



Financial Statements
June 30, 2010

Dubuque County

DUBUQUE COUNTY

Table of Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Assets	A 13
Statement of Activities	B 14
Governmental Fund Financial Statements	
Balance Sheet	C 15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D 16
Statement of Revenues, Expenditures, and Changes in Fund Balances	E 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 18
Fiduciary Fund Financial Statement	
Statement of Fiduciary Assets and Liabilities – Agency Funds	G 19
Notes to Financial Statements	20-36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds	37
Budgetary Comparison Schedule – Budget to GAAP Reconciliation	38
Notes to Required Supplementary Information – Budgetary Reporting	39
Schedule of Funding Progress for the Retiree Health Plan	40
OTHER SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Nonmajor Governmental Funds	
Combining Balance Sheet	1 41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2 42
Agency Funds	
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	3 43-50
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	4 51

DUBUQUE COUNTY

Table of Contents

	<u>Page</u>
INFORMATION PROVIDED TO COMPLY WITH <i>GOVERNMENT</i>	
<i>AUDITING STANDARDS AND OMB CIRCULAR A-133</i>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	54-55
Schedule of Expenditures of Federal Awards	56-58
Notes to the Schedule of Expenditures of Federal Awards	59
Schedule of Findings and Questioned Costs	60-66



Dubuque County

DUBUQUE COUNTY OFFICIALS

Name	Title	Term Expires
Donna Smith	Board of Supervisors	January, 2011
Eric Manternach	Board of Supervisors	January, 2011
Wayne Demmer	Board of Supervisors	January, 2013
Denise Dolan	County Auditor	January, 2013
Eric Stierman	County Treasurer	January, 2011
Kathy Flynn Thurlow	County Recorder	January, 2011
Ken Runde	County Sheriff	January, 2013
Ralph Potter	County Attorney	January, 2011
Dave Kubik	County Assessor	January, 2016
Rick Engelken	City Assessor	January, 2014



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, 2010, 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, 2010, 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.

As discussed in Note 14 to the financial statements, the City has recorded material prior period adjustments.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011, on our consideration of Dubuque County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan listed in the table of contents are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 eight years ended June 30, 2009, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Dubuque County. 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

A handwritten signature in cursive script that reads "Eide Sully LLP".

Dubuque, Iowa
March 28, 2011

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, 2010. 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 \$85,092,488 (*net assets*). Of this amount, \$2,343,679 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net assets increased by \$3,183,726.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$15,076,770, an increase of \$199,938 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,318,034 or 13.1% of total general fund expenditures.
- Total long-term liabilities decreased by \$285,793 (7.6%) 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 (Agency Funds).

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, as well as presenting the schedule of funding progress for the retiree health plan.

Other supplementary information provides detailed information about the nonmajor special revenue and debt service funds, 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 presented 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 and 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, and 3) the Debt Service 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 19 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 fund, rural services fund, secondary roads fund and the local option tax fund, all of which are considered to be major funds. Data from the other 14 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 20-36 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 37-40 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 can be found on pages 41 and 42 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 \$85,092,488 at the close of the most recent fiscal year.

Dubuque County, Iowa Net Assets of Governmental Activities

	June 30,	
	2010	2009
Current and other assets	\$ 45,336,862	\$ 44,844,786
Capital assets	72,673,874	69,830,728
Total assets	118,010,736	114,675,514
Long-term liabilities outstanding	3,456,814	3,742,607
Other liabilities	29,461,434	29,024,145
Total liabilities	32,918,248	32,766,752
Net assets:		
Invested in capital assets, net of related debt	72,193,874	68,890,728
Restricted	10,554,935	10,472,493
Unrestricted	2,343,679	2,545,541
Total net assets	\$ 85,092,488	\$ 81,908,762

The largest portion of the County's net assets (84.8%) 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 \$2,545,541 at June 30, 2009 to \$2,343,679 at the end of this year, a decrease of 8%.

Governmental activities. Governmental activities increased the County’s net assets by \$3,183,726. A condensed version of the Statement of Activities as of June 30, 2010, follows:

Dubuque County, Iowa
Changes in Net Assets of Governmental Activities

	Year Ended June 30,	
	2010	2009
Program revenues:		
Fines, fees, and charges for service	\$ 11,508,408	\$ 11,562,609
Operating grants and contributions	8,732,349	8,453,254
Capital grants and contributions	187,447	132,161
General revenues:		
Property taxes	25,265,873	24,014,212
Penalty and interest on property tax	245,985	244,456
State tax credits	4,314,400	3,606,350
Local option sales tax	3,213,207	3,029,972
Unrestricted investment earnings	232,938	555,122
Miscellaneous	605,007	1,457,277
Total revenues	54,305,614	53,055,413
Program expenses:		
Public safety and legal services	12,305,985	12,270,965
Physical health and social services	12,864,215	12,407,380
Mental health	7,927,931	8,463,823
County environment and education	2,362,215	2,795,001
Roads and transportation	9,695,787	10,412,059
Governmental services to residents	1,411,008	1,537,497
Administration	4,325,901	4,893,763
Non-program	183,530	20,496
Interest on long-term debt	45,316	63,304
Total expenses	51,121,888	52,864,288
Increase in net assets	3,183,726	191,125
Beginning net assets, as restated	81,908,762	81,717,637
Ending net assets	\$ 85,092,488	\$ 81,908,762

-- Taxes increased by \$1,251,661 or 5.2%, during the year. This increase represents a taxable valuation growth of 4%, an 8.08 cent increase in the general fund levy, an 8.3 cent decrease in the MH/DD levy, an .81 cent decrease in the debt service levy and a 15 cent increase in the rural 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 \$15,076,770, an increase of \$199,938 in comparison with the prior year. The *unreserved fund balance* of \$12,735,473, which is available for spending at the County's discretion, decreased \$146,375. The *designated* fund balance of \$475,000 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 \$3,843,034, while the total fund balance reached \$5,362,083. 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 undesignated fund balance represents 11.7% of total general fund expenditures, while total fund balance represents 16.3% of that same amount.

The fund balance of the County's general fund increased \$128,682 during the current fiscal year. Key factors in this increase are as follows:

- Revenues increased \$1,304,162, due to increases in revenue categories, particularly taxes and intergovernmental revenues.
- Expenses increased \$676,199, primarily due to across the board wage and salary increases.

The rural services fund has a total fund balance of \$359, which is a decrease of \$3,246 from the prior year. Key factors in this decrease are as follows:

- Variance in taxes raised and transfers to Secondary Roads, Library and Zoning funds.

The secondary roads fund has a total fund balance of \$1,019,453, which is an increase of \$762,054 from the prior year. Key factors in this increase are as follows:

- Revenues increased due to higher transfers from the Rural Services Fund and additional intergovernmental income.

The mental health fund has a total fund balance of \$3,436,195, which is an increase of \$1,503,866 from the prior year. Key factors in this increase are as follows:

- Expenditures decreased \$542,844.

The local option tax fund has a total fund balance of \$3,116,451, which is a decrease of \$2,120,200 from the prior year. A key factor in this decrease was:

- Timing and increase in road construction projects.

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 5, 2009, increased disbursements by \$12,365,708. This amendment revised disbursements to reflect monies budgeted in the previous fiscal year which were not expended until the current fiscal year. \$2.2 million was due to the timing of road construction projects, while almost \$1.3 million was due to flood repair, and \$3.8 million is attributable to delays in the CDBG Disaster Housing program.

The second amendment, on March 15, 2010, increased revenues by \$435,567 and decreased disbursements by \$2,519,510. This reflects changes made by the Board of Supervisors during departmental worksessions for preparation of the FY11 budget. The majority of the expense decrease was due to a \$1.2 million decrease in Secondary Road projects and a \$1.2 million decrease in MH/DD expense.

The third amendment, on May 24, 2010, increased receipts by \$482,003 and disbursements by \$898,754. Revenue increases were for additional grant monies and insurance reimbursement. Expenditure increases were related to additional grants and insurance reimbursement received.

The net increase in revenues of \$9,930,054 resulted in an amended total of \$62,416,967. The net increase in disbursements of \$10,744,952 resulted in an amended total of \$69,432,868.

Actual cash disbursements for the year totaled \$55,466,356 or \$13,966,512 less than the final amended budget. The largest factor contributing to the difference was capital projects which were approximately \$2.1 million less than budget due to seasonal timing of road construction projects in the local option tax fund, and delays in FEMA projects of \$6.3 million and the CDBG grant projects of \$1.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY10, Dubuque County had \$72,673,874 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 \$2,843,146, or 4.07% over last year.

Capital Assets of Governmental Activities at Year-End

	June 30,	
	2010	2009
Land	\$ 3,495,142	\$ 3,495,142
Buildings and improvements	12,889,824	13,187,876
Machinery and equipment	4,529,427	4,497,245
Infrastructure	51,341,672	45,390,221
Construction in progress	417,809	3,260,244
Total	<u>\$ 72,673,874</u>	<u>\$ 69,830,728</u>

The County had depreciation expense of \$4,439,132 for the year ended June 30, 2010, and total accumulated depreciation as of June 30, 2010 of \$56,310,704.

