9-cent increase in the rural fund levy.

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 \$14,744,145, an decrease of \$1,869,731 in comparison with the prior year. The *unreserved fund balance* of \$13,033,679, which is available for spending at the County's discretion, increased \$356,367 with the reserve for inventories decreasing \$72,162. The *designated* fund balance of \$800,000 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 \$4,405,143, while the total fund balance reached \$5,839,217. 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 16.5% of total general fund expenditures, while total fund balance represents 21.8% of that same amount.

The fund balance of the County's general fund decreased \$320,925 during the current fiscal year. Key factors in this increase are as follows:

- Revenues increased minimally, \$145,289, due to a 33.9-cent decrease in the levy. The levy decrease amount was added to the MH-DD fund to provide needed revenues.
- Expenses increased \$1,117,272, primarily due to across the board wage and salary increases and additional personnel in the Sheriff's department.

The rural services fund has a total fund balance of \$12,155, which is an increase of \$17,180 from the prior year. Key factors in this increase are as follows:

- Increase in levy of 1-cent resulted in additional taxes of approximately \$181,000.

The secondary roads fund has a total fund balance of \$1,298,441, which is a decrease of \$389,729 from the prior year. Key factors in this decrease are as follows:

- Expenses increased approximately \$633,700.
- Non-tax revenues decreased approximately \$62,300.

The mental health fund has a total fund balance of \$1,868,911, which is a decrease of \$122,027 from the prior year. Key factors in this decrease are as follows:

- A 33.9-cent increase in the tax levy did not offset annual expenditures.

The local option tax fund has a total fund balance of \$ 3,858,887, which is a decrease of \$1,080,936 from the prior year. Key factors in this decrease are as follows:

- Timing of road construction projects increased expenses by approximately \$2.7-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 24, 2005, increased receipts by \$ 1,456,371 and disbursements by \$ 6,781,282. 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. Approximately \$220,000 of the increase in disbursements was due to delays in the capital projects for the purchase of the Whitewater Canyon area by the Conservation department. \$5.5-million was due to the timing of road construction projects.

The second amendment, on April 10, 2006, increased receipts by \$ 2,774,730 and disbursements by \$ 825,339. These increases reflected changes made by the Board of Supervisors during departmental worksessions for preparation of the FY07 budget. The majority of the revenue and expenditure increases were due to grant awards that were unknown during original budget preparation.

The third amendment, on May 22, 2006, decreased receipts by \$ 26,894 and increased disbursements by \$ 86,348. Attributing to the change in revenues were additional grant awards and a decrease in anticipated revenues for recorded documents. Expense changes included snow removal costs and court house security implementation costs above the grant amount.

The net increase in receipts of \$ 4,204,207 resulted in an amended total of \$ 45,681,468. The net increase in disbursements of \$ 7,692,968 resulted in an amended total of \$ 54,830,786.

Actual disbursements for the year totaled \$47,037,513 or \$7,793,273 less than the final amended budget. The largest factor contributing to the difference was in capital projects which was approximately \$ 3.677-million less than budget due to seasonal timing of road construction projects in the local option tax fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY06, Dubuque County had \$68,995,144 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 \$3,604,026, or 5.5-percent over last year.

Capital Assets of Governmental Activities at Year-End

	June 30,	
	2006	2005
Land	\$ 2,709,790	\$ 2,680,091
Buildings and improvements	14,088,524	13,211,504
Machinery and equipment	5,446,159	5,033,983
Infrastructure	46,043,091	41,612,384
Construction in progress	<u>707,580</u>	<u>2,853,156</u>
Total	<u>\$ 68,995,144</u>	<u>\$ 65,391,118</u>

The County had depreciation expense of \$4 041 638 for the year ended June 30, 2006, and total accumulated depreciation as of June 30, 2006 of \$40,460,878.

The County's fiscal year 2006 capital budget included approximately \$ 8.9-million for capital projects. \$8-million was budgeted in local option funds for secondary road construction projects, \$219,000 for conservation projects, including Whitewater Canyon, and \$644,000 for other capital costs including purchase of new voting equipment to meet the federal requirement of HAVA (Help America Vote Act). The County has no plans to issue additional debt to finance these projects. The County will use resources on hand in the County's fund balance.

Additional information on the County's capital assets can be found in note 6 on pages 28 and 29 of this report.

Debt

At year-end, the County had total outstanding debt of \$4,343,483 in bonds and other debt compared to \$4,740,777 last year, a decrease of \$397,294 (8.3%), as detailed below:

Outstanding Debt of Governmental Activities at Year-End

	June 30,	
	2006	2005
General obligation bonds	\$ 2,210,000	\$ 2,600,000
Rural economic development loan	730,918	765,711
Compensated absences	<u>1,402,565</u>	<u>1,375,066</u>
Total	<u>\$ 4,343,483</u>	<u>\$ 4,740,777</u>

For more detailed information on the County's debt and amortization terms, please refer to note 9 on page 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 3.4%, unchanged from the previous year and comparable with the State of Iowa rate of 3.6% and the 4.6% national rate. Currently, there are 57,000 jobs in Dubuque County, an increase of 2,800 from the previous year.

Taxes levied for fiscal year 2007 will increase by \$822,070, or 4% from the fiscal year 2006 budget. This increase represents a taxable valuation growth of 2.6% and a 9.5-cent increase in the county-wide levy and a 10-cent increase in the rural levy.

The 2007 county wide levy rate is \$6.18 per thousand dollars of taxable value. Net property tax revenue represents 44.5% of total revenues, an decrease from 44.9% in 2006. Rural residents will pay \$9.44 per thousand dollars of taxable value, including the rural service levy of \$3.26.

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

DUBUQUE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2006

Exhibit A

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Drug Task Force</u>
ASSETS		
Cash and pooled investments	\$ 13,859,948	\$ 61,785
Receivables:		
Property tax:		
Delinquent	45,752	-
Succeeding year	20,976,353	-
Interest and penalty on property tax	27,376	-
Accounts	313,463	-
Accrued interest	211,881	-
Due from other governments	1,352,611	-
Prepaid expenses	359,446	-
Inventories	544,007	-
Notes receivable	620,913	-
Capital assets:		
Land and construction in progress, not being depreciated	3,417,370	-
Other capital assets (net of accumulated depreciation)	<u>65,577,774</u>	<u>-</u>
Total assets	<u>107,306,894</u>	<u>61,785</u>
LIABILITIES		
Accounts payable	1,001,432	-
Accrued interest payable	10,559	-
Salaries and benefits payable	648,853	-
Due to other governments	853,431	-
Unearned revenue	20,976,353	-
Long-term liabilities:		
Portion due or payable within one year:		
Notes payable	35,141	-
Bonds payable	405,000	-
Compensated absences	669,024	-
Portion due or payable after one year:		
Notes payable	695,777	-
Bonds payable	1,805,000	-
Compensated absences	<u>733,541</u>	<u>-</u>
Total liabilities	<u>27,834,111</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	66,785,144	-
Restricted for:		
Supplemental levy purposes	446,672	-
Mental health purposes	1,877,841	-
Secondary roads purposes	1,298,441	-
Capital projects	52	-
Other purposes	5,479,922	-
Unrestricted	<u>3,584,711</u>	<u>61,785</u>
Total net assets	<u>\$ 79,472,783</u>	<u>\$ 61,785</u>

See notes to financial statements.

