



Financial Statements  
June 30, 2012

# Dubuque County

# DUBUQUE COUNTY

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## Dubuque County

# DUBUQUE COUNTY OFFICIALS

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<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Daryl Klein	Board of Supervisors	January, 2015
Eric Manternach	Board of Supervisors	January, 2015
Wayne Demmer	Board of Supervisors	January, 2013
Denise Dolan	County Auditor	January, 2013
Eric Stierman	County Treasurer	January, 2015
Kathy Flynn Thurlow	County Recorder	January, 2015
Don Vrotsos	County Sheriff	January, 2013
Ralph Potter	County Attorney	January, 2015
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, (County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Dubuque County. 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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2013, on our consideration of the 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements and the Schedule of Revenues by Source and Expenditures by Function are presented for purposes of additional analysis and are not a required part of the 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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements, the Schedule of Revenues by Source and Expenditures by Function, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The list of County Officials has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Eide Sallie LLP*

Dubuque, Iowa  
March 26, 2013

## 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, 2012. 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 \$90,646,170 (*net assets*). Of this amount, \$3,738,655 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net assets increased by \$4,752,595.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$19,951,878, an increase of \$2,299,276 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,113,820 or 15.95% of total general fund expenditures.
- Total long-term liabilities increased by \$335,824 (10.88%) 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 and Secondary Roads, 3) Capital Projects, such as Local Option Tax, and 4) 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 15 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 10 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 20-37 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 38-41 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 42 and 43 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 \$90,646,170 at the close of the most recent fiscal year.

### Dubuque County, Iowa Net Assets of Governmental Activities

	June 30,	
	2012	2011
Current and other assets	\$ 54,421,554	\$ 49,631,004
Capital assets	72,058,144	70,528,730
Total assets	126,479,698	120,159,734
Long-term liabilities outstanding	3,624,571	3,268,747
Other liabilities	32,208,957	30,997,412
Total liabilities	35,833,528	34,266,159
Net assets:		
Invested in capital assets, net of related debt	71,771,313	70,478,729
Restricted	15,136,202	12,599,533
Unrestricted	3,738,655	2,815,313
Total net assets	\$ 90,646,170	\$ 85,893,575

The largest portion of the County's net assets (79.2%) 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, increased from \$2,815,313 at June 30, 2011 to \$3,738,655 at the end of this year, an increase of 32.79%.

**Governmental activities.** Governmental activities increased the County's net assets by \$4,752,595. A condensed version of the Statement of Activities as of June 30, 2012, follows:

Dubuque County, Iowa  
Changes in Net Assets of Governmental Activities

	Year Ended June 30,	
	2012	2011
Program revenues:		
Fines, fees, and charges for service	\$ 12,825,814	\$ 11,776,242
Operating grants and contributions	11,560,916	8,697,527
Capital grants and contributions	3,354,682	489,926
General revenues:		
Property taxes	27,533,308	26,430,120
Penalty and interest on property tax	232,149	238,198
State tax credits	3,342,209	3,343,048
Local option sales tax	3,382,410	3,140,839
Unrestricted investment earnings	136,883	182,219
Miscellaneous	801,618	877,269
Total revenues	63,169,989	55,175,388
Program expenses:		
Public safety and legal services	13,570,625	13,429,689
Physical health and social services	13,116,560	13,108,685
Mental health	9,995,361	8,509,425
County environment and education	3,274,972	2,957,746
Roads and transportation	9,542,620	9,303,314
Governmental services to residents	1,458,798	1,357,531
Administration	7,329,368	5,302,362
Non-program	116,734	386,285
Interest on long-term debt	12,356	19,264
Total expenses	58,417,394	54,374,301
Increase in net assets	4,752,595	801,087
Beginning net assets, as restated	85,893,575	85,092,488
Ending net assets	\$ 90,646,170	\$ 85,893,575

-- Taxes increased by \$1,103,188 or 4.2%, during the year. This increase represents a taxable valuation growth of 4%, a 9.8-cent decrease in the general fund levy, a 8.79-cent increase in the MH/DD levy, no change in the debt service levy and a 10.6-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, *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 \$19,951,878, an increase of \$2,299,276 in comparison with the prior year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,113,820, while the total fund balance reached \$6,870,251. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. unassigned fund balance represents 15.95% of total general fund expenditures, while total fund balance represents 17.9% of that same amount.