The County's fiscal year 2010 capital budget included approximately \$7.8 million for capital projects, the majority of which was budgeted in local option funds for secondary road construction projects. 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 5 on pages 27 and 28 of this report.

Long-term Liabilities

At year-end, the County had total long-term liabilities of \$3,456,814 compared to \$3,742,607 last year, a decrease of \$285,793 (7.6%), as detailed below:

Long-term Liabilities of Governmental Activities at Year-End

	June 30,	
	2010	2009
General obligation bonds	\$ 480,000	\$ 940,000
Rural economic development loan	588,278	624,144
Compensated absences	2,100,950	2,037,664
Net OPEB liability	287,586	140,799
Total	<u>\$ 3,456,814</u>	<u>\$ 3,742,607</u>

For more detailed information on the County's debt and amortization terms, please refer to Note 8 on pages 30 and 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 5.7%, down .3% from the previous year and comparable with the State of Iowa rate of 6.1% and the 9.5% national rate. Currently, there are 56,000 jobs in Dubuque County, an increase of 1,500 from the previous year.

Taxes levied for fiscal year 2011 will increase by \$962 thousand, or 3.9% from the fiscal year 2010 budget. This increase represents a taxable valuation growth of 2.6%, an 8.7 cent increase in the County-wide levy and no change in the rural levy.

The 2011 County-wide levy rate is \$6.50193 per thousand dollars of taxable value. Net property tax revenue represents 43% of total revenues, a decrease from 45% in 2010. Rural residents will pay \$10.02367 per thousand dollars of taxable value, including the rural service levy of \$3.52174.

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 receives. 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, 2010

Exhibit A

	Primary Government	Component Unit
	Governmental Activities	Drug Task Force
ASSETS		
Cash and pooled investments	\$ 14,719,873	\$ 1,631,086
Receivables:		
Property tax:		
Delinquent	64,043	-
Succeeding year	26,134,213	-
Interest and penalty on property tax	23,337	-
Accounts	200,558	-
Accrued interest	6,370	-
Due from other governments	2,469,684	23,569
Prepaid expenses	351,449	-
Inventories	621,244	-
Notes receivable	746,091	-
Capital assets:		
Land and construction in progress, not being depreciated	3,912,951	-
Other capital assets (net of accumulated depreciation)	<u>68,760,923</u>	<u>11,222</u>
Total assets	<u>118,010,736</u>	<u>1,665,877</u>
LIABILITIES		
Accounts payable	1,178,563	85,383
Accrued interest payable	4,280	-
Salaries and benefits payable	1,045,673	-
Due to other governments	1,068,097	-
Unearned revenue	26,164,821	-
Long-term liabilities:		
Portion due or payable within one year:		
Notes payable	36,568	-
Bonds payable	480,000	-
Compensated absences	1,170,484	-
Portion due or payable after one year:		
Notes payable	551,710	-
Compensated absences	930,466	-
Net OPEB liability	<u>287,586</u>	<u>-</u>
Total liabilities	<u>32,918,248</u>	<u>85,383</u>
NET ASSETS		
Invested in capital assets, net of related debt	72,193,874	11,222
Restricted for:		
Supplemental levy purposes	621,980	-
Mental health purposes	3,447,148	-
Secondary roads purposes	1,470,706	-
Other purposes	5,015,101	1,493,754
Unrestricted	<u>2,343,679</u>	<u>75,518</u>
Total net assets	<u>\$ 85,092,488</u>	<u>\$ 1,580,494</u>

See notes to financial statements.

DUBUQUE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

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	\$ 12,305,985	\$ 1,524,352	\$ 597,609	\$ -
Physical health and social services	12,864,215	8,129,083	1,051,097	-
Mental health	7,927,931	-	1,288,879	-
County environment and education	2,362,215	389,565	700,642	-
Roads and transportation	9,695,787	39,185	3,901,901	137,447
Governmental services to residents	1,411,008	1,334,404	-	-
Administration	4,325,901	91,819	1,192,221	50,000
Non-program	183,530	-	-	-
Interest on long-term debt	45,316	-	-	-
Total primary government	<u>\$ 51,121,888</u>	<u>\$ 11,508,408</u>	<u>\$ 8,732,349</u>	<u>\$ 187,447</u>
Component unit:				
Drug Task Force	<u>\$ 223,259</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, as restated

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>
\$ (10,184,024)	
(3,684,035)	
(6,639,052)	
(1,272,008)	
(5,617,254)	
(76,604)	
(2,991,861)	
(183,530)	
<u>(45,316)</u>	
<u>(30,693,684)</u>	
	\$ <u>(223,259)</u>
24,787,437	-
478,436	-
245,985	-
4,314,400	-
3,213,207	-
232,938	12,902
<u>605,007</u>	<u>75,365</u>
<u>33,877,410</u>	<u>88,267</u>
3,183,726	(134,992)
<u>81,908,762</u>	<u>1,715,486</u>
<u>\$ 85,092,488</u>	<u>\$ 1,580,494</u>

DUBUQUE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 5,366,182	\$ -	\$ 548,995
Receivables:			
Property tax:			
Delinquent	40,339	11,491	-
Succeeding year	19,140,754	3,367,101	-
Interest and penalty on property tax	23,337	-	-
Accounts	116,056	-	54,819
Accrued interest	6,370	-	-
Due from other governments	1,279,512	-	653,213
Inventories	70,620	-	550,624
Prepaid expenses	351,449	-	-
Notes receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 26,394,619</u>	<u>\$ 3,378,592</u>	<u>\$ 1,807,651</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 561,310	\$ -	\$ 225,355
Salaries and benefits payable	907,049	-	108,372
Due to other governments	64,274	-	3,218
Deferred revenue:			
Succeeding year property tax	19,140,754	3,367,101	-
Other	359,149	11,132	451,253
Total liabilities	<u>21,032,536</u>	<u>3,378,233</u>	<u>788,198</u>
Fund balances:			
Reserved for:			
Inventories	70,620	-	550,624
Supplemental levy purposes	621,980	-	-
Prepaid expense	351,449	-	-
Notes receivable	-	-	-
Debt service	-	-	-
Unreserved:			
Designated	475,000	-	-
Undesignated, reported in:			
General fund	3,843,034	-	-
Special revenue funds	-	359	468,829
	<u>-</u>	<u>359</u>	<u>468,829</u>
Total fund balances	<u>5,362,083</u>	<u>359</u>	<u>1,019,453</u>
Total liabilities and fund balances	<u>\$ 26,394,619</u>	<u>\$ 3,378,592</u>	<u>\$ 1,807,651</u>

See notes to financial statements.

Revenue			
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,430,902	\$ 2,838,493	\$ 1,535,301	\$ 14,719,873
11,110	-	1,103	64,043
3,125,498	-	500,860	26,134,213
-	-	-	23,337
26,531	-	3,152	200,558
-	-	-	6,370
23,349	513,610	-	2,469,684
-	-	-	621,244
-	-	-	351,449
-	41,778	704,313	746,091
<u>\$ 7,617,390</u>	<u>\$ 3,393,881</u>	<u>\$ 2,744,729</u>	<u>\$ 45,336,862</u>
\$ 257,750	\$ 126,155	\$ 7,993	\$ 1,178,563
5,763	-	24,489	1,045,673
781,232	151,275	68,098	1,068,097
3,125,498	-	500,860	26,134,213
10,952	-	1,060	833,546
<u>4,181,195</u>	<u>277,430</u>	<u>602,500</u>	<u>30,260,092</u>
-	-	-	621,244
-	-	-	621,980
-	-	-	351,449
-	41,778	704,313	746,091
-	-	533	533
-	-	-	475,000
-	-	-	3,843,034
<u>3,436,195</u>	<u>3,074,673</u>	<u>1,437,383</u>	<u>8,417,439</u>
<u>3,436,195</u>	<u>3,116,451</u>	<u>2,142,229</u>	<u>15,076,770</u>
<u>\$ 7,617,390</u>	<u>\$ 3,393,881</u>	<u>\$ 2,744,729</u>	<u>\$ 45,336,862</u>

DUBUQUE COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Exhibit D

Total governmental fund balances \$ 15,076,770

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

Capital assets used in governmental activities are not current financial
resources and therefore are not reported in the governmental funds.

Those assets consist of:

Land and land improvements, net of \$412,559 accumulated depreciation	\$ 4,228,218	
Construction in progress	417,809	
Infrastructure, net of \$36,491,906 accumulated depreciation	51,341,672	
Buildings, net of \$9,103,712 accumulated depreciation	12,156,748	
Equipment, net of \$10,302,527 accumulated depreciation	<u>4,529,427</u>	
Total capital assets		72,673,874

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.