DUBUQUE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Functions/Programs:	Expenses	Program Revenues		
		Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety and legal services	\$ 10,304,469	\$ 534,954	\$ 594,092	\$ 285,993
Physical health and social services	11,528,875	6,985,271	707,819	-
Mental health	7,699,667	393,226	754,862	-
County environment and education	2,178,045	354,206	197,289	282,322
Roads and transportation	8,736,566	24,964	3,259,942	1,424,432
Governmental services to residents	1,193,436	1,287,340	-	397,515
Administration	2,707,118	65,702	-	-
Non-program	14,040	10,925	-	207,509
Interest on long-term debt	113,661	-	-	-
Total primary government	<u>\$ 44,475,877</u>	<u>\$ 9,656,588</u>	<u>\$ 5,514,004</u>	<u>\$ 2,597,771</u>
Component unit:				
Drug Task Force	<u>\$ 59,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property and other County tax 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
Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets	
<u>Primary Government</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Drug Task Force</u>
\$ (8,889,430)	
(3,835,785)	
(6,551,579)	
(1,344,228)	
(4,027,228)	
491,419	
(2,641,416)	
204,394	
<u>(113,661)</u>	
<u>(26,707,514)</u>	
	\$ <u>(59,299)</u>
19,604,876	-
479,353	-
4,650	-
3,966,127	-
2,923,074	-
940,421	852
<u>844,233</u>	<u>37,092</u>
<u>28,762,734</u>	<u>37,944</u>
2,055,220	(21,355)
<u>77,417,563</u>	<u>83,140</u>
<u>\$ 79,472,783</u>	<u>\$ 61,785</u>

DUBUQUE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 5,155,875	\$ 8,921	\$ 832,049
Receivables:			
Property tax:			
Delinquent	29,184	7,718	-
Succeeding year	13,820,598	2,652,213	-
Interest and penalty on property tax	27,376	-	-
Accounts	286,045	-	1,298
Accrued interest	211,881	-	-
Due from other funds	41,948	-	-
Due from other governments	828,465	-	256,467
Inventories	77,436	-	466,571
Prepaid expenses	359,446	-	-
Notes receivable	16,286	-	-
	<u>20,854,540</u>	<u>2,668,852</u>	<u>1,556,385</u>
Total assets	<u>\$ 20,854,540</u>	<u>\$ 2,668,852</u>	<u>\$ 1,556,385</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 523,953	\$ -	\$ 184,820
Salaries and benefits payable	561,316	-	73,124
Due to other funds	-	-	-
Due to other governments	35,936	-	-
Deferred revenue:			
Succeeding year property tax	13,820,598	2,652,213	-
Other	73,520	4,484	-
	<u>15,015,323</u>	<u>2,656,697</u>	<u>257,944</u>
Total liabilities	<u>15,015,323</u>	<u>2,656,697</u>	<u>257,944</u>
Fund balances:			
Reserved for:			
Inventories	77,436	-	466,571
Supplemental levy purposes	540,352	-	-
Notes receivable	16,286	-	-
Debt service	-	-	-
Unreserved:			
Designated	800,000	-	-
Undesignated, reported in:			
General fund	4,405,143	-	-
Special revenue funds	-	12,155	831,870
Capital projects fund	-	-	-
	<u>5,839,217</u>	<u>12,155</u>	<u>1,298,441</u>
Total fund balances	<u>5,839,217</u>	<u>12,155</u>	<u>1,298,441</u>
	<u>\$ 20,854,540</u>	<u>\$ 2,668,852</u>	<u>\$ 1,556,385</u>
Total liabilities and fund balances	<u>\$ 20,854,540</u>	<u>\$ 2,668,852</u>	<u>\$ 1,556,385</u>

See notes to financial statements.

<u>Revenue</u>			
<u>Mental Health</u>	<u>Local Option Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,005,950	\$ 3,566,673	\$ 1,290,480	\$ 13,859,948
7,836	-	1,014	45,752
4,007,057	-	496,485	20,976,353
-	-	-	27,376
683	22,000	3,437	313,463
-	-	-	211,881
-	-	-	41,948
9,834	243,005	14,840	1,352,611
-	-	-	544,007
-	-	-	359,446
-	30,000	574,627	620,913
<u>\$ 7,031,360</u>	<u>\$ 3,861,678</u>	<u>\$ 2,380,883</u>	<u>\$ 38,353,698</u>
\$ 282,520	\$ 2,791	\$ 7,348	\$ 1,001,432
4,554	-	9,859	648,853
41,948	-	-	41,948
817,440	-	55	853,431
4,007,057	-	496,485	20,976,353
8,930	-	602	87,536
<u>5,162,449</u>	<u>2,791</u>	<u>514,349</u>	<u>23,609,553</u>
-	-	-	544,007
-	-	-	540,352
-	30,000	574,627	620,913
-	-	5,194	5,194
-	-	-	800,000
-	-	-	4,405,143
1,868,911	3,828,887	1,286,661	7,828,484
-	-	52	52
<u>1,868,911</u>	<u>3,858,887</u>	<u>1,866,534</u>	<u>14,744,145</u>
<u>\$ 7,031,360</u>	<u>\$ 3,861,678</u>	<u>\$ 2,380,883</u>	<u>\$ 38,353,698</u>

DUBUQUE COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Exhibit D

Total governmental fund balances \$ 14,744,145

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 \$152,240 accumulated depreciation	\$ 3,230,442	
Construction in progress	707,580	
Infrastructure, net of \$25,154,754 accumulated depreciation	46,043,091	
Buildings and improvements, net of \$7,341,503 accumulated depreciation	13,567,872	
Equipment, net of \$7,812,381 accumulated depreciation	<u>5,446,159</u>	
Total capital assets		68,995,144

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. 87,536

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, 2006, are:

Accrued interest on bonds	(10,559)	
Notes payable	(730,918)	
Bonds payable	(2,210,000)	
Compensated absences	<u>(1,402,565)</u>	
Total long-term liabilities		<u>(4,354,042)</u>

Net assets of governmental activities \$ 79,472,783

DUBUQUE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special		
	General	Rural Services	Secondary Roads
Revenues:			
Property and other County tax	\$ 13,651,491	\$ 2,488,432	\$ -
Interest and penalty on property tax	80,611	-	-
Intergovernmental	8,310,352	97,913	3,259,942
Licenses and permits	91,149	-	4,310
Charges for service	3,304,825	-	16,410
Use of money and property	868,557	-	84,069
Miscellaneous	66,822	-	43,886
Total revenues	<u>26,373,807</u>	<u>2,586,345</u>	<u>3,408,617</u>
Expenditures:			
Operating:			
Public safety and legal services	9,656,409	-	-
Physical health and social services	11,501,263	-	-
Mental health	-	-	-
County environment and education	1,654,022	-	-
Roads and transportation	172	-	5,965,342
Governmental services to residents	1,201,014	-	-
Administration	2,662,217	-	-
Non-program	655	-	-
Debt service	-	-	-
Capital projects	6,659	-	-
Total expenditures	<u>26,682,411</u>	<u>-</u>	<u>5,965,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(308,604)</u>	<u>2,586,345</u>	<u>(2,556,725)</u>
Other financing sources (uses):			
Transfers in (out)	(32,106)	(2,569,165)	2,150,701
Sale of capital assets	19,785	-	16,295
Total other financing sources (uses)	<u>(12,321)</u>	<u>(2,569,165)</u>	<u>2,166,996</u>
Net change in fund balances	(320,925)	17,180	(389,729)
Fund balances beginning of year	<u>6,160,142</u>	<u>(5,025)</u>	<u>1,688,170</u>
Fund balances end of year	<u>\$ 5,839,217</u>	<u>\$ 12,155</u>	<u>\$ 1,298,441</u>

See notes to financial statements.