The fund balance of the County's general fund decreased \$59,017 during the current fiscal year. Key factors in this increase are as follows:

- Revenues increased \$3,010,320, due to increases in revenue categories, particularly taxes and intergovernmental revenues, including grants and FEMA.
- Expenses increased \$3,169,309 primarily due to wage increase, grants and FEMA, and debt service expenditures.

The rural services fund has a total fund balance of \$183,070, which is an increase of \$36,578 from the prior year. Key factors in this increase are as follows:

- Variance in taxes raised and transfers to Secondary Roads, Library and Zoning funds, and revenues and expenses of the Library and Zoning funds.

The secondary roads fund has a total fund balance of \$2,962,646, which is an increase of \$1,742,992 from the prior year. Key factors in this increase are as follows:

- Revenues increased due to higher transfers from the Rural Services Fund, while expenses decreased.

The mental health fund has a total fund balance of negative \$1,096,091 which is a decrease of \$2,785,897 from the prior year. Key factors in this increase are as follows:

- Revenues increased \$360,929, while expenses increased by \$1,400,437.

The local option tax fund has a total fund balance of \$8,093,838, which is an increase of \$2,058,492 from the prior year. A key factor in this increase was:

- Timing and delay 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 September 12, 2011, increased disbursements by \$12,832,127. This amendment revised disbursements to reflect monies budgeted in the previous fiscal year which were not expended until the current fiscal year. \$5.1 million was due to conservation projects, and \$5.5 million is attributable to delays in the CDBG Disaster Housing program and other grant programs.

The second amendment, on March 12, 2012, decreased disbursements by \$92,906. This reflects changes made by the Board of Supervisors during departmental worksessions for preparation of the FY13 budget.

The third amendment, on May 21, 2012, increased receipts by \$951,885 and disbursements by \$1,532,411. Increases were for additional grant monies.

The net increase in revenues and other sources of \$11,232,560 resulted in an amended total of \$71,468,977. The net increase in disbursements and other uses of \$12,385,807 resulted in an amended total of \$76,095,487.

Actual cash disbursements for the year totaled \$58,000,446 or \$13,350,798 less than the final amended budget. The largest factor contributing to the difference was capital projects which were approximately \$3.2-million less than budget due to seasonal timing of road construction projects in the local option tax fund, and CDBG grant projects of \$2.9 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY12, Dubuque County had \$72,058,144 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$1,529,414, or 2.1% over last year.

#### Capital Assets of Governmental Activities at Year-End

	June 30,	
	2012	2011
Land	\$ 3,545,232	\$ 3,545,232
Buildings and improvements	13,953,937	12,529,504
Machinery and equipment	4,350,804	4,272,342
Infrastructure	48,589,406	48,291,494
Construction in progress	1,618,765	1,890,158
Total	<u>\$ 72,058,144</u>	<u>\$ 70,528,730</u>

The County had depreciation expense of \$4,757,102 for the year ended June 30, 2012, and total accumulated depreciation as of June 30, 2012 of \$65,001,220.

The County's final fiscal year 2012 capital budget included approximately \$5.3 million for capital projects, which included secondary road construction, and the match for the bike trail pedestrian overpass. 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 28 through 30 of this report.

### Long-term Liabilities

At year-end, the County had total long-term liabilities of \$3,624,571 compared to \$3,268,747 last year, a increase of \$355,824 (10.88%), as detailed below:

#### Long-term Liabilities of Governmental Activities at Year-End

	June 30,	
	2012	2011
Notes payable	\$ 801,592	\$ 601,695
Compensated absences	2,129,559	2,175,597
Net OPEB liability	693,420	491,455
Total	<u>\$ 3,624,571</u>	<u>\$ 3,268,747</u>

For more detailed information on the County's debt and amortization terms, please refer to Note 7 on pages 31 and 32 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the County is currently 4.8%, down 1% from the previous year and comparable with the State of Iowa rate of 5.3% and the 8.2% national rate. Currently, there are 58,400 jobs in Dubuque County, an increase of 2,400 from the previous year.