802,938

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, 2010, are:

Accrued interest on bonds	(4,280)	
Notes payable	(588,278)	
Bonds payable	(480,000)	
Compensated absences	(2,100,950)	
Net OPEB liability	<u>(287,586)</u>	
Total long-term liabilities		<u>(3,461,094)</u>

Net assets of governmental activities \$ 85,092,488

DUBUQUE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

		Special	
	General	Rural Services	Secondary Roads
Revenues:			
Property and other County tax	\$ 16,902,596	\$ 3,237,571	\$ -
Interest and penalty on property tax	261,911	-	-
Intergovernmental	11,576,483	106,948	4,215,629
Licenses and permits	49,520	-	8,450
Charges for service	3,727,957	-	7,800
Use of money and property	247,614	-	12,885
Miscellaneous	323,002	-	16,104
Total revenues	<u>33,089,083</u>	<u>3,344,519</u>	<u>4,260,868</u>
Expenditures:			
Operating:			
Public safety and legal services	12,079,638	-	-
Physical health and social services	12,779,713	-	-
Mental health	-	-	-
County environment and education	2,619,164	-	-
Roads and transportation	5,000	-	6,293,896
Governmental services to residents	1,300,600	-	-
Administration	4,066,313	-	-
Non-program	107,973	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>32,958,401</u>	<u>-</u>	<u>6,293,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130,682</u>	<u>3,344,519</u>	<u>(2,033,028)</u>
Other financing sources (uses):			
Transfers in (out)	(2,000)	(3,347,765)	2,740,582
Sale of capital assets	-	-	54,500
Total other financing sources (uses)	<u>(2,000)</u>	<u>(3,347,765)</u>	<u>2,795,082</u>
Net change in fund balances	128,682	(3,246)	762,054
Fund balances beginning of year	<u>5,233,401</u>	<u>3,605</u>	<u>257,399</u>
Fund balances end of year	<u>\$ 5,362,083</u>	<u>\$ 359</u>	<u>\$ 1,019,453</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>
\$ 4,477,259	\$ 3,213,207	\$ 731,427	\$ 28,562,060
-	-	-	261,911
4,741,458	3,603	201,328	20,845,449
-	-	17,500	75,470
-	-	56,268	3,792,025
159,298	-	47,333	467,130
50,945	-	3,886	393,937
<u>9,428,960</u>	<u>3,216,810</u>	<u>1,057,742</u>	<u>54,397,982</u>
-	-	-	12,079,638
-	-	-	12,779,713
7,925,094	-	-	7,925,094
-	-	1,035,227	3,654,391
-	-	-	6,298,896
-	-	69,459	1,370,059
-	-	15,000	4,081,313
-	-	75,557	183,530
-	-	542,900	542,900
-	5,337,010	-	5,337,010
<u>7,925,094</u>	<u>5,337,010</u>	<u>1,738,143</u>	<u>54,252,544</u>
<u>1,503,866</u>	<u>(2,120,200)</u>	<u>(680,401)</u>	<u>145,438</u>
-	-	609,183	-
-	-	-	54,500
-	-	609,183	54,500
1,503,866	(2,120,200)	(71,218)	199,938
<u>1,932,329</u>	<u>5,236,651</u>	<u>2,213,447</u>	<u>14,876,832</u>
<u>\$ 3,436,195</u>	<u>\$ 3,116,451</u>	<u>\$ 2,142,229</u>	<u>\$ 15,076,770</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, 2010

Exhibit F

Net change in fund balances - Total governmental funds	\$ 199,938
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 expenditures (\$7,318,790) exceeded depreciation (\$4,439,132).</p>	
	2,879,658
<p>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.</p>	
Repayments	495,866
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(146,868)
<p>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:</p>	
Change in accrued compensated absences	(63,286)
Change in OPEB liability	(146,787)
Change in accrued interest on debt	1,717
<p>In the statement of activities, the gain or loss on the sale of capital assets is recognized, whereas in the governmental funds, only 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.</p>	
	<u>(36,512)</u>
Change in net assets of governmental activities	<u>\$ 3,183,726</u>

DUBUQUE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

Exhibit G

ASSETS

Cash and pooled investments:	
County Treasurer	\$ 4,882,584
Receivables:	
Property tax:	
Delinquent	191,224
Succeeding year	80,645,102
Special assessments	13,555
Accounts	5,065
Due from other governments	<u>45,038</u>
Total assets	<u>85,782,568</u>

LIABILITIES

Accounts payable	21,455
Salaries and benefits payable	38,730
Due to other governments	85,606,512
Trusts payable	<u>115,871</u>
Total liabilities	<u>85,782,568</u>

NET ASSETS	<u>\$ -</u>
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DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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, 2010

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, 2010

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 financial statements:

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, 2008, assessed property valuations; is for the tax accrual period July 1, 2009, through June 30, 2010, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2009.

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the 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, intangibles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost 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. All acquisitions for land and buildings are recorded.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Improvements other than buildings	5,000
Machinery and equipment	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>
Infrastructure	10 – 65
Buildings	15 – 50
Improvements other than buildings	10 – 25
Intangibles	5 – 20
Machinery and equipment	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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

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, as well as unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, 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 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, 2010, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010.

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

The detail of interfund transfers for the year ended June 30, 2010, is as follows:

	Transfer to:		
	Secondary Roads	Nonmajor Funds	Total
Transfer from:			
General Fund	\$ -	\$ 2,000	\$ 2,000
Rural Services	2,740,582	607,183	3,347,765
Total	<u>\$ 2,740,582</u>	<u>\$ 609,183</u>	<u>\$ 3,349,765</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

NOTE 4 – NOTES RECEIVABLE

The County has made funds available for interest-free loans to rural Dubuque County fire departments and EMS services to purchase fire protection and life support equipment through the County Assistance Fund. These amounts are to be repaid to the County in annual installments. The balance of these notes receivable at June 30, 2010, was \$160,960

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with four loans to businesses located in Dubuque County, totaling \$543,353 at June 30, 2010. The loans are accounted for in the Rural Economic Development Fund and mature in varying amounts through June 30, 2023.

The County has made an interest-free loan to the City of Bernard 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, 2010, was \$41,778

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010, was as follows:

Primary Government

	Balance Beginning of Year, <u>as Restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,495,142	\$ -	\$ -	\$ 3,495,142
Construction in progress	<u>3,260,244</u>	<u>1,567,049</u>	<u>4,409,484</u>	<u>417,809</u>
Total capital assets, not being depreciated	<u>6,755,386</u>	<u>1,567,049</u>	<u>4,409,484</u>	<u>3,912,951</u>
Capital assets, being depreciated:				
Buildings	21,190,525	71,735	1,800	21,260,460
Improvements other than buildings	1,003,336	142,299	-	1,145,635
Machinery and equipment	14,630,358	1,006,357	804,761	14,831,954
Infrastructure	<u>78,892,744</u>	<u>8,940,834</u>	<u>-</u>	<u>87,833,578</u>
Total capital assets being depreciated	<u>115,716,963</u>	<u>10,161,225</u>	<u>806,561</u>	<u>125,071,627</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

	Balance Beginning of Year, as Restated	Increases	Decreases	Balance End of Year
Less accumulated depreciation for:				
Buildings	\$ 8,665,173	\$ 440,339	\$ 1,800	\$ 9,103,712
Improvements other than buildings	340,812	71,747	-	412,559
Machinery and equipment	10,133,113	937,663	768,249	10,302,527
Infrastructure	<u>33,502,523</u>	<u>2,989,383</u>	<u>-</u>	<u>36,491,906</u>
Total accumulated depreciation	<u>52,641,621</u>	<u>4,439,132</u>	<u>770,049</u>	<u>56,310,704</u>
Total capital assets, being depreciated, net	<u>63,075,342</u>	<u>5,722,093</u>	<u>36,512</u>	<u>68,760,923</u>
Governmental activities capital assets, net	<u>\$69,830,728</u>	<u>\$ 7,289,142</u>	<u>\$ 4,445,996</u>	<u>\$72,673,874</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 478,372
Physical health and social services	111,631
County environment and education	220,650
Roads and transportation	3,373,201
Governmental services to residents	81,624
Administration	<u>173,654</u>
Total depreciation expense - governmental activities	<u>\$ 4,439,132</u>

Discretely Presented Component Unit

Capital assets activity for the Drug Task Force for the year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets, being depreciated:				
Machinery and equipment	\$ 16,008	\$ 8,015	\$ -	\$ 24,023
Less accumulated depreciation for:				
Machinery and equipment	<u>11,673</u>	<u>1,128</u>	<u>-</u>	<u>12,801</u>
Drug Task Force capital assets, net	<u>\$ 4,335</u>	<u>\$ 6,887</u>	<u>\$ -</u>	<u>\$ 11,222</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 – DUE TO OTHER GOVERNMENTS

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

Fund	Description	Amount
General	Services	<u>\$ 64,274</u>
Special Revenue:		
Secondary Roads	Services	3,218
Mental Health	Services	781,232
Local Option Tax	Services	151,275
Time-21	Services	<u>68,098</u>
		<u>1,003,823</u>
Total for governmental funds		<u>\$ 1,068,097</u>
Agency:		
County Recorder	Collections	\$ 110,121
County Recorder's Electronic Transaction Fee		10,141
County Sheriff		143,341
E911		180,354
Drainage District		715
Agricultural Extension Education		113,692
County Assessor		779,120
City Assessor		846,776
Schools		53,405,830
Area Schools		1,568,196
Corporations		24,298,687
Townships		535,545
Auto License and Use Tax		2,498,176
Brucellosis and Tuberculosis Eradication		11,991
Joint Disaster Services		87,769
County Hospital		932,483
Canine		4,578
Commissary		<u>78,997</u>
Total for agency funds		<u>\$ 85,606,512</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 – LEASE COMMITMENTS