Revenue			
<u>Mental Health</u>	<u>Local Option Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,477,804	\$ 2,923,074	\$ 479,353	\$ 23,020,154
-	-	-	80,611
4,086,703	207,509	576,820	16,539,239
-	-	-	95,459
-	-	34,784	3,356,019
-	-	70,036	1,022,662
9,284	22,000	146,485	288,477
<u>7,573,791</u>	<u>3,152,583</u>	<u>1,307,478</u>	<u>44,402,621</u>
-	-	-	9,656,409
-	-	-	11,501,263
7,695,818	-	-	7,695,818
-	-	529,907	2,183,929
-	-	-	5,965,514
-	-	5,117	1,206,131
-	-	-	2,662,217
-	-	13,383	14,038
-	-	539,850	539,850
-	4,233,519	643,085	4,883,263
<u>7,695,818</u>	<u>4,233,519</u>	<u>1,731,342</u>	<u>46,308,432</u>
<u>(122,027)</u>	<u>(1,080,936)</u>	<u>(423,864)</u>	<u>(1,905,811)</u>
-	-	450,570	-
-	-	-	36,080
-	-	450,570	36,080
(122,027)	(1,080,936)	26,706	(1,869,731)
<u>1,990,938</u>	<u>4,939,823</u>	<u>1,839,828</u>	<u>16,613,876</u>
<u>\$ 1,868,911</u>	<u>\$ 3,858,887</u>	<u>\$ 1,866,534</u>	<u>\$ 14,744,145</u>

DUBUQUE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Exhibit F

Net change in fund balances - Total governmental funds \$ (1,869,731)

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 (\$7,701,457)
exceeded depreciation (\$3,990,967) in the current period. 3,710,490

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 424,793

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (77,763)

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 (27,499)
Change in accrued interest on debt 1,395

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 assets sold. (106,465)

Change in net assets of governmental activities \$ 2,055,220

DUBUQUE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

Exhibit G

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 3,768,734
Other County officials	205,715
Receivables:	
Property tax:	
Delinquent	134,643
Succeeding year	76,854,700
Special assessments	12,747
Interest and penalty on property tax	7,426
Accounts	9,219
Due from other governments	<u>1,937</u>
 Total assets	 <u>80,995,121</u>

LIABILITIES

Accounts payable	13,486
Salaries and benefits payable	26,939
Due to other governments	80,878,315
Trusts payable	<u>76,381</u>
 Total liabilities	 <u>80,995,121</u>

NET ASSETS \$ -

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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, 2006

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, 2006

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, 2006

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

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

When 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 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, 2004, assessed property valuations; is for the tax accrual period July 1, 2005, through June 30, 2006, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2005.

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, 2006

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds have not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the 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, 2006

Unearned 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, 2006. 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 in the applicable governmental activities. 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, 2006, disbursements did not exceed the amounts budgeted in any functions and disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2006, 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 at June 30, 2006.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Interest Rate Risk. The County’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County. The County did not hold any investments with a maturity greater than 397 days during the year.

Credit Risk. The County’s investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk. The County’s investment policy does not allow for a prime bankers’ acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s deposits are 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.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any investments during the year.

NOTE 3 – DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2006, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue: Mental Health	<u>\$ 41,948</u>

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 4 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006, is as follows:

	Transfer to:		
	Secondary Roads	Nonmajor Funds	Total
Transfer from:			
General Fund	\$ -	\$ 32,106	\$ 32,106
Rural Services	2,150,701	418,464	2,569,165
Nonmajor Funds	-	41,451	41,451
Total	<u>\$ 2,150,701</u>	<u>\$ 492,021</u>	<u>\$ 2,642,722</u>

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

NOTE 5 – 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, 2006, was \$105,810.

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with four loans to businesses located in Dubuque County, totaling \$468,817 at June 30, 2006. 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, 2006, was \$30,000.

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, 2006, was \$16,286.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006, was as follows:

Primary government

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,680,091	\$ 29,699	\$ -	\$ 2,709,790
Construction in progress	<u>2,853,156</u>	<u>5,806,409</u>	<u>7,951,985</u>	<u>707,580</u>
Total capital assets, not being depreciated	<u>5,533,247</u>	<u>5,836,108</u>	<u>7,951,985</u>	<u>3,417,370</u>
Capital assets, being depreciated:				
Buildings	19,832,667	1,152,350	75,642	20,909,375
Improvements other than buildings	258,612	414,280	-	672,892
Machinery and equipment	13,061,390	1,282,494	1,085,344	13,258,540
Infrastructure	<u>64,229,634</u>	<u>6,968,211</u>	<u>-</u>	<u>71,197,845</u>
Total capital assets being depreciated	<u>97,382,303</u>	<u>9,817,335</u>	<u>1,160,986</u>	<u>106,038,652</u>
Less accumulated depreciation for:				
Buildings	6,758,116	615,557	32,170	7,341,503
Improvements other than buildings	121,659	30,581	-	152,240
Machinery and equipment	8,027,407	807,325	1,022,351	7,812,381
Infrastructure	<u>22,617,250</u>	<u>2,537,504</u>	<u>-</u>	<u>25,154,754</u>
Total accumulated depreciation	<u>37,524,432</u>	<u>3,990,967</u>	<u>1,054,521</u>	<u>40,460,878</u>
Total capital assets, being depreciated, net	<u>59,857,871</u>	<u>5,826,368</u>	<u>106,465</u>	<u>65,577,774</u>
Governmental activities capital assets, net	<u>\$65,391,118</u>	<u>\$11,662,476</u>	<u>\$ 8,058,450</u>	<u>\$68,995,144</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 427,221
Physical health and social services	102,312
County environment and education	157,178
Roads and transportation	2,970,745
Governmental services to residents	44,847
Administration	<u>288,664</u>
Total depreciation expense - governmental activities	<u>\$ 3,990,967</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Discretely Presented Component Unit

Capital assets activity for the Drug Task Force for the year ended June 30, 2006, 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>10,700</u>	<u>-</u>	<u>-</u>	<u>10,700</u>
Drug Task Force capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – DUE TO OTHER GOVERNMENTS

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

Fund	Description	Amount
General	Services	<u>\$ 35,936</u>
Special Revenue:		
Mental Health	Services	817,440
Library	Services	<u>55</u>
		<u>817,495</u>
Total for governmental funds		<u>\$ 853,431</u>
Agency:		
County Recorder	Collections	\$ 94,092
County Recorder's Electronic Transaction Fee		3,841
County Sheriff		40,115
E911		476,342
Drainage District		679
Agricultural Extension Education		117,788
County Assessor		637,668

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Fund	Description	Amount
City Assessor	Collections	\$ 799,979
Schools		45,927,763
Area Schools		1,829,602
Corporations		27,533,595
Townships		451,980
Auto License and Use Tax		2,147,844
Brucellosis and Tuberculosis Eradication		11,973
Joint Disaster Services		16,292
County Hospital		784,687
Tax Sales		<u>4,075</u>
Total for agency funds		<u>\$ 80,878,315</u>

NOTE 8 – 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.