Taxes levied for fiscal year 2013 will increase by \$974,182, or 3.4% from the fiscal year 2012 budget. This increase represents a taxable valuation growth of 4%, a 6-cent decrease in the County-wide levy and a 5.8-cent decrease in the rural levy.

The 2013 County-wide levy rate is \$6.43124 per thousand dollars of taxable value. Net property tax revenue represents 41.3% of total revenues, a decrease of 1.7% from the prior year. Rural residents will pay \$10.00045 per thousand dollars of taxable value, including the rural service levy of \$3.56921.

## **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, 2012**

**Exhibit A**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Drug Task Force</u>
<b>ASSETS</b>		
Cash and pooled investments	\$ 19,523,613	\$ 1,507,899
Receivables:		
Property tax:		
Delinquent	58,535	-
Succeeding year	28,271,676	-
Interest and penalty on property tax	24,464	-
Accounts	107,902	-
Due from other governments	4,492,516	-
Prepaid expenses	364,399	-
Inventories	758,753	-
Notes receivable	819,696	-
Capital assets:		
Land and construction in progress, not being depreciated	5,163,997	-
Other capital assets (net of accumulated depreciation)	<u>66,894,147</u>	<u>6,894</u>
Total assets	<u>126,479,698</u>	<u>1,514,793</u>
<b>LIABILITIES</b>		
Accounts payable	1,319,481	25,076
Accrued interest payable	2,327	-
Salaries and benefits payable	1,262,329	-
Due to other governments	1,353,144	-
Unearned revenue	28,271,676	-
Long-term liabilities:		
Portion due or payable within one year:		
Notes payable	324,134	-
Compensated absences	1,210,166	-
Portion due or payable after one year:		
Notes payable	477,458	-
Compensated absences	919,393	-
Net OPEB liability	<u>693,420</u>	<u>-</u>
Total liabilities	<u>35,833,528</u>	<u>25,076</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	71,771,313	6,894
Restricted for:		
Secondary roads purposes	4,046,647	-
Economic development	1,317,347	-
Capital projects	8,093,838	-
Other purposes	1,678,370	1,330,394
Unrestricted	<u>3,738,655</u>	<u>152,429</u>
Total net assets	<u>\$ 90,646,170</u>	<u>\$ 1,489,717</u>

See notes to financial statements.

**DUBUQUE COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

<b>Functions/Programs:</b>	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
Public safety and legal services	\$ 13,570,625	\$ 1,828,713	\$ 621,606	\$ -
Physical health and social services	13,116,560	8,824,599	639,314	202,992
Mental health	9,995,361	-	956,902	-
County environment and education	3,274,972	390,356	732,783	807,780
Roads and transportation	9,542,620	65,097	4,547,859	2,218,910
Governmental services to residents	1,458,798	1,613,410	-	-
Administration	7,329,368	103,639	4,062,452	125,000
Non-program	116,734	-	-	-
Interest on long-term debt	12,356	-	-	-
Total primary government	<u>\$ 58,417,394</u>	<u>\$ 12,825,814</u>	<u>\$ 11,560,916</u>	<u>\$ 3,354,682</u>
<b>Component unit:</b>				
Drug Task Force	<u>\$ 131,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property and other County tax levied for:

General purposes

Debt service

Penalty and interest on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets	
<u>Primary Government</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Drug Task Force</u>
\$ (11,120,306)	
(3,449,655)	
(9,038,459)	
(1,344,053)	
(2,710,754)	
154,612	
(3,038,277)	
(116,734)	
<u>(12,356)</u>	
<u>(30,675,982)</u>	
	\$ <u>(131,195)</u>
27,022,714	-
510,594	-
232,149	-
3,342,209	-
3,382,410	-
136,883	4,103
<u>801,618</u>	<u>33,038</u>
<u>35,428,577</u>	<u>37,141</u>
4,752,595	(94,054)
<u>85,893,575</u>	<u>1,583,771</u>
<u>\$ 90,646,170</u>	<u>\$ 1,489,717</u>