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

<u>Year Ending June 30,</u>	
2011	\$ 293,113
2012	30,716
2013	31,476
2014	15,486
2015	<u>15,947</u>
	<u>\$ 386,738</u>

Payments under these leases for the year ended June 30, 2010, totaled \$271,626

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>General Obligation Bonds</u>	<u>Rural Economic Development Loan</u>	<u>Compensated Absences</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ 940,000	\$ 624,144	\$ 2,037,664	\$ 140,799	\$ 3,742,607
Increases	-	-	1,198,514	146,787	1,345,301
Decreases	<u>(460,000)</u>	<u>(35,866)</u>	<u>(1,135,228)</u>	<u>-</u>	<u>(1,631,094)</u>
Balance end of year	<u>\$ 480,000</u>	<u>\$ 588,278</u>	<u>\$ 2,100,950</u>	<u>\$ 287,586</u>	<u>\$ 3,456,814</u>
Due within one year	<u>\$ 480,000</u>	<u>\$ 36,568</u>	<u>\$ 1,170,484</u>	<u>\$ -</u>	<u>\$ 1,687,052</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 interest rates ranging from 3.5% – 4.0%.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Bonds Payable

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

Year Ending June 30,	General Obligation Bonds			Rural Economic Development Loan		
	Interest	Principal	Interest	Interest	Principal	Interest
	Rates		Rates	Rates		
2011	4.250%	\$ 480,000	\$ 20,400	1.000%	\$ 36,568	\$ 5,882
2012	-	-	-	1.000%	36,933	5,517
2013	-	-	-	1.000%	37,303	5,147
2014	-	-	-	1.000%	37,676	4,774
2015	-	-	-	1.000%	38,052	4,398
2016-2020	-	-	-	1.000%	196,048	16,202
2021-2025	-	-	-	1.000%	205,698	6,552
		<u>\$ 480,000</u>	<u>\$ 20,400</u>		<u>\$ 588,278</u>	<u>\$ 48,472</u>

NOTE 9 – PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$1,239,866, \$1,149,304, and \$1,060,104, respectively, equal to the required contributions for each year.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Dubuque County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions prospectively during the year ended June 30, 2009.

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 479 active and 10 retired members in the plan. Participants must be age 55 or older at retirement. The plan does not issue a stand-alone financial report.

The medical/prescription drug coverage, which is a fully-insured medical plan, is administered by Wellmark BCBS, Medical Associates HMO, and United Healthcare. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation. The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 193,558
Interest on net OPEB obligation	5,632
Adjustments to annual required contribution	<u>(5,595)</u>
Annual OPEB cost (expense)	193,595
Contributions made	<u>(46,808)</u>
Increase in net OPEB obligation	146,787
Net OPEB obligation, beginning of year	<u>140,799</u>
Net OPEB obligation, end of year	<u><u>\$ 287,586</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

For the year ended June 30, 2010, the County contributed \$46,808 to the medical plan. Plan members eligible for benefits contributed \$89,136 or 100% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010, are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 193,595	24.18%	\$ 287,586
June 30, 2009	183,352	23.21%	140,799

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,844,149, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,844,149. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$19,799,709 and the ratio of the UAAL to covered payroll was 9.3%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2008, actuarial valuation date, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Mortality Table, applied on a gender-specific basis.

Projected claim costs of the three available medical plans range from \$489.24 to \$524.43 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, 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 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 624 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2010, were \$360,819.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, 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 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, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers' compensation in excess of \$1,000,000 and employee fidelity in excess of \$100,000 for all employees and in excess of \$350,000 for the Treasurer and two deputies. 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.

At June 30, 2010, there were nine series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the three series issued after July 1, 1997, was \$13,939,976. 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 – DESIGNATION OF FUND BALANCES

Land acquisition	\$	350,000
Air carrier incentive		<u>125,000</u>
	\$	<u>475,000</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14 – RESTATEMENT

The beginning equity for the Governmental Activities was restated to reflect a correction for construction in progress, and accumulated depreciation. This was to reflect a correction for construction in progress which included a capital project previously recorded and additional depreciation that was improperly excluded.

	<u>Governmental Activites Net Assets</u>
Equity as of June 30, 2009	\$ 83,307,764
Restatement of construction in progress	(1,483,116)
Restatement of accumulated depreciation	<u>84,114</u>
Equity as restated at June 30, 2009	<u>\$ 81,908,762</u>

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

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

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The County’s management has not yet determined the effect this statement 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, 2010

	Actual	Budgeted Amounts	
		Original	Final
Receipts:			
Property and other County tax	\$ 28,607,054	\$ 23,744,531	\$ 28,668,275
Interest and penalty on property tax	222,608	4,957,949	203,700
Intergovernmental	20,306,342	19,102,362	28,898,345
Licenses and permits	76,515	52,000	62,568
Charges for service	3,800,889	3,354,255	3,615,522
Use of money and property	727,247	794,356	692,085
Miscellaneous	325,485	481,460	276,472
Total receipts	<u>54,066,140</u>	<u>52,486,913</u>	<u>62,416,967</u>
Disbursements:			
Public safety and legal services	12,102,197	12,628,696	12,569,453
Physical health and social services	12,693,672	12,930,403	13,267,975
Mental health	7,953,177	10,048,310	8,727,280
County environment and education	3,557,001	4,467,887	10,245,374
Roads and transportation	6,630,874	6,574,810	6,767,825
Governmental services to residents	1,327,432	1,464,294	1,426,001
Administration	4,126,871	3,079,266	6,706,719
Non-program	57,714	323,800	1,336,638
Debt service	500,450	500,450	500,450
Capital projects	5,238,790	6,670,000	7,885,153
Total disbursements	<u>54,188,178</u>	<u>58,687,916</u>	<u>69,432,868</u>
Deficiency of receipts under disbursements	(122,038)	(6,201,003)	(7,015,901)
Balance beginning of year	<u>14,596,130</u>	<u>10,456,130</u>	<u>9,223,963</u>
Balance end of year	<u>\$ 14,474,092</u>	<u>\$ 4,255,127</u>	<u>\$ 2,208,062</u>

Variance - Over (Under) Budget	Actual as a % of Amended Budget
\$ (61,221)	100
18,908	109
(8,592,003)	70
13,947	122
185,367	105
35,162	105
49,013	118
<u>(8,350,827)</u>	<u>87</u>

(467,256)	96
(574,303)	96
(774,103)	91
(6,688,373)	35
(136,951)	98
(98,569)	93
(2,579,848)	62
(1,278,924)	4
-	100
<u>(2,646,363)</u>	<u>66</u>
<u>(15,244,690)</u>	<u>78</u>

6,893,863

5,372,167

\$ 12,266,030

DUBUQUE COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 54,066,140	\$ 331,842	\$ 54,397,982
Expenditures	<u>54,188,178</u>	<u>64,366</u>	<u>54,252,544</u>
Net	(122,038)	267,476	145,438
Other financing sources, net	-	54,500	54,500
Beginning fund balances	<u>14,596,130</u>	<u>280,702</u>	<u>14,876,832</u>
Ending fund balances	<u>\$ 14,474,092</u>	<u>\$ 602,678</u>	<u>\$ 15,076,770</u>

DUBUQUE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
JUNE 30, 2010

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except 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 \$10,744,952. 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, 2010, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

DUBUQUE COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
JUNE 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	7/1/2008	-	\$ 1,703,751	\$ 1,703,751	0.00%	\$ 19,223,018	8.9%
2010	7/1/2008	-	1,844,149	1,844,149	0.00%	19,799,709	9.3%

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



Other Supplementary Information

Dubuque County

DUBUQUE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

Assets	Special Revenue				
	County Assistance	REAP Fund	County Recorder's Records Management	Library	Rural Economic Development
Cash and pooled investments	\$ 27,253	\$ 240,889	\$ 21,298	\$ 33,083	\$ 826,794
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Accounts	-	-	1,893	789	-
Notes receivable	<u>160,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,353</u>
 Total assets	 <u>\$ 188,213</u>	 <u>\$ 240,889</u>	 <u>\$ 23,191</u>	 <u>\$ 33,872</u>	 <u>\$ 1,370,147</u>
 Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 7,425	\$ -
Salaries and benefits payable	-	-	-	16,372	-
Due to other governments	-	-	-	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,797</u>	<u>-</u>
Fund balances:					
Reserved for:					
Notes receivable	160,960	-	-	-	543,353
Debt service	-	-	-	-	-
Unreserved:					
Undesignated	<u>27,253</u>	<u>240,889</u>	<u>23,191</u>	<u>10,075</u>	<u>826,794</u>
Total fund balances	<u>188,213</u>	<u>240,889</u>	<u>23,191</u>	<u>10,075</u>	<u>1,370,147</u>
 Total liabilities and fund balances	 <u>\$ 188,213</u>	 <u>\$ 240,889</u>	 <u>\$ 23,191</u>	 <u>\$ 33,872</u>	 <u>\$ 1,370,147</u>