<u>Year Ending June 30,</u>	
2007	\$ 229,821
2008	<u>229,821</u>
	<u>\$ 459,642</u>

Payments under these leases for the year ended June 30, 2006, totaled \$229,821.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 9– CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2006, is as follows:

	General Obligation Bonds	Rural Economic Development Loan	Compensated Absences	Total
Balance beginning of year	\$ 2,600,000	\$ 765,711	\$ 1,375,066	\$ 4,740,777
Increases	-	-	27,499	27,499
Decreases	<u>390,000</u>	<u>34,793</u>	<u>-</u>	<u>424,793</u>
Balance end of year	<u>\$ 2,210,000</u>	<u>\$ 730,918</u>	<u>\$ 1,402,565</u>	<u>\$ 4,343,483</u>
Due within one year	<u>\$ 405,000</u>	<u>\$ 35,141</u>	<u>\$ 669,024</u>	<u>\$ 1,109,165</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, 2006, there was \$730,918 outstanding.

Bonds Payable

A summary of the County's June 30, 2006, indebtedness is as follows:

Year Ending June 30,	General Obligation Bonds			Rural Economic Development Loan		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	4.250%	460,000	39,950	1.000%	36,206	6,244
2011	4.250%	480,000	20,400	1.000%	36,568	5,882
2012-2016	4.250%	-	-	1.000%	188,397	23,853
2017-2021	-	-	-	1.000%	198,008	14,242
2022-2025	-	-	-	1.000%	<u>165,259</u>	<u>4,147</u>
		<u>\$ 2,210,000</u>	<u>\$ 284,850</u>		<u>\$ 730,918</u>	<u>\$ 75,238</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 10 – PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004, were \$965,075, \$886,053, and \$803,252, respectively, equal to the required contributions for each year.

NOTE 11 – 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.

Dubuque County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 531 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2006, were \$315,993.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation and employee blanket bond claims in excess of \$1,000,000 and \$100,000 except for the Treasurer and two deputies which are \$150,000, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 – 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

At June 30, 2006, there were seven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the one series issued after July 1, 1997, was \$6,525,000. 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 13 – CONSTRUCTION COMMITMENTS

The County has entered into a contract totaling \$1,342,062 for road construction. As of June 30, 2006, costs of \$298,700 on the project have been incurred. The balance remaining on the project at June 30, 2006, (\$1,043,362) will be paid as work on the project progresses.

The County has entered into a contract totaling \$177,515 for bridge projects. As of June 30, 2006, no costs on the project have been incurred. The balance remaining on the project at June 30, 2006, (\$177,515) will be paid as work on the project progresses.

The County has entered into two contracts totaling \$536,423 for bridge projects. As of June 30, 2006, no costs on the project have been incurred. The balance remaining on the projects at June 30, 2006, (\$536,423) will be paid as work on the projects progresses.

The County has entered into a contract totaling \$1,739,813 for road construction. As of June 30, 2006, costs of \$209,699 on the project have been incurred. The balance remaining on the project at June 30, 2006, (\$1,530,114) will be paid as work on the project progresses.

NOTE 14 – DEFICIT BALANCES

The Library Fund has a deficit fund balance at June 30, 2006, of \$3,410.

NOTE 15 – DESIGNATION OF FUND BALANCES

	General
Construction/remodeling projects	\$ 300,000
Land purchases	<u>500,000</u>
	<u>\$ 800,000</u>

NOTE 16 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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. 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 (RSI) in the financial reports of state and local governmental employers.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this statement is effective for the fiscal year ended June 30, 2006.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the fiscal year ending June 30, 2008. This statement establishes standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also establishes standards that apply to all intra-entity transfers of assets and future revenues.

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

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, 2006

	Actual	Budgeted Amounts	
		Original	Final
Receipts:			
Property and other County tax	\$ 22,873,663	\$ 22,794,096	\$ 22,844,783
Interest and penalty on property tax	157,235	145,300	145,450
Intergovernmental	16,538,516	15,124,675	17,790,176
Licenses and permits	96,453	76,400	82,475
Charges for service	3,405,028	2,741,794	3,358,315
Use of money and property	1,134,404	477,486	939,289
Miscellaneous	268,104	117,510	520,980
Total receipts	<u>44,473,403</u>	<u>41,477,261</u>	<u>45,681,468</u>
Disbursements:			
Public safety and legal services	9,810,750	9,840,930	10,570,323
Physical health and social services	11,659,181	12,260,988	12,230,062
Mental health	7,786,990	8,562,878	8,637,591
County environment and education	2,198,532	2,499,055	3,309,645
Roads and transportation	5,880,862	5,750,107	6,125,412
Governmental services to residents	1,231,585	1,324,993	1,295,455
Administration	2,760,220	2,620,744	3,239,895
Non-program	14,031	7,650	18,350
Debt service	539,850	497,400	539,940
Capital projects	5,155,512	3,773,073	8,864,113
Total disbursements	<u>47,037,513</u>	<u>47,137,818</u>	<u>54,830,786</u>
Deficiency of receipts under disbursements	(2,564,110)	(5,660,557)	(9,149,318)
Other financing sources, net	<u>24,038</u>	<u>-</u>	<u>-</u>
Deficiency of receipts and other financing sources under disbursements and other financing uses	(2,540,072)	(5,660,557)	(9,149,318)
Balance beginning of year	<u>16,144,323</u>	<u>16,144,323</u>	<u>16,144,323</u>
Balance end of year	<u>\$ 13,604,251</u>	<u>\$ 10,483,766</u>	<u>\$ 6,995,005</u>

Variance - Over (Under) Budget	Actual as a % of Amended Budget
\$ 28,880	100
11,785	108
(1,251,660)	93
13,978	117
46,713	101
195,115	121
<u>(252,876)</u>	<u>51</u>
<u>(1,208,065)</u>	<u>97</u>

(759,573)	93
(570,881)	95
(850,601)	90
(1,111,113)	66
(244,550)	96
(63,870)	95
(479,675)	85
(4,319)	76
(90)	100
<u>(3,708,601)</u>	<u>58</u>
<u>(7,793,273)</u>	<u>86</u>

6,585,208

24,038

6,609,246

-

\$ 6,609,246

DUBUQUE COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2006

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 44,473,403	\$ (70,782)	\$ 44,402,621
Expenditures	<u>47,037,513</u>	<u>(729,081)</u>	<u>46,308,432</u>
Net	(2,564,110)	658,299	(1,905,811)
Other financing sources, net	24,038	12,042	36,080
Beginning fund balances	<u>16,144,323</u>	<u>469,553</u>	<u>16,613,876</u>
Ending fund balances	<u>\$ 13,604,251</u>	<u>\$ 1,139,894</u>	<u>\$ 14,744,145</u>

DUBUQUE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
JUNE 30, 2006

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except for the discretely presented component unit and 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. 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 \$7,692,968. 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, 2006, disbursements did not exceed the amounts budgeted in any function and disbursements in certain departments exceeded the amounts appropriated.