**DUBUQUE COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 6,429,996	\$ 220,841	\$ 2,452,500
Receivables:			
Property tax:			
Delinquent	38,740	11,791	-
Succeeding year	18,728,458	3,826,879	-
Interest and penalty on property tax	24,464	-	-
Accounts	91,023	65	5,478
Due from other governments	2,207,434	-	928,499
Inventories	89,928	-	668,825
Prepaid expenses	364,399	-	-
Notes receivable	168,633	-	-
<b>Total assets</b>	<b><u>\$ 28,143,075</u></b>	<b><u>\$ 4,059,576</u></b>	<b><u>\$ 4,055,302</u></b>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 445,621	\$ 6,534	\$ 411,182
Salaries and benefits payable	1,088,805	31,472	131,984
Due to other governments	88,000	325	258
Deferred revenue:			
Succeeding year property tax	18,728,458	3,826,879	-
Other	921,940	11,296	549,232
<b>Total liabilities</b>	<b><u>21,272,824</u></b>	<b><u>3,876,506</u></b>	<b><u>1,092,656</u></b>
Fund balances:			
Nonspendable	622,960	-	668,825
Restricted	133,471	183,070	2,293,821
Committed	-	-	-
Unassigned	6,113,820	-	-
<b>Total fund balances (deficit)</b>	<b><u>6,870,251</u></b>	<b><u>183,070</u></b>	<b><u>2,962,646</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 28,143,075</u></b>	<b><u>\$ 4,059,576</u></b>	<b><u>\$ 4,055,302</u></b>

See notes to financial statements.

<u>Revenue</u>	<u>Capital Projects</u>		
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 386,323	\$ 7,712,302	\$ 2,321,651	\$ 19,523,613
7,058	-	946	58,535
5,165,648	-	550,691	28,271,676
-	-	-	24,464
11,336	-	-	107,902
50,939	539,750	765,894	4,492,516
-	-	-	758,753
-	-	-	364,399
-	34,578	616,485	819,696
<u>\$ 5,621,304</u>	<u>\$ 8,286,630</u>	<u>\$ 4,255,667</u>	<u>\$ 54,421,554</u>
\$ 263,352	\$ 192,792	\$ -	\$ 1,319,481
10,068	-	-	1,262,329
1,264,561	-	-	1,353,144
5,165,648	-	550,691	28,271,676
13,766	-	766,812	2,263,046
<u>6,717,395</u>	<u>192,792</u>	<u>1,317,503</u>	<u>34,469,676</u>
-	-	-	1,291,785
-	8,093,838	2,438,164	13,142,364
-	-	500,000	500,000
(1,096,091)	-	-	5,017,729
<u>(1,096,091)</u>	<u>8,093,838</u>	<u>2,938,164</u>	<u>19,951,878</u>
<u>\$ 5,621,304</u>	<u>\$ 8,286,630</u>	<u>\$ 4,255,667</u>	<u>\$ 54,421,554</u>

**DUBUQUE COUNTY**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**Exhibit D**

Total governmental fund balances \$ 19,951,878

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 \$553,329 accumulated depreciation	\$ 4,977,319	
Construction in progress	1,618,765	
Infrastructure, net of \$42,958,410 accumulated depreciation	48,589,406	
Buildings, net of \$9,982,336 accumulated depreciation	12,521,850	
Equipment, net of \$11,507,145 accumulated depreciation	<u>4,350,804</u>	
Total capital assets		72,058,144

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

2,263,046

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, 2012, are:

Accrued interest on bonds	(2,327)	
Notes payable	(801,592)	
Compensated absences	(2,129,559)	
Net OPEB liability	<u>(693,420)</u>	
Total long-term liabilities		<u>(3,626,898)</u>