Special Revenue										Total
Gold Dome	Sheriff's Commissary	Conservation Land Acquisition	Conservation Easement Monitoring	Sheriff's Canine	TIF	Time-21	Zoning	Debt Service		Nonmajor Governmental Funds
\$ 54,833	\$ -	\$ 228,190	\$ 2,500	\$ -	\$ -	\$ 68,098	\$ 31,873	\$ 490		\$ 1,535,301
-	-	-	-	-	-	-	-	1,103		1,103
-	-	-	-	-	-	-	-	500,860		500,860
-	-	-	-	-	-	-	470	-		3,152
-	-	-	-	-	-	-	-	-		704,313
<u>\$ 54,833</u>	<u>\$ -</u>	<u>\$ 228,190</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,098</u>	<u>\$ 32,343</u>	<u>\$ 502,453</u>		<u>\$ 2,744,729</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568	\$ -		\$ 7,993
-	-	-	-	-	-	-	8,117	-		24,489
-	-	-	-	-	-	68,098	-	-		68,098
-	-	-	-	-	-	-	-	500,860		500,860
-	-	-	-	-	-	-	-	1,060		1,060
-	-	-	-	-	-	68,098	8,685	501,920		602,500
-	-	-	-	-	-	-	-	-		704,313
-	-	-	-	-	-	-	-	533		533
<u>54,833</u>	<u>-</u>	<u>228,190</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,658</u>	<u>-</u>		<u>1,437,383</u>
<u>54,833</u>	<u>-</u>	<u>228,190</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,658</u>	<u>533</u>		<u>2,142,229</u>
<u>\$ 54,833</u>	<u>\$ -</u>	<u>\$ 228,190</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,098</u>	<u>\$ 32,343</u>	<u>\$ 502,453</u>		<u>\$ 2,744,729</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Special Revenue				
	County Assistance	REAP Fund	County Recorder's Records Management	Library	Rural Economic Development
Revenues:					
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	44,012	-	85,840	-
Licenses and permits	-	-	-	-	-
Charges for service	-	-	19,200	20,111	-
Use of money and property	14,999	1,490	101	-	30,379
Miscellaneous	-	-	-	3,039	-
Total revenues	<u>14,999</u>	<u>45,502</u>	<u>19,301</u>	<u>108,990</u>	<u>30,379</u>
Expenditures:					
Operating:					
County environment and education	-	-	-	566,801	4,876
Governmental services to residents Administration	-	-	17,344	-	-
Non-program	15,000	-	-	-	-
Debt service	-	-	-	-	42,450
Total expenditures	<u>15,000</u>	<u>-</u>	<u>17,344</u>	<u>566,801</u>	<u>47,326</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	45,502	1,957	(457,811)	(16,947)
Other financing sources (uses):					
Transfers in	-	-	-	448,518	-
Net change in fund balances	(1)	45,502	1,957	(9,293)	(16,947)
Fund balances beginning of year	<u>188,214</u>	<u>195,387</u>	<u>21,234</u>	<u>19,368</u>	<u>1,387,094</u>
Fund balances end of year	<u>\$ 188,213</u>	<u>\$ 240,889</u>	<u>\$ 23,191</u>	<u>\$ 10,075</u>	<u>\$ 1,370,147</u>

Special Revenue									
Gold Dome	Sheriff's Commissary	Conservation Land Acquisition	Conservation Easement Monitoring	Sheriff's Canine	TIF	Time-21	Zoning	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,991	\$ -	\$ -	\$ 478,436	\$ 731,427
-	-	-	-	-	-	57,981	-	13,495	201,328
-	-	-	-	-	-	-	17,500	-	17,500
-	-	-	-	-	-	-	16,957	-	56,268
364	-	-	-	-	-	-	-	-	47,333
-	-	-	-	-	-	-	847	-	3,886
<u>364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,991</u>	<u>57,981</u>	<u>35,304</u>	<u>491,931</u>	<u>1,057,742</u>
-	-	-	-	-	252,991	-	210,559	-	1,035,227
-	52,115	-	-	-	-	-	-	-	69,459
-	-	-	-	-	-	-	-	-	15,000
-	-	2,620	-	4,839	-	68,098	-	-	75,557
-	-	-	-	-	-	-	-	500,450	542,900
<u>-</u>	<u>52,115</u>	<u>2,620</u>	<u>-</u>	<u>4,839</u>	<u>252,991</u>	<u>68,098</u>	<u>210,559</u>	<u>500,450</u>	<u>1,738,143</u>
364	(52,115)	(2,620)	-	(4,839)	-	(10,117)	(175,255)	(8,519)	(680,401)
-	-	-	-	-	-	-	158,665	2,000	609,183
364	(52,115)	(2,620)	-	(4,839)	-	(10,117)	(16,590)	(6,519)	(71,218)
<u>54,469</u>	<u>52,115</u>	<u>230,810</u>	<u>2,500</u>	<u>4,839</u>	<u>-</u>	<u>10,117</u>	<u>40,248</u>	<u>7,052</u>	<u>2,213,447</u>
<u>\$ 54,833</u>	<u>\$ -</u>	<u>\$ 228,190</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,658</u>	<u>\$ 533</u>	<u>\$ 2,142,229</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