OTHER SUPPLEMENTARY INFORMATION

DUBUQUE COUNTY

DUBUQUE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

Assets	County Assistance	REAP Fund	County Recorder's Records Management
Cash and pooled investments	\$ 82,403	\$ 62,630	\$ 32,322
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Due from other governments	-	14,840	-
Notes receivable	<u>105,810</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 188,213</u>	 <u>\$ 77,470</u>	 <u>\$ 32,322</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other governments	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:			
Reserved for:			
Notes receivable	105,810	-	-
Debt service	-	-	-
Unreserved:			
Undesignated	<u>82,403</u>	<u>77,470</u>	<u>32,322</u>
Total fund balances	<u>188,213</u>	<u>77,470</u>	<u>32,322</u>
 Total liabilities and fund balances	 <u>\$ 188,213</u>	 <u>\$ 77,470</u>	 <u>\$ 32,322</u>

Special Revenue							Total
Library	Rural Economic Development	Gold Dome	Sheriff's Commissary	Conservation Land Acquisition	Debt Service	Capital Projects	Nonmajor Governmental Funds
\$ 13,440	\$ 920,424	\$ 52,039	\$ 14,111	\$ 108,277	\$ 4,782	\$ 52	\$ 1,290,480
-	-	-	-	-	1,014	-	1,014
-	-	-	-	-	496,485	-	496,485
412	3,025	-	-	-	-	-	3,437
-	-	-	-	-	-	-	14,840
-	468,817	-	-	-	-	-	574,627
<u>\$ 13,852</u>	<u>\$ 1,392,266</u>	<u>\$ 52,039</u>	<u>\$ 14,111</u>	<u>\$ 108,277</u>	<u>\$ 502,281</u>	<u>\$ 52</u>	<u>\$ 2,380,883</u>
\$ 7,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,348
9,859	-	-	-	-	-	-	9,859
55	-	-	-	-	-	-	55
-	-	-	-	-	496,485	-	496,485
-	-	-	-	-	602	-	602
<u>17,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,087</u>	<u>-</u>	<u>514,349</u>
-	468,817	-	-	-	-	-	574,627
-	-	-	-	-	5,194	-	5,194
<u>(3,410)</u>	<u>923,449</u>	<u>52,039</u>	<u>14,111</u>	<u>108,277</u>	<u>-</u>	<u>52</u>	<u>1,286,713</u>
<u>(3,410)</u>	<u>1,392,266</u>	<u>52,039</u>	<u>14,111</u>	<u>108,277</u>	<u>5,194</u>	<u>52</u>	<u>1,866,534</u>
<u>\$ 13,852</u>	<u>\$ 1,392,266</u>	<u>\$ 52,039</u>	<u>\$ 14,111</u>	<u>\$ 108,277</u>	<u>\$ 502,281</u>	<u>\$ 52</u>	<u>\$ 2,380,883</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	County Assistance	REAP Fund	County Recorder's Records Management
Revenues:			
Property and other County tax	\$ -	\$ -	\$ -
Intergovernmental	-	28,595	-
Charges for service	-	-	20,361
Use of money and property	-	1,064	534
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>29,659</u>	<u>20,895</u>
Expenditures:			
Operating:			
County environment and education	-	-	-
Governmental services to residents	-	-	5,026
Non-program	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>5,026</u>
Excess (deficiency) of revenues over (under) expenditures	-	29,659	15,869
Other financing sources (uses):			
Transfers in (out)	-	-	-
Net change in fund balances	-	29,659	15,869
Fund balances beginning of year	<u>188,213</u>	<u>47,811</u>	<u>16,453</u>
Fund balances end of year	<u>\$ 188,213</u>	<u>\$ 77,470</u>	<u>\$ 32,322</u>

Special Revenue								
Library	Rural Economic Development	Gold Dome	Sheriff's Commissary	Conservation Land Acquisition	County Recorder's Electronic Transaction Fee	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$479,353	\$ -	\$ 479,353
77,977	-	-	-	-	-	17,733	452,515	576,820
14,162	-	-	261	-	-	-	-	34,784
-	55,641	1,029	10,925	-	-	-	843	70,036
11,624	-	-	-	31,242	-	-	103,619	146,485
<u>103,763</u>	<u>55,641</u>	<u>1,029</u>	<u>11,186</u>	<u>31,242</u>	<u>-</u>	<u>497,086</u>	<u>556,977</u>	<u>1,307,478</u>
525,637	4,270	-	-	-	-	-	-	529,907
-	-	-	-	-	91	-	-	5,117
-	-	-	13,383	-	-	-	-	13,383
-	42,450	-	-	-	-	497,400	-	539,850
-	-	-	-	190,571	-	-	452,514	643,085
<u>525,637</u>	<u>46,720</u>	<u>-</u>	<u>13,383</u>	<u>190,571</u>	<u>91</u>	<u>497,400</u>	<u>452,514</u>	<u>1,731,342</u>
(421,874)	8,921	1,029	(2,197)	(159,329)	(91)	(314)	104,463	(423,864)
<u>418,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,557</u>	<u>-</u>	<u>-</u>	<u>(41,451)</u>	<u>450,570</u>
(3,410)	8,921	1,029	(2,197)	(85,772)	(91)	(314)	63,012	26,706
-	1,383,345	51,010	16,308	194,049	91	5,508	(62,960)	1,839,828
<u>\$ (3,410)</u>	<u>\$ 1,392,266</u>	<u>\$52,039</u>	<u>\$ 14,111</u>	<u>\$ 108,277</u>	<u>\$ -</u>	<u>\$ 5,194</u>	<u>\$ 52</u>	<u>\$ 1,866,534</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