Net assets of governmental activities \$ 90,646,170

**DUBUQUE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

		Special	
	General	Rural Services	Secondary Roads
<b>Revenues:</b>			
Property and other County tax	\$ 19,721,122	\$ 3,560,376	\$ -
Interest and penalty on property tax	224,476	-	-
Intergovernmental	14,740,896	283,845	4,340,970
Licenses and permits	57,471	16,050	35,194
Charges for service	3,958,908	17,727	6,150
Use of money and property	128,231	-	17,348
Miscellaneous	429,292	10,836	35,847
Total revenues	<u>39,260,396</u>	<u>3,888,834</u>	<u>4,435,509</u>
<b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	13,249,658	-	-
Physical health and social services	13,472,096	-	-
Mental health	-	-	-
County environment and education	3,002,711	830,170	-
Roads and transportation	-	-	6,215,014
Governmental services to residents	1,338,980	-	-
Administration	6,979,699	-	-
Non-program	116,734	-	-
Debt service	-	-	-
Capital projects	159,535	-	-
Total expenditures	<u>38,319,413</u>	<u>830,170</u>	<u>6,215,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>940,983</u>	<u>3,058,664</u>	<u>(1,779,505)</u>
<b>Other financing sources (uses):</b>			
Transfers in (out)	(1,000,000)	(3,022,086)	3,522,086
Note payable issued	-	-	-
Sale of capital assets	-	-	411
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(3,022,086)</u>	<u>3,522,497</u>
Net change in fund balances	(59,017)	36,578	1,742,992
Fund balances beginning of year	<u>6,929,268</u>	<u>146,492</u>	<u>1,219,654</u>
Fund balances (deficit) end of year	<u>\$ 6,870,251</u>	<u>\$ 183,070</u>	<u>\$ 2,962,646</u>

See notes to financial statements.

<u>Revenue</u>	<u>Capital Projects</u>		
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,483,484	\$ 3,382,410	\$ 766,376	\$ 30,913,768
-	-	-	224,476
3,669,400	158	322,879	23,358,148
-	-	-	108,715
-	-	21,871	4,004,656
-	2,894	19,640	168,113
50,905	-	498,066	1,024,946
<u>7,203,789</u>	<u>3,385,462</u>	<u>1,628,832</u>	<u>59,802,822</u>
-	-	-	13,249,658
-	-	-	13,472,096
9,989,686	-	-	9,989,686
-	-	261,050	4,093,931
-	-	-	6,215,014
-	-	6,300	1,345,280
-	-	-	6,979,699
-	-	-	116,734
-	-	559,373	559,373
-	1,326,970	742,728	2,229,233
<u>9,989,686</u>	<u>1,326,970</u>	<u>1,569,451</u>	<u>58,250,704</u>
<u>(2,785,897)</u>	<u>2,058,492</u>	<u>59,381</u>	<u>1,552,118</u>
-	-	500,000	-
-	-	746,747	746,747
-	-	-	411
-	-	1,246,747	747,158
(2,785,897)	2,058,492	1,306,128	2,299,276
<u>1,689,806</u>	<u>6,035,346</u>	<u>1,632,036</u>	<u>17,652,602</u>
<u>\$ (1,096,091)</u>	<u>\$ 8,093,838</u>	<u>\$ 2,938,164</u>	<u>\$ 19,951,878</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, 2012**

**Exhibit F**

Net change in fund balances - Total governmental funds \$ 2,299,276

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

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities the cost of those assets is allocated  
over their estimated useful lives and reported as depreciation expense.  
Capital outlay expenditures and contributed capital assets exceeded  
depreciation expense in the current year, as follows:

Expenditures for capital assets	4,220,150
Contributed capital assets	2,087,605
Depreciation expense	(4,757,102)

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 book value of the capital assets sold. (21,239)

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.