Schedule 3

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
COUNTY AUDITOR				
Assets:				
Cash on hand	\$ 5,621	\$ 147	\$ -	\$ 5,768
Liabilities:				
Trusts payable	\$ 5,621	\$ 147	\$ -	\$ 5,768
COUNTY RECORDER				
Assets:				
Cash on hand	\$ 81,268	\$ 1,591,125	\$ 1,567,330	\$ 105,063
Accounts receivable	2,641	5,058	2,641	5,058
Total assets	<u>\$ 83,909</u>	<u>\$ 1,596,183</u>	<u>\$ 1,569,971</u>	<u>\$ 110,121</u>
Liabilities:				
Due to other funds	\$ -	\$ 671,436	\$ 671,436	\$ -
Due to other governments	83,909	924,747	898,535	110,121
Total liabilities	<u>\$ 83,909</u>	<u>\$ 1,596,183</u>	<u>\$ 1,569,971</u>	<u>\$ 110,121</u>
COUNTY RECORDER'S ELECTRONIC TRANSACTION FEE				
Assets:				
Cash on hand	\$ -	\$ 56,388	\$ 51,906	\$ 4,482
Due from other governments	2,638	5,659	2,638	5,659
Total assets	<u>\$ 2,638</u>	<u>\$ 62,047</u>	<u>\$ 54,544</u>	<u>\$ 10,141</u>
Liabilities:				
Due to other governments	<u>\$ 2,638</u>	<u>\$ 62,047</u>	<u>\$ 54,544</u>	<u>\$ 10,141</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COUNTY SHERIFF				
Assets:				
Cash on hand	\$ 126,503	\$ 2,473,606	\$ 2,444,270	\$ 155,839
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Due to other funds	\$ -	\$ 281,330	\$ 281,330	\$ -
Due to other governments	93,385	776,077	726,121	143,341
Trusts payable	33,118	1,416,199	1,436,819	12,498
Total liabilities	<u>\$ 126,503</u>	<u>\$ 2,473,606</u>	<u>\$ 2,444,270</u>	<u>\$ 155,839</u>
 E911 FUND				
Assets:				
Cash and pooled investments	\$ 359,300	\$ 602,321	\$ 761,588	\$ 200,033
Accounts receivable	<u>2</u>	<u>7</u>	<u>2</u>	<u>7</u>
Total assets	<u>\$ 359,302</u>	<u>\$ 602,328</u>	<u>\$ 761,590</u>	<u>\$ 200,040</u>
Liabilities:				
Accounts payable	\$ 14,857	\$ 19,686	\$ 14,857	\$ 19,686
Due to other governments	<u>344,445</u>	<u>582,642</u>	<u>746,733</u>	<u>180,354</u>
Total liabilities	<u>\$ 359,302</u>	<u>\$ 602,328</u>	<u>\$ 761,590</u>	<u>\$ 200,040</u>
 DRAINAGE DISTRICT FUND				
Assets:				
Cash and pooled investments	\$ 710	\$ 5	\$ -	\$ 715
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Due to other governments	<u>\$ 710</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 715</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AGRICULTURAL EXTENSION EDUCATION FUND				
Assets:				
Cash and pooled investments	\$ 1,278	\$ 113,700	\$ 114,023	\$ 955
Property tax receivable:				
Delinquent	284	270	284	270
Succeeding year	112,315	112,467	112,315	112,467
Total assets	<u>\$ 113,877</u>	<u>\$ 226,437</u>	<u>\$ 226,622</u>	<u>\$ 113,692</u>
Liabilities:				
Due to other governments	<u>\$ 113,877</u>	<u>\$ 226,437</u>	<u>\$ 226,622</u>	<u>\$ 113,692</u>
COUNTY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 339,453	\$ 582,706	\$ 603,198	\$ 318,961
Property tax receivable:				
Delinquent	1,843	1,605	1,843	1,605
Succeeding year	476,005	476,208	476,005	476,208
Total assets	<u>\$ 817,301</u>	<u>\$ 1,060,519</u>	<u>\$ 1,081,046</u>	<u>\$ 796,774</u>
Liabilities:				
Accounts payable	\$ 1,739	\$ 118	\$ 1,739	\$ 118
Salaries and benefits payable	14,714	17,536	14,714	17,536
Due to other governments	800,848	1,042,865	1,064,593	779,120
Total liabilities	<u>\$ 817,301</u>	<u>\$ 1,060,519</u>	<u>\$ 1,081,046</u>	<u>\$ 796,774</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
CITY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 336,666	\$ 546,002	\$ 529,541	\$ 353,127
Property tax receivable:				
Delinquent	1,144	912	1,144	912
Succeeding year	543,444	511,257	543,444	511,257
Total assets	<u>\$ 881,254</u>	<u>\$ 1,058,171</u>	<u>\$ 1,074,129</u>	<u>\$ 865,296</u>
Liabilities:				
Accounts payable	\$ -	\$ 910	\$ -	\$ 910
Salaries and benefits payable	15,726	17,610	15,726	17,610
Due to other governments	865,528	1,039,651	1,058,403	846,776
Total liabilities	<u>\$ 881,254</u>	<u>\$ 1,058,171</u>	<u>\$ 1,074,129</u>	<u>\$ 865,296</u>
SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 579,831	\$ 55,484,641	\$ 55,592,938	\$ 471,534
Property tax receivable:				
Delinquent	125,596	128,935	125,596	128,935
Succeeding year	51,226,913	52,805,361	51,226,913	52,805,361
Total assets	<u>\$ 51,932,340</u>	<u>\$ 108,418,937</u>	<u>\$ 106,945,447</u>	<u>\$ 53,405,830</u>
Liabilities:				
Due to other governments	<u>\$ 51,932,340</u>	<u>\$ 108,418,937</u>	<u>\$ 106,945,447</u>	<u>\$ 53,405,830</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AREA SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 19,936	\$ 3,537,381	\$ 3,525,565	\$ 31,752
Property tax receivable:				
Delinquent	4,419	8,166	4,419	8,166
Succeeding year	3,387,063	1,528,278	3,387,063	1,528,278
Total assets	<u>\$ 3,411,418</u>	<u>\$ 5,073,825</u>	<u>\$ 6,917,047</u>	<u>\$ 1,568,196</u>
Liabilities:				
Due to other governments	<u>\$ 3,411,418</u>	<u>\$ 5,073,825</u>	<u>\$ 6,917,047</u>	<u>\$ 1,568,196</u>
CORPORATIONS FUND				
Assets:				
Cash and pooled investments	\$ 301,343	\$ 32,709,496	\$ 32,520,298	\$ 490,541
Receivables:				
Property tax:				
Delinquent	61,596	47,353	61,596	47,353
Succeeding year	22,853,271	23,747,238	22,853,271	23,747,238
Special assessments	-	13,555	-	13,555
Total assets	<u>\$ 23,216,210</u>	<u>\$ 56,517,642</u>	<u>\$ 55,435,165</u>	<u>\$ 24,298,687</u>
Liabilities:				
Due to other governments	<u>\$ 23,216,210</u>	<u>\$ 56,517,642</u>	<u>\$ 55,435,165</u>	<u>\$ 24,298,687</u>
TOWNSHIPS FUND				
Assets:				
Cash and pooled investments	\$ 5,033	\$ 535,432	\$ 536,438	\$ 4,027
Property tax receivable:				
Delinquent	1,579	1,798	1,579	1,798
Succeeding year	526,941	529,720	526,941	529,720
Total assets	<u>\$ 533,553</u>	<u>\$ 1,066,950</u>	<u>\$ 1,064,958</u>	<u>\$ 535,545</u>
Liabilities:				
Due to other governments	<u>\$ 533,553</u>	<u>\$ 1,066,950</u>	<u>\$ 1,064,958</u>	<u>\$ 535,545</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AUTO LICENSE AND USE TAX FUND				
Assets:				
Cash and pooled investments	\$ 2,390,069	\$ 25,869,699	\$ 25,761,592	\$ 2,498,176
Liabilities:				
Due to other governments	\$ 2,390,069	\$ 25,869,699	\$ 25,761,592	\$ 2,498,176
BRUCellosIS AND TUBERCULOSIS ERADICATION FUND				
Assets:				
Cash and pooled investments	\$ 125	\$ 10,261	\$ 10,299	\$ 87
Property tax receivable:				
Delinquent	25	-	-	25
Succeeding year	10,216	11,879	10,216	11,879
Total assets	\$ 10,366	\$ 22,140	\$ 20,515	\$ 11,991
Liabilities:				
Due to other governments	\$ 10,366	\$ 22,140	\$ 20,515	\$ 11,991
JOINT DISASTER SERVICES FUND				
Assets:				
Cash and pooled investments	\$ 45,707	\$ 169,726	\$ 162,718	\$ 52,715
Due from other governments	19,200	39,379	19,200	39,379
Total assets	\$ 64,907	\$ 209,105	\$ 181,918	\$ 92,094
Liabilities:				
Accounts payable	\$ 609	\$ 741	\$ 609	\$ 741
Salaries and benefits payable	2,989	3,584	2,989	3,584
Due to other governments	61,309	204,780	178,320	87,769
Total liabilities	\$ 64,907	\$ 209,105	\$ 181,918	\$ 92,094

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
COUNTY HOSPITAL FUND				
Assets:				
Cash and pooled investments	\$ 107,551	\$ 908,244	\$ 910,561	\$ 105,234
Property tax receivable:				
Delinquent	2,121	2,160	2,121	2,160
Succeeding year	897,088	922,694	897,088	922,694
Total assets	<u>\$ 1,006,760</u>	<u>\$ 1,833,098</u>	<u>\$ 1,809,770</u>	<u>\$ 1,030,088</u>
Liabilities:				
Due to other governments	\$ 908,778	\$ 1,735,493	\$ 1,711,788	\$ 932,483
Trusts payable	97,982	97,605	97,982	97,605
Total liabilities	<u>\$ 1,006,760</u>	<u>\$ 1,833,098</u>	<u>\$ 1,809,770</u>	<u>\$ 1,030,088</u>
COUNTY LIBRARIES				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 64,368</u>	<u>\$ 64,368</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 64,368</u>	<u>\$ 64,368</u>	<u>\$ -</u>
TAX SALES				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 1,442,979</u>	<u>\$ 1,442,979</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 1,442,979</u>	<u>\$ 1,442,979</u>	<u>\$ -</u>
CANINE				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 4,939</u>	<u>\$ 361</u>	<u>\$ 4,578</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 4,939</u>	<u>\$ 361</u>	<u>\$ 4,578</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
COMMISSARY				
Assets:				
Cash and pooled investments	\$ -	\$ 115,058	\$ 36,061	\$ 78,997
Liabilities:				
Due to other governments	\$ -	\$ 115,058	\$ 36,061	\$ 78,997
TOTAL COMBINED FUNDS				
Assets:				
Cash and pooled investments	\$ 4,700,394	\$ 126,818,224	\$ 126,636,034	\$ 4,882,584
Receivables:				
Property tax:				
Delinquent	198,607	191,199	198,582	191,224
Succeeding year	80,033,256	80,645,102	80,033,256	80,645,102
Special assessments	-	13,555	-	13,555
Accounts	2,643	5,065	2,643	5,065
Due from other governments	21,838	45,038	21,838	45,038
Total assets	<u>\$ 84,956,738</u>	<u>\$ 207,718,183</u>	<u>\$ 206,892,353</u>	<u>\$ 85,782,568</u>
Liabilities:				
Accounts payable	\$ 17,205	\$ 21,455	\$ 17,205	\$ 21,455
Salaries and benefits payable	33,429	38,730	33,429	38,730
Due to other funds	-	952,766	952,766	-
Due to other governments	84,769,383	205,191,281	204,354,152	85,606,512
Trusts payable	136,721	1,513,951	1,534,801	115,871
Total liabilities	<u>\$ 84,956,738</u>	<u>\$ 207,718,183</u>	<u>\$ 206,892,353</u>	<u>\$ 85,782,568</u>