Schedule 3

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
COUNTY AUDITOR				
Assets:				
Cash on hand	\$ 5,077	\$ 3,142	\$ 3,013	\$ 5,206
Liabilities:				
Trusts payable	\$ 5,077	\$ 3,142	\$ 3,013	\$ 5,206
COUNTY RECORDER				
Assets:				
Cash on hand	\$ 71,889	\$ 1,483,199	\$ 1,466,140	\$ 88,948
Accounts receivable	5,191	5,144	5,191	5,144
Total assets	<u>\$ 77,080</u>	<u>\$ 1,488,343</u>	<u>\$ 1,471,331</u>	<u>\$ 94,092</u>
Liabilities:				
Due to other funds	\$ -	\$ 698,664	\$ 698,664	\$ -
Due to other governments	77,080	784,488	767,476	94,092
Total liabilities	<u>\$ 77,080</u>	<u>\$ 1,483,152</u>	<u>\$ 1,466,140</u>	<u>\$ 94,092</u>
COUNTY RECORDER'S ELECTRONIC TRANSACTION FEE				
Assets:				
Cash on hand	\$ 1,865	\$ 20,444	\$ 20,405	\$ 1,904
Due from other governments	2,020	1,937	2,020	1,937
Total assets	<u>\$ 3,885</u>	<u>\$ 22,381</u>	<u>\$ 22,425</u>	<u>\$ 3,841</u>
Liabilities:				
Due to other governments	<u>\$ 3,885</u>	<u>\$ 22,381</u>	<u>\$ 22,425</u>	<u>\$ 3,841</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
COUNTY SHERIFF				
Assets:				
Cash on hand	\$ 149,992	\$ 2,405,672	\$ 2,507,165	\$ 48,499
Accounts receivable	-	225,020	225,020	-
Total assets	<u>\$ 149,992</u>	<u>\$ 2,630,692</u>	<u>\$ 2,732,185</u>	<u>\$ 48,499</u>
Liabilities:				
Due to other funds	\$ -	\$ 471,714	\$ 471,714	\$ -
Due to other governments	44,466	553,209	557,560	40,115
Trusts payable	105,526	1,380,749	1,477,891	8,384
Total liabilities	<u>\$ 149,992</u>	<u>\$ 2,405,672</u>	<u>\$ 2,507,165</u>	<u>\$ 48,499</u>
E911 FUND				
Assets:				
Cash and pooled investments	\$ 428,525	\$ 541,779	\$ 481,806	\$ 488,498
Accrued interest receivable	714	-	714	-
Total assets	<u>\$ 429,239</u>	<u>\$ 541,779</u>	<u>\$ 482,520</u>	<u>\$ 488,498</u>
Liabilities:				
Accounts payable	\$ 19,478	\$ 12,156	\$ 19,478	\$ 12,156
Due to other governments	409,761	529,623	463,042	476,342
Total liabilities	<u>\$ 429,239</u>	<u>\$ 541,779</u>	<u>\$ 482,520</u>	<u>\$ 488,498</u>
DRAINAGE DISTRICT FUND				
Assets:				
Cash and pooled investments	\$ 664	\$ 15	\$ -	\$ 679
Accrued interest receivable	1	-	1	-
Total assets	<u>\$ 665</u>	<u>\$ 15</u>	<u>\$ 1</u>	<u>\$ 679</u>
Liabilities:				
Due to other governments	\$ 665	\$ 15	\$ 1	\$ 679

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2006</u>
AGRICULTURAL EXTENSION				
EDUCATION FUND				
Assets:				
Cash and pooled investments	\$ 1,077	\$ 116,412	\$ 116,414	\$ 1,075
Property tax receivable:				
Delinquent	228	252	228	252
Succeeding year	<u>116,390</u>	<u>116,461</u>	<u>116,390</u>	<u>116,461</u>
Total assets	<u>\$ 117,695</u>	<u>\$ 233,125</u>	<u>\$ 233,032</u>	<u>\$ 117,788</u>
Liabilities:				
Due to other governments	<u>\$ 117,695</u>	<u>\$ 233,125</u>	<u>\$ 233,032</u>	<u>\$ 117,788</u>
 COUNTY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 261,307	\$ 395,825	\$ 457,233	\$ 199,899
Property tax receivable:				
Delinquent	899	1,043	899	1,043
Succeeding year	<u>360,525</u>	<u>448,686</u>	<u>360,525</u>	<u>448,686</u>
Total assets	<u>\$ 622,731</u>	<u>\$ 845,554</u>	<u>\$ 818,657</u>	<u>\$ 649,628</u>
Liabilities:				
Accounts payable	\$ 1,469	\$ 990	\$ 1,469	\$ 990
Salaries and benefits payable	18,581	10,970	18,581	10,970
Due to other governments	<u>602,681</u>	<u>833,594</u>	<u>798,607</u>	<u>637,668</u>
Total liabilities	<u>\$ 622,731</u>	<u>\$ 845,554</u>	<u>\$ 818,657</u>	<u>\$ 649,628</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
CITY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 281,969	\$ 576,726	\$ 566,430	\$ 292,265
Property tax receivable:				
Delinquent	765	890	765	890
Succeeding year	541,904	520,816	541,904	520,816
Total assets	<u>\$ 824,638</u>	<u>\$ 1,098,432</u>	<u>\$ 1,109,099</u>	<u>\$ 813,971</u>
Liabilities:				
Accounts payable	\$ 177	\$ -	\$ 177	\$ -
Salaries and benefits payable	25,688	13,992	25,688	13,992
Due to other governments	798,773	1,084,440	1,083,234	799,979
Total liabilities	<u>\$ 824,638</u>	<u>\$ 1,098,432</u>	<u>\$ 1,109,099</u>	<u>\$ 813,971</u>
SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 367,976	\$ 42,083,758	\$ 42,064,711	\$ 387,023
Property tax receivable:				
Delinquent	77,351	90,043	77,351	90,043
Succeeding year	42,072,717	45,450,697	42,072,717	45,450,697
Total assets	<u>\$ 42,518,044</u>	<u>\$ 87,624,498</u>	<u>\$ 84,214,779</u>	<u>\$ 45,927,763</u>
Liabilities:				
Due to other governments	<u>\$ 42,518,044</u>	<u>\$ 87,624,498</u>	<u>\$ 84,214,779</u>	<u>\$ 45,927,763</u>

(continued)

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

Schedule 3
(continued)