Debt issued	(746,747)
Repayments	546,850

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. 1,279,562

Some expenses reported in the statement of activities do not  
require the use of current financial resources and, therefore,  
are not reported as expenditures in governmental funds:

Change in accrued compensated absences	46,038
Change in OPEB liability	(201,965)
Change in accrued interest on debt	167

Change in net assets of governmental activities \$ 4,752,595

**DUBUQUE COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2012**

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**Exhibit G**

**ASSETS**

Cash and pooled investments	\$ 5,142,373
Receivables:	
Property tax:	
Delinquent	167,624
Succeeding year	84,305,033
Special assessments	67,209
Accounts	88,219
Due from other governments	<u>56,235</u>
 Total assets	 <u>89,826,693</u>

**LIABILITIES**

Accounts payable	33,220
Salaries and benefits payable	53,875
Due to other governments	89,647,010
Trusts payable	<u>92,588</u>
 Total liabilities	 <u>89,826,693</u>

**NET ASSETS**

\$ -

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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, 2012**

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*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, 2012**

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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.

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

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 fund types:

Debt Service– The Debt Service Fund is utilized to account for revenues to be used for the payment of interest and principal on the County’s general long term debt.

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.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

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

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.

*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, 2010, assessed property valuations; is for the tax accrual period July 1, 2011, through June 30, 2012, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2011.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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.

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, 2012, 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.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

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

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation 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, 2012. 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.

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

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

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

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment or assignment actions.

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepays	General	\$ 364,399
	Notes Receivable	General	168,633
	Inventories	General	89,928
		Secondary Roads	668,825
			<u>\$ 1,291,785</u>
Restricted	General		
	Supplemental	General	\$ 133,471
	Rural Services	Rural Services	183,070
	Secondary Roads	Secondary Roads	2,293,821
		Time-21	534,769
	Capital Projects	LOST	8,093,838
	Conservation	REAP	30,643
	Records	County Recorder's	
	Management	Records Management	39,360
	Economic	Rural Economic	
	Development	Development	1,317,347
	Gold Dome		
	Projects	Gold Dome	55,153
	Public Safety	Sheriff Forfeiture	70,884
	Conservation	Conservation Land Acquisition	381,190
Debt Obligations	Debt Service	8,818	
		<u>\$ 13,142,364</u>	
Committed	Capital Projects	Capital Projects	<u>\$ 500,000</u>

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements did not exceed the amounts budgeted for any function. However, disbursements in certain departments exceeded the amounts appropriated.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 2 – CASH AND POOLED INVESTMENTS**

The County's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments at June 30, 2012.

*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.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 3 – INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2012, is as follows:

	Transfer to:		
	Secondary Roads	Nonmajor Governmental	Total
Transfer from:			
General	\$ 500,000	\$ 500,000	\$ 1,000,000
Rural Services	3,022,086	-	3,022,086
Total	<u>\$ 3,522,086</u>	<u>\$ 500,000</u>	<u>\$ 4,022,086</u>

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, 2012, was \$168,633.

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with three loans to businesses located in Dubuque County, totaling \$616,485 at June 30, 2012. 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, 2012, was \$34,578.

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,545,232	\$ -	\$ -	\$ 3,545,232
Construction in progress	1,890,158	4,142,716	4,414,109	1,618,765
Total capital assets, not being depreciated	<u>5,435,390</u>	<u>4,142,716</u>	<u>4,414,109</u>	<u>5,163,997</u>

(continued on next page)

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets, being depreciated:				
Buildings	\$21,324,631	\$ 1,198,376	\$ 18,821	\$22,504,186
Improvements other than buildings	1,215,527	769,889	-	1,985,416
Machinery and equipment	15,181,504	1,047,918	371,473	15,857,949
Infrastructure	<u>87,984,851</u>	<u>3,562,965</u>	<u>-</u>	<u>91,547,816</u>
Total capital assets being depreciated	<u>125,706,513</u>	<u>6,579,148</u>	<u>390,294</u>	<u>131,895,367</u>
Less accumulated depreciation for:				
Buildings	9,525,720	456,616	-	9,982,336
Improvements other than buildings	484,934	68,395	-	553,329
Machinery and equipment	10,909,162	967,038	369,055	11,507,145
Infrastructure	<u>39,693,357</u>	<u>3,265,053</u>	<u>-</u>	<u>42,958,410</u>
Total accumulated depreciation	<u>60,613,173</u>	<u>4,757,102</u>	<u>369,055</u>	<u>65,001,220</u>
Total capital assets, being depreciated, net	<u>65,093,340</u>	<u>1,822,046</u>	<u>21,239</u>	<u>66,894,147</u>
Governmental activities capital assets, net	<u>\$70,528,730</u>	<u>\$ 5,964,762</u>	<u>\$ 4,435,348</u>	<u>\$72,058,144</u>