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

	<u>2010</u>	<u>2009</u>	<u>Modified 2008</u>
Revenues:			
Property and other County tax	\$ 28,562,060	\$27,240,375	\$25,406,202
Interest and penalty on property tax	261,911	204,352	177,902
Intergovernmental	20,845,449	19,812,556	19,187,628
Licenses and permits	75,470	178,046	60,989
Charges for service	3,792,025	3,922,171	3,169,249
Use of money and property	467,130	633,308	1,129,355
Miscellaneous	<u>393,937</u>	<u>409,897</u>	<u>328,877</u>
 Total	 <u>\$ 54,397,982</u>	 <u>\$52,400,705</u>	 <u>\$49,460,202</u>
Expenditures:			
Operating:			
Public safety and legal services	\$ 12,079,638	\$11,965,162	\$11,360,666
Physical health and social services	12,779,713	12,154,247	11,551,452
Mental health	7,925,094	8,467,938	8,996,144
County environment and education	3,654,391	3,075,000	2,762,417
Roads and transportation	6,298,896	6,583,797	6,675,885
Governmental services to residents	1,370,059	1,519,862	1,375,544
Administration	4,081,313	4,559,159	2,828,811
Non-program	183,530	20,496	172,268
Debt service	542,900	541,050	543,300
Capital projects	<u>5,337,010</u>	<u>3,394,096</u>	<u>1,916,989</u>
 Total	 <u>\$ 54,252,544</u>	 <u>\$52,280,807</u>	 <u>\$48,183,476</u>

 Accrual Basis

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$24,190,478	\$23,020,154	\$21,831,098	\$20,266,271	\$19,144,204	\$18,164,309
192,133	80,611	156,422	150,455	135,401	143,687
16,933,453	16,539,239	15,709,496	15,688,918	13,947,328	15,188,180
81,279	95,459	75,408	75,352	74,905	72,665
3,523,109	3,356,019	3,709,352	3,091,200	2,532,583	3,017,775
1,192,835	1,022,662	645,616	425,907	766,244	1,409,904
<u>315,320</u>	<u>288,477</u>	<u>320,706</u>	<u>295,860</u>	<u>349,517</u>	<u>251,377</u>
<u>\$46,428,607</u>	<u>\$44,402,621</u>	<u>\$42,448,098</u>	<u>\$39,993,963</u>	<u>\$36,950,182</u>	<u>\$38,247,897</u>
\$10,788,429	\$ 9,656,409	\$ 9,109,419	\$ 9,059,895	\$ 7,294,779	\$ 6,778,959
11,475,539	11,501,263	11,055,587	6,294,233	2,082,828	4,843,408
8,740,684	7,695,818	8,132,532	12,127,062	12,674,349	13,194,622
2,807,662	2,183,929	2,080,390	2,201,639	1,962,072	1,944,581
5,063,529	5,965,514	5,331,620	5,978,774	6,320,443	4,938,493
1,353,856	1,206,131	1,379,327	1,190,902	1,150,037	1,121,156
2,635,300	2,662,217	2,546,948	2,631,399	2,362,147	2,385,156
100,032	14,038	11,315	65,714	5,763	15,898
539,001	539,850	534,650	535,574	537,488	562,675
<u>4,223,880</u>	<u>4,883,263</u>	<u>1,599,550</u>	<u>7,326,820</u>	<u>6,374,823</u>	<u>3,403,216</u>
<u>\$47,727,912</u>	<u>\$46,308,432</u>	<u>\$41,781,338</u>	<u>\$47,412,012</u>	<u>\$40,764,729</u>	<u>\$39,188,164</u>



Information Provided to Comply with
Government Auditing Standards
and OMB Circular A-133
June 30, 2010

Dubuque County



**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, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 28, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Dubuque County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dubuque County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

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

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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dubuque County's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Dubuque County's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Dubuque County and other parties to whom Dubuque County may report, including federal awarding agencies and pass-through entities, and 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".

Dubuque, Iowa
March 28, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Officials of Dubuque County:

Compliance

We have audited the compliance of Dubuque County, Iowa, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the 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 the 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 the County's compliance with those requirements.

As described in items III-A-10 and III-B-10 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding subrecipient monitoring and cash management that are applicable to the programs referenced in those items respectively. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to those programs.

In our opinion, except for the non-compliance described in the preceding paragraph, Dubuque County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Items III-A-10 and III-B-10 to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses, and accordingly, we express no opinion on the responses.

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, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
March 28, 2011

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass-Through Program From:			
Iowa Department of Human Services:			
State Administrative Matching			
Grants for the Supplemental			
Nutrition Assistance Program			
	10.561		<u>\$ 45,470</u>
U.S. Department of Housing and Urban Development:			
Pass-Through Program From:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non- Entitlement Grants in Hawaii			
	14.228	08-DRH-004	<u>1,192,221</u>
U.S. Department of Justice:			
Pass-Through Program From:			
Iowa Department of Justice:			
Violence Against Women Formula Grants			
	16.588	VW-10-24A	60,442
Violence Against Women Formula Grants			
	16.588	VW-10-24B	1,140
Governor's Office of Drug Control Policy:			
Public Safety Partnership and			
Community Policing Grants			
	16.710	09-HotSpots	1,612
ARRA - Edward Byrne Memorial Justice			
Assistance Grant (JAG) Program/ Grants to States and Territories			
	16.803	09JAG/ARRA-210	<u>136,108</u>
Total U.S. Department of Justice			<u>199,302</u>
U.S. Department of Transportation:			
Pass-Through Program From:			
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I			
	20.601	10-410, Task 21	11,503
Alcohol Impaired Driving Countermeasures			
Incentive Grants I			
	20.601	09-410, Task 21	10,655
Iowa Department of Homeland Security:			
Interagency Hazardous Materials Public			
Sector Training and Planning Grants			
	20.703	5880EM29	<u>12,804</u>
Total U.S. Department of Transportation			<u>34,962</u>
			(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Pass-Through Program From:			
Iowa Department of Transportation:			
ARRA - State Fiscal Stabilization Fund			
(SFSF) - Government Services,			
Recovery Act			
	84.397	S397A090016A	\$ 37,578
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5880BT31	348,983
Black Hawk County, Iowa:			
Public Health Emergency Preparedness	93.069	3109	5,527
Genesis Health System:			
Public Health Emergency Preparedness	93.069	5880BT206	1,029
Iowa Department of Public Health:			
Centers for Disease Control and			
Prevention - Investigations and			
Technical Assistance	93.283	5880OB08	67,146
Centers for Disease Control and			
Prevention - Investigations and			
Technical Assistance	93.283	5880NB11	50,940
Iowa Department of Human Services:			
Temporary Assistance for			
Needy Families	93.558		26,197
Child Support Enforcement	93.563	BOC 07-013	171,761
Refugee and Entrant Assistance -			
State Administered Programs	93.566		129
Child Care Mandatory and			
Matching Funds of the Child			
Care and Development Fund	93.596		11,984
Foster Care - Title IV-E	93.658		24,288
Adoption Assistance	93.659		6,159
Social Services Block Grant	93.667		334,446
Social Services Block Grant	93.667		24,939
Children's Health Insurance			
Program	93.767		268
Medical Assistance Program	93.778		51,303
National Bioterrorism Hospital			
Preparedness Program	93.889	5880 EM 215	10,000

(continued)

DUBUQUE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (continued)			
Pass-Through Program From:			
Genesis Health System:			
National Bioterrorism Hospital Preparedness Program	93.889	5880BT206	\$ 259
Iowa Department of Public Health:			
HIV Prevention Activities - Health Department Based	93.940	5889AP07	1,238
HIV Prevention Activities - Health Department Based	93.940	5880AP07	3,871
Preventive Health and Health Services Block Grant	93.991	5889AP07	<u>1,275</u>
Total U.S. Department of Health and Human Services			<u>1,141,742</u>
U.S. Department of Homeland Security:			
Pass-Through Program From:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1763-DR-IA	956,019
Iowa Department of Public Defense:			
Emergency Management Performance Grants	97.042		<u>62,125</u>
Total U.S. Department of Homeland Security			<u>1,018,144</u>
Total			<u><u>\$ 3,669,419</u></u>

DUBUQUE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

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 in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	\$ 1,192,221

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified Yes

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

Material weakness identified Yes

Significant deficiency None reported

Type of auditor's report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Yes

Identification of major programs:

CFDA Number

14.228

Name of Federal Program or Cluster

Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii

16.803

ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories

93.069

Public Health Emergency Preparedness

97.036

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee

No

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

II-A-10 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Condition – During the course of our engagement, we proposed material audit adjustments to the financial statements and Schedule of Expenditures of Federal Awards that would not have been identified as a result of the County’s existing internal controls and, therefore, could have resulted in a material misstatement of the County’s financial statements and Schedule of Expenditures of Federal Awards and resulted in a material misstatement of the previous year’s financial statements.

Cause – There is a limited number of office employees with varying levels of experience with the reporting requirements.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles or the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Recommendation – We recommend that County staff continue to receive relevant training and that management review all documentation completed by staff for use in preparing the financial statements and Schedule of Expenditures of Federal Awards.

Response – The Auditor’s Office will work with the Treasurer’s office and accounts payable staff to train and minimize the transactions requiring adjustments.

Conclusion – Response accepted.

SIGNIFICANT DEFICIENCIES

II-B-10 County Recorder Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – 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.

Cause – With a limited number of office employees, segregation of duties is difficult.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – Over the past few years, bar coding and cashiering software have been implemented. Receipting and posting functions are rotated so one person is not always doing the same thing. Since it is a small office, all employees are needed to receipt transactions.