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
AREA SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 15,875	\$ 1,745,076	\$ 1,744,832	\$ 16,119
Property tax receivable:				
Delinquent	3,356	3,783	3,356	3,783
Succeeding year	1,744,729	1,809,700	1,744,729	1,809,700
Total assets	<u>\$ 1,763,960</u>	<u>\$ 3,558,559</u>	<u>\$ 3,492,917</u>	<u>\$ 1,829,602</u>
Liabilities:				
Due to other governments	<u>\$ 1,763,960</u>	<u>\$ 3,558,559</u>	<u>\$ 3,492,917</u>	<u>\$ 1,829,602</u>
CORPORATIONS FUND				
Assets:				
Cash and pooled investments	\$ 227,505	\$ 25,300,193	\$ 25,323,048	\$ 204,650
Receivables:				
Property tax:				
Delinquent	33,354	35,849	33,354	35,849
Succeeding year	25,159,463	27,272,923	25,159,463	27,272,923
Special assessments	14,901	12,747	14,901	12,747
Interest and penalty on property tax	6,441	7,426	6,441	7,426
Total assets	<u>\$ 25,441,664</u>	<u>\$ 52,629,138</u>	<u>\$ 50,537,207</u>	<u>\$ 27,533,595</u>
Liabilities:				
Due to other governments	<u>\$ 25,441,664</u>	<u>\$ 52,629,138</u>	<u>\$ 50,537,207</u>	<u>\$ 27,533,595</u>
TOWNSHIPS FUND				
Assets:				
Cash and pooled investments	\$ 3,615	\$ 434,797	\$ 434,300	\$ 4,112
Property tax receivable:				
Delinquent	1,136	1,299	1,136	1,299
Succeeding year	433,489	446,569	433,489	446,569
Total assets	<u>\$ 438,240</u>	<u>\$ 882,665</u>	<u>\$ 868,925</u>	<u>\$ 451,980</u>
Liabilities:				
Due to other governments	<u>\$ 438,240</u>	<u>\$ 882,665</u>	<u>\$ 868,925</u>	<u>\$ 451,980</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
AUTO LICENSE AND USE TAX FUND				
Assets:				
Cash and pooled investments	\$ 2,078,269	\$ 18,091,334	\$ 18,021,758	\$ 2,147,845
Liabilities:				
Accounts payable	\$ 1	\$ 1	\$ 1	\$ 1
Due to other governments	2,078,268	18,091,334	18,021,758	2,147,844
Total liabilities	<u>\$ 2,078,269</u>	<u>\$ 18,091,335</u>	<u>\$ 18,021,759</u>	<u>\$ 2,147,845</u>
BRUCellosIS AND TUBERCULOSIS ERADICATION FUND				
Assets:				
Cash and pooled investments	\$ 106	\$ 11,537	\$ 11,536	\$ 107
Property tax receivable:				
Delinquent	23	25	23	25
Succeeding year	11,532	11,841	11,532	11,841
Total assets	<u>\$ 11,661</u>	<u>\$ 23,403</u>	<u>\$ 23,091</u>	<u>\$ 11,973</u>
Liabilities:				
Due to other governments	<u>\$ 11,661</u>	<u>\$ 23,403</u>	<u>\$ 23,091</u>	<u>\$ 11,973</u>
JOINT DISASTER SERVICES FUND				
Assets:				
Cash and pooled investments	\$ 24,245	\$ 83,576	\$ 89,213	\$ 18,608
Due from other governments	5,586	-	5,586	-
Total assets	<u>\$ 29,831</u>	<u>\$ 83,576</u>	<u>\$ 94,799</u>	<u>\$ 18,608</u>
Liabilities:				
Accounts payable	\$ 2,338	\$ 339	\$ 2,338	\$ 339
Salaries and benefits payable	3,630	1,977	3,630	1,977
Due to other governments	23,863	81,260	88,831	16,292
Total liabilities	<u>\$ 29,831</u>	<u>\$ 83,576</u>	<u>\$ 94,799</u>	<u>\$ 18,608</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2006</u>
COUNTY HOSPITAL FUND				
Assets:				
Cash and pooled investments	\$ 61,348	\$ 681,054	\$ 673,390	\$ 69,012
Property tax receivable:				
Delinquent	1,303	1,459	1,303	1,459
Succeeding year	<u>673,313</u>	<u>777,007</u>	<u>673,313</u>	<u>777,007</u>
Total assets	<u>\$ 735,964</u>	<u>\$ 1,459,520</u>	<u>\$ 1,348,006</u>	<u>\$ 847,478</u>
Liabilities:				
Due to other governments	\$ 680,779	\$ 1,396,729	\$ 1,292,821	\$ 784,687
Trusts payable	<u>55,185</u>	<u>62,791</u>	<u>55,185</u>	<u>62,791</u>
Total liabilities	<u>\$ 735,964</u>	<u>\$ 1,459,520</u>	<u>\$ 1,348,006</u>	<u>\$ 847,478</u>
COUNTY LIBRARIES				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 47,400</u>	<u>\$ 47,400</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 47,400</u>	<u>\$ 47,400</u>	<u>\$ -</u>
TAX SALES				
Assets:				
Cash and pooled investments	\$ -	\$ 292,132	\$ 292,132	\$ -
Accounts receivable	<u>-</u>	<u>4,075</u>	<u>-</u>	<u>4,075</u>
Total assets	<u>\$ -</u>	<u>\$ 296,207</u>	<u>\$ 292,132</u>	<u>\$ 4,075</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 296,207</u>	<u>\$ 292,132</u>	<u>\$ 4,075</u>

(continued)

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006

Schedule 3
(continued)

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
TOTAL COMBINED FUNDS				
Assets:				
Cash and pooled investments	\$ 3,981,304	\$ 94,314,071	\$ 94,320,926	\$ 3,974,449
Receivables:				
Property tax:				
Delinquent	118,415	134,643	118,415	134,643
Succeeding year	71,114,062	76,854,700	71,114,062	76,854,700
Special assessments	14,901	12,747	14,901	12,747
Interest and penalty on property tax	6,441	7,426	6,441	7,426
Accounts	5,191	234,239	230,211	9,219
Accrued interest	715	-	715	-
Due from other governments	7,606	1,937	7,606	1,937
Total assets	<u>\$ 75,248,635</u>	<u>\$ 171,559,763</u>	<u>\$ 165,813,277</u>	<u>\$ 80,995,121</u>
Liabilities:				
Accounts payable	\$ 23,463	\$ 13,486	\$ 23,463	\$ 13,486
Salaries and benefits payable	47,899	26,939	47,899	26,939
Due to other funds	-	1,170,378	1,170,378	-
Due to other governments	75,011,485	168,672,068	162,805,238	80,878,315
Trusts payable	165,788	1,446,682	1,536,089	76,381
Total liabilities	<u>\$ 75,248,635</u>	<u>\$ 171,329,553</u>	<u>\$ 165,583,067</u>	<u>\$ 80,995,121</u>

DUBUQUE COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION –
ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

Schedule 4

	Modified Accrual Basis				
	2006	2005	2004	2003	2002
Revenues:					
Property and other County tax	\$ 23,020,154	\$ 21,831,098	\$ 20,266,271	\$ 19,144,204	\$ 18,164,309
Interest and penalty on property tax	80,611	156,422	150,455	135,401	143,687
Intergovernmental	16,539,239	15,709,496	15,688,918	13,947,328	15,188,180
Licenses and permits	95,459	75,408	75,352	74,905	72,665
Charges for service	3,356,019	3,709,352	3,091,200	2,532,583	3,017,775
Use of money and property	1,022,662	645,616	425,907	766,244	1,409,904
Miscellaneous	288,477	320,706	295,860	349,517	251,377
Total	\$ 44,402,621	\$ 42,448,098	\$ 39,993,963	\$ 36,950,182	\$ 38,247,897
Expenditures:					
Operating:					
Public safety and legal services	\$ 9,656,409	\$ 9,109,419	\$ 9,059,895	\$ 7,294,779	\$ 6,778,959
Physical health and social services	11,501,263	11,055,587	6,294,233	2,082,828	4,843,408
Mental health	7,695,818	8,132,532	12,127,062	12,674,349	13,194,622
County environment and education	2,183,929	2,080,390	2,201,639	1,962,072	1,944,581
Roads and transportation	5,965,514	5,331,620	5,978,774	6,320,443	4,938,493
Governmental services to residents	1,206,131	1,379,327	1,190,902	1,150,037	1,121,156
Administration	2,662,217	2,546,948	2,631,399	2,362,147	2,385,156
Non-program	14,038	11,315	65,714	5,763	15,898
Debt service	539,850	534,650	535,574	537,488	562,675
Capital projects	4,883,263	1,599,550	7,326,820	6,374,823	3,403,216
Total	\$ 46,308,432	\$ 41,781,338	\$ 47,412,012	\$ 40,764,729	\$ 39,188,164

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

DUBUQUE COUNTY



CPAs & BUSINESS ADVISORS

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

To the Officials of 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, 2006, which collectively comprise Dubuque County's basic financial statements and have issued our report thereon dated November 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 initiate, record, process, 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.

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.

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 or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

We noted certain matters that we reported to the management of Dubuque County in a separate letter dated November 1, 2006.

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.

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 cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the typed name and date.

Dubuque, Iowa
November 1, 2006



CPAs & BUSINESS ADVISORS

**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, 2006. 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 grant agreements 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2006.

Internal Control Over Compliance

The management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements 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.

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 non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements 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.

A handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned above the typed name and date.

Dubuque, Iowa
November 1, 2006

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	2003CKWX0467	\$ <u>34,595</u>
Department of Health and Human Services:			
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	H79 SM54724	<u>176,229</u>
Total direct			<u>210,824</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>30,789</u>
Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	20-JD03-F504	9,368
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	20-JD04-F505	<u>14,839</u>
			<u>24,207</u>
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	20-JD03-F504	2,387
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	20-JD04-F505	<u>17,783</u>
			<u>20,170</u>
Title V – Delinquency Prevention Program	16.548	20-JD03-F504	616
Title V – Delinquency Prevention Program	16.548	20-JD04-F505	<u>4,241</u>
			<u>4,857</u>
Enforcing Underage Drinking Laws Program	16.727	20-JD03-F504	5,016
Enforcing Underage Drinking Laws Program	16.727	20-JD04-F505	<u>5,037</u>
			<u>10,053</u>
Governor’s Office of Drug Control Policy:			
Developing, Testing, and Demonstrating Promising New Programs	16.541	05-OJJDP07	<u>9,043</u>

(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

<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)			
Governor's Office of Drug Control Policy: (continued)			
Byrne Formula Grant Program	16.579	03C-1514	\$ 16,755
Byrne Formula Grant Program	16.579	04C-1579	294
			<u>17,049</u>
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-06-34C	732
Violence Against Women Formula Grants	16.588	VW-06-34B	62,900
			<u>63,632</u>
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738	05JAG-A10	<u>44,230</u>
Department of Transportation:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 05-04, Task 08	5,579
State and Community Highway Safety	20.600	PAP 06-04, Task 08	6,434
			<u>12,013</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons			
	20.605	PAP 06-163, Task 24	9,418
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons			
	20.605	PAP 05-163, Task 27	5,890
			<u>15,308</u>
Iowa Department of Public Defense:			
Interagency Hazardous Materials Public Sector Training and Planning Grants			
	20.703		<u>1,516</u>
General Services Administration:			
Iowa Secretary of State:			
Help America Vote Act	39.011	06-HAVA-31-SA1	4,254
Help America Vote Act	39.011	06-HAVA-31-100	468,000
			<u>472,254</u>
Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children			
	93.197	5886LP05	<u>15,893</u>
Centers for Disease Control and Prevention – Investigations and Technical Assistance			
	93.283	5886NB11	12,195
Centers for Disease Control and Prevention – Investigations and Technical Assistance			
	93.283	5885BT26	6,377
			(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

<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)			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886WW07	\$ 9,810
Linn County, Iowa:			
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3106	42,765
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3105	4,558
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5886BT12	2,515
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	5885BT12	<u>6,079</u>
			<u>84,299</u>
Iowa Department of Human Services:			
Child Support Enforcement	93.563		<u>347,151</u>
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		<u>37,156</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>8,824</u>
Foster Care – Title IV-E	93.658		<u>19,177</u>
Adoption Assistance	93.659		<u>4,677</u>
Medical Assistance Program	93.778		<u>49,589</u>
Social Services Block Grant	93.667		25,028
Social Services Block Grant	93.667		<u>322,981</u>
			<u>348,009</u>
Iowa Secretary of State:			
Voting Access for Individuals with Disabilities – Grants to States	93.617	06-HAVA-31-001	<u>713</u>
Iowa Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	5886EM130	<u>7,005</u>

(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

<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)			
HIV Prevention Activities – Health			
Department Based	93.940	5885AP09	\$ 8,307
HIV Prevention Activities – Health			
Department Based	93.940	5886AP09	<u>6,239</u>
			<u>14,546</u>
Preventive Health and Health Services			
Block Grant	93.991	5886AP09	271
Preventive Health and Health Services			
Block Grant	93.991	5885AP09	<u>3,545</u>
			<u>3,816</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
State Domestic Preparedness Equipment			
Support Program	97.004	ODP-2003-MU-TE-0056	528
Homeland Security Grant Program	97.067	2004-GE-T4-0046	<u>347,563</u>
			<u>348,091</u>
Emergency Management Performance			
Grants	97.042		<u>21,371</u>
Total indirect			<u>2,035,438</u>
Total			<u>\$ 2,246,262</u>

DUBUQUE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

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:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Accountability Incentive Block Grants (JAIBG)	16.523	\$ 24,207
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	20,170
Title V – Delinquency Prevention Program	16.548	4,857
Public Safety Partnership and Community Policing Grants	16.710	5,390
Enforcing Underage Drinking Laws Program	16.727	10,053
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	15,893
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	174,931
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	53,673
National Bioterrorism Hospital Preparedness Program	93.889	5,916
HIV Prevention Activities – Health Department Based	93.940	14,546
Preventive Health and Health Services Block Grant	93.991	3,816
Homeland Security Grant Program	97.067	73,724

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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

- (a) Unqualified opinions were 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 material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 39.011 – Help America Vote Act
- (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-06 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 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.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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

Response – Over the past few years, I have implemented bar coding and cashiering software. We also rotate receipting and posting functions so one person is not always doing the same thing. Since we are a small office all employees have to receipt transactions.

Conclusion – Response accepted.

II-B-06 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 – All of our transactions are to be verified by a second employee before any deposits are made to confirm the proper amounts are accounted for.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-06 Certified Budget - Disbursements during the year ended June 30, 2006, did not exceed the amounts budgeted by function prior to amendment or at year end. Disbursements in certain departments exceeded the amounts appropriated.

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

Response – The County tries to make amendments prior to amounts exceeding their allowable amounts, but due to publication costs, it has also tried to keep the amendments to a minimum. Those responsible for budgetary departments are apprised of the necessity to not spend above their appropriated amount. Unfortunately, some budgetary departments are affected by more than one department head.

Conclusion – Response accepted.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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

III-B-06 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.

III-C-06 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-06 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 White Front Feed and Seed	Supplies	\$ 3,956
Sue Breitbach, information services employee, spouse owns Breitbach Feeds	Supplies	\$ 197

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with Breitbach Feeds does not appear to represent a conflict of interest since the total transactions were less than \$1,500 during the fiscal year. The transaction with White Front Feed may represent a conflict of interest since not all of the transactions were entered into through competitive bidding in accordance with Chapter 362.5(4) of Code of Iowa.

Response – White Front Feed and Seed has at times provided the County with calcium chloride and seed for vegetation in road side ditches. The calcium chloride is purchased through a formal bidding procedure. Road side seed is purchased from three locations, two in Dubuque (Hendricks Feed and Seed Co. and White Front Feed and Seed) and one in Cascade (White Front Feed and Seed). Seed is purchased on an as needed basis.

Conclusion – Response accepted.

III-E-06 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.

III-F-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

However, it was noted during the course of our audit, there there were several instances where the minutes of the meetings of the Board of Supervisors were not published in a timely manner in accordance with Chapter 349.18 of the Code of Iowa. It was subsequently noted that the minutes were published.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

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

Response – Minutes are not submitted to the newspapers for publication until approved by the Board of Supervisors. Upon submission, the newspapers have control over when the minutes are published.

Conclusion – Response accepted.

III-G-06 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.

III-H-06 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).

III-I-06 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, 2006, for the County Extension Office did not exceed the amounts budgeted.