Depreciation expense was charged to the following functions:

**Governmental activities:**

Public safety and legal services	\$ 497,862
Physical health and social services	113,366
County environment and education	252,389
Roads and transportation	3,632,140
Governmental services to residents	82,333
Administration	<u>179,012</u>
Total depreciation expense - governmental activities	<u>\$ 4,757,102</u>

Construction Commitments – The County has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2012. The County has additional commitments for signed construction contracts of \$1,718,121 as of June 30, 2012. These commitments will be funded by federal and state grants.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Discretely Presented Component Unit**

Capital assets activity for the Drug Task Force for the year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets, being depreciated:				
Machinery and equipment	\$ 13,323	\$ -	\$ -	\$ 13,323
Less accumulated depreciation for:				
Machinery and equipment	4,566	1,863	-	6,429
Drug Task Force capital assets, net	<u>\$ 8,757</u>	<u>\$ (1,863)</u>	<u>\$ -</u>	<u>\$ 6,894</u>

**NOTE 6 – DUE TO OTHER GOVERNMENTS**

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

Fund	Description	Amount
General	Services	<u>\$ 88,000</u>
Special Revenue:		
Rural Services	Services	325
Secondary Roads	Services	258
Mental Health	Services	<u>1,264,561</u>
		<u>1,265,144</u>
Total for governmental funds		<u>\$ 1,353,144</u>

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

Fund	Description	Amount
Agency:	Collections	
County Recorder		\$ 78,327
County Recorder's Electronic Transaction Fee		3,736
County Sheriff		72,917
E911		482,076
Drainage District		719
Agricultural Extension Education		312,392
County Assessor		1,041,150
City Assessor		1,216,576
Schools		52,727,935
Area Schools		1,627,701
Corporations		27,427,958
Townships		624,119
Auto License and Use Tax		2,840,492
Brucellosis and Tuberculosis Eradication		12,617
Joint Disaster Services		104,479
County Hospital		1,030,750
Canine		4,578
Commissary		<u>38,488</u>
Total for agency funds		<u>\$ 89,647,010</u>

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2012, is as follows:

	Compensated Absences	Net OPEB Liability	Rural Economic Development Loan	Capital Projects Note Payable	Total
Balance Beginning of Year	\$ 2,175,597	\$ 491,455	\$ 551,694	\$ 50,001	\$ 3,268,747
Increases	1,190,290	201,965	-	746,747	2,139,002
Decreases	<u>(1,236,328)</u>	<u>-</u>	<u>(36,933)</u>	<u>(509,917)</u>	<u>(1,783,178)</u>
Balance End of Year	<u>\$ 2,129,559</u>	<u>\$ 693,420</u>	<u>\$ 514,761</u>	<u>\$ 286,831</u>	<u>\$ 3,624,571</u>
Due Within One Year	<u>\$ 1,210,166</u>	<u>-</u>	<u>\$ 37,303</u>	<u>\$ 286,831</u>	<u>\$ 1,534,300</u>

(continued on next page)

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 stated interest rate is 1%. The indebtedness is guaranteed with loans the County has made to various businesses at interest rates ranging from 2.0% – 4.0%.

During fiscal year 2012, the County borrowed an additional \$746,747 on the capital projects note payable. This brought the cumulative total amount borrowed to \$796,748, of a possible borrowing limit of \$2.5 million. The stated interest rate is 2.25%, and is to finance various capital projects.