Conclusion – Response accepted. We recommend the County continue to look for ways to strengthen controls.

II-C-10 County Sheriff Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – In the Sheriff's office, reconciling duties are being performed by personnel independent of the accounts. However individuals are performing both the receipt and record-keeping functions for all the accounts.

Cause – With a limited number of office employees, segregation of duties is difficult.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – County officials should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response – All of the Sheriff's Office transactions are verified by a second employee before any deposits are made to confirm the proper amounts are accounted for. The second employee will also verify the deposits by checking the monthly bank statements.

Conclusion – Response accepted. We recommend the County continue to look for ways to strengthen controls.

II-D-10 Credit Card Disbursements

Criteria – Properly designed internal controls insure that proper documentation, including a detail of what is being purchased and the public purpose, is received and approved before a disbursement is paid.

Condition – During our testing of credit cards, a high percentage of the credit card disbursements reviewed contained no detail receipt on file and/or no public purpose documented.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

Cause – Currently, there is no formal credit card policy for County officials or employees to refer to or be held accountable against.

Effect – Credit card disbursements may not be accurate or appropriate.

Recommendation – The Board of Supervisors should implement a formal credit card policy which requires the documentation of public purpose and the submission of itemized receipts before any County disbursement is made. The policy should also make credit card charges that are not made in accordance with the policy the responsibility of the employee making the purchase.

Response – Dubuque County has begun to research policies regarding procurement of services, which will address County credit card usage due to the increase of items being purchased outside the scope of the Dubuque County Training Reimbursement Policy. It is our position that a policy will be adopted within the next six months.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

MATERIAL WEAKNESS

CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
Pass-Through Agency Number: 08-DRH-004
U.S. Department of Housing and Urban Development
Pass-Through the Iowa Department of Economic Development

III-A-10 Subrecipient Monitoring

Criteria – The provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996, Pub. L. No. 104-156) require the recipient of federal grants to perform certain monitoring functions when passing funds through to a subrecipient in order to ensure that the subrecipient is following all applicable requirements.

Condition – Other than obtaining a signed subrecipient agreement, it appears the County performed no further monitoring procedures of the subrecipient.

Effect – The County may not have knowledge about whether the subrecipient is in compliance with all relevant provisions of the grant agreement and federal regulations surrounding grants. Therefore the funds could potentially be spent inappropriately and provisions of specific grant requirements and federal grant requirements are not being met.

Cause – The County was unaware of their monitoring responsibilities.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Recommendation – The County should review the sources of governing requirements referenced above and begin performing appropriate monitoring procedures.

Response – Management will meet with subrecipient to review processes and implement monitoring procedures.

Conclusion – Response accepted.

MATERIAL WEAKNESS/QUESTIONED COSTS

CFDA Number 93.069: Public Health Emergency Preparedness
Pass-Through Agency Number: 5880BT31
U.S. Department of Health and Human Services
Pass-Through the Iowa Department of Public Health

III-B-10 Cash Management

Criteria – 2 CFR Section 215.22(f) includes the provision that when grants are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested.

Condition – The County requested and received reimbursement for two invoices that were never paid. The two invoices were related to services provided by the Chair of the County Board of Health. The invoices were denied for payment by the County Board of Supervisors because they went against the County's Code of Ethics Policy.

Questioned Costs – \$24,283

Effect – The County requested and received reimbursement for expenditures that were not paid by the County.

Cause – The request for reimbursements were prepared by the County Health Department personnel based on claims submitted to the County Auditor for check processing. No verification of actual payment was made before reimbursement was requested.

Recommendation – The County should exercise due care in processing all requests for grant reimbursements to verify that the claims being submitted were actually paid.

Response – The former Dubuque County Health Director and current Dubuque County Health Board met with the Dubuque County Personnel Director and Board of Supervisors regarding permissible use of temporary personnel for this federal grant.

Although the former Health Director and Dubuque County Board of Health were advised by the Dubuque County Attorney and the Dubuque County Personnel Director regarding the Code of Iowa nepotism law and the Dubuque County Code of Ethics Policy in regard to hiring practices and potential liability to Dubuque County's receipt of future federal funding, they disregarded the recommendation, therefore, the County claim was not approved.

**DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Part III: Findings and Questioned Costs for Federal Awards: (continued)

In regard to the actual federal grant reimbursement request, the Health Department staff prepares the request. The Dubuque County Board of Supervisors is not involved in this grant reimbursement process, with the exception of receipt of funds by the Dubuque County Auditor. A timeline of the grant reimbursement request in question was requested by the Personnel Director to the current Health Director and has not been provided.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget – Disbursements during the year ended June 30, 2010, did not exceed the amounts budgeted by function. However, 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 – 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.

IV-B-10 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

IV-C-10 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-10 Business Transactions - 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	\$ 2,433

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 331.342(4) of the Code of Iowa.

DUBUQUE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

In addition to the business transactions between the County and employees, we also noted two business transactions between the County and the children of a County official and employee. These transactions do not fall under the Code of Iowa. However, they are a violation of the County's Code of Ethics Policy.

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.

- IV-E-10 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-H-10 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-10 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010, for the County Extension Office did not exceed the amount budgeted.



To the Officials of Dubuque County, Iowa

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dubuque County are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimate of depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements, detected as a result of audit procedures and procedures in assisting the County in their accrual basis Annual Financial Report submission to the State of Iowa, were corrected by management.

	<u>Equity Increase (Decrease)</u>	
	<u>Fund</u>	<u>Governmental</u>
	<u>Statements</u>	<u>Activities</u>
General Fund		
To record prepaid expenses	\$ 319,995	\$ 319,995
Secondary Roads Fund		
To adjust equity to actual	(766,883)	(766,883)
To record inventory	550,624	550,624
To record additional receivables	256,460	256,460
Local Option Sales Tax Fund		
To adjust equity to actual	(308,945)	(308,945)
To record notes receivable	41,778	41,778
To record additional receivables	256,805	256,805
Rural Economic Development Fund		
To adjust equity to actual	(730,860)	(730,860)
Governmental Activities		
Capital asset prior period adjustment	-	(1,399,002)

Uncorrected misstatements of the financial statements are summarized below. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Misstatements on government-wide statement of net assets	
Net understatement of capital assets (net of accumulated depreciation)	\$ 436,000

This is a potential understatement based on projecting the errors found in sampling depreciation calculations and recorded infrastructure.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

New Accounting Pronouncement

We have included additional information regarding a new accounting pronouncement.

This information is intended solely for the use of the Board of Supervisors and management of Dubuque County and is not intended to be and should not be used by anyone other than these specified parties.

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to Dubuque County, Iowa.

Eide Bailly LLP

Dubuque, Iowa
March 28, 2011

DUBUQUE COUNTY, IOWA

YEAR ENDED JUNE 30, 2010
NEW ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB)

GASB has issued one statement not yet implemented by the County that will affect the County's financial statements, as follows:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.



To the Officials of Dubuque County, Iowa

In planning and performing our audit of the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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

Material Audit Adjustments

A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. During the course of our engagement, we proposed material audit adjustments to the financial statements and Schedule of Expenditures of Federal Awards that were not identified as a result of the County's existing internal controls and, therefore, could have resulted in a material misstatement of the County's financial statements and Schedule of Expenditures of Federal Awards and resulted in a material misstatement of the previous year's financial statements. The current year material audit adjustments were related to adjusting the equity balances to actual beginning balances, adjusting asset and liability accounts to client prepared balances and recording additional receivables. The prior period adjustment was related to capital assets.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies:

Segregation of Duties

Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles. A limited number of office personnel prevents a proper segregation of accounting functions necessary to assure optimal internal control. This is not an unusual condition in County's of your size. We realize that with a limited number of office employees, segregation of duties is difficult.

We also recognize that in some instances it may not be cost effective to employ additional personnel for the purpose of segregating duties. However, the County should continually review its internal control procedures, other compensating controls and monitoring procedures to obtain the maximum internal control possible under the circumstances. Management involvement through the review of reconciliation procedures can be an effective control to ensure these procedures are being accurately completed on a timely basis. Furthermore, the County should periodically evaluate its procedures to identify potential areas where the benefits of further segregation of duties or addition of other compensating controls and monitoring procedures exceed the related costs.

Segregation of duties deficiencies were identified in both the County Recorder's Office and the Sheriff's Office.

Credit Card Disbursements

Properly designed internal controls insure that proper documentation, including a detail of what is being purchased and the public purpose, is received and approved before a disbursement is paid. During our testing of credit cards, a high percentage of the credit card disbursements reviewed contained no detail receipt on file and/or no public purpose documented. Currently, there is no formal credit card policy for County officials or employees to refer to or be held accountable against. Consequently, credit card disbursements may not be accurate or appropriate. The Board of Supervisors should implement a formal credit card policy which requires the documentation of public purpose and the submission of itemized receipts before any County disbursement is made. The policy should also make credit card charges not made in accordance with the policy the responsibility of the employee making the purchase.

This communication is intended solely for the information and use of management, the Board of Supervisors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
March 28, 2011