A summary of the County’s June 30, 2012, indebtedness is as follows:

Year Ending June 30,	Rural Economic Development Loan		Capital Projects Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 37,303	\$ 5,147	\$ 286,831	\$ 6,454
2014	37,676	4,774	-	-
2015	38,052	4,398	-	-
2016	38,433	4,017	-	-
2017	38,817	3,633	-	-
2018-2022	199,987	12,263	-	-
2023-2025	124,493	2,857	-	-
	<u>\$ 514,761</u>	<u>\$ 37,089</u>	<u>\$ 286,831</u>	<u>\$ 6,454</u>

**NOTE 8 – PENSION AND RETIREMENT BENEFITS**

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

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered payroll. 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, 2012, 2011, and 2010, were \$1,586,063, \$1,373,981, and \$1,239,866, respectively, equal to the required contributions for each year.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 9 – 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 462 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 rate subsidy and an OPEB liability.

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

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

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 234,462
Interest on net OPEB obligation	19,658
Adjustment to annual required contribution	<u>(19,531)</u>
Annual OPEB cost (expense)	234,589
Contributions made	<u>(32,624)</u>
Increase in net OPEB obligation	201,965
Net OPEB obligation, beginning of year	<u>491,455</u>
Net OPEB obligation, end of year	<u>\$ 693,420</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, 2012.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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For the year ended June 30, 2012, the County contributed \$32,624 to the medical plan. Plan members eligible for benefits contributed \$118,701 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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 193,595	24.18%	\$ 287,586
2011	226,084	9.83%	491,455
2012	234,589	13.91%	693,420

Funded Status and Funding Progress. As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$2,126,084, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,126,084. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$18,327,574 and the ratio of the UAAL to covered payroll was 11.6%. As of June 30, 2012, there were no trust fund assets.

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

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

As of the July 1, 2010, 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 \$403.39 to \$628.00 per month. 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, 2012**

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**NOTE 10 – 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 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 663 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 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2012, were \$376,766.

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, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 on Coverage B – Employers Liability. The County assumes responsibility for an employee fidelity loss in excess of \$100,000 for all employees and in excess of \$250,000 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 11 – CONDUIT DEBT OBLIGATIONS**

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

At June 30, 2012, there was one series of Industrial Revenue Bonds outstanding with a principal amount payable of \$4,298,092.

**NOTE 12 – SUBSEQUENT EVENTS**

In January 2013, the County entered into 28E Agreement with the City of Dubuque regarding the funding of the Southwest Arterial Project, a City administered project. The County has committed \$3,576,457 of Local Option Sales Tax to the project, dependent on the County receiving Federal funding for three County road projects. The payment to the City is expected to be made in the fiscal year ended June 30, 2014.

**NOTE 13 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARD**

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

(continued on next page)

**DUBUQUE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued December 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; issued December 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

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



Required Supplementary Information  
**Dubuque County**

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**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, 2012**

	Actual	Budgeted Amounts	
		Original	Final
<b>Receipts:</b>			
Property and other County tax	\$ 31,227,135	\$ 25,966,521	\$ 30,761,651
Interest and penalty on property tax	230,019	5,031,192	229,250
Intergovernmental	22,616,891	17,375,613	29,874,278
Licenses and permits	110,615	59,300	88,575
Charges for service	3,925,121	3,602,561	3,769,793
Use of money and property	438,999	288,676	412,777
Miscellaneous	573,425	249,093	300,911
Total receipts	<u>59,122,205</u>	<u>52,572,956</u>	<u>65,437,235</u>
<b>Disbursements:</b>			
Public safety and legal services	13,214,879	13,535,431	13,750,941
Physical health and social services	13,465,628	13,477,777	14,405,730
Mental health	9,650,175	9,431,810	9,867,024
County environment and education	4,418,844	3,249,526	8,936,503
Roads and transportation	5,922,102	6,550,373	6,576,732
Governmental services to residents	1,338,595	1,490,372	1,397,154
Administration	7,401,091	3,281,697	10,556,344
Non-program	447	800	875
Debt service	515,443	523,514	524,884
Capital projects	2,073,242	5,373,500	5,335,057
Total disbursements	<u>58,000,446</u>	<u>56,914,800</u>	<u>71,351,244</u>
Excess (deficiency) of receipts over (under) disbursements	1,121,759	(4,341,844)	(5,914,009)
<b>Other financing sources</b>			
Bond proceeds	<u>746,747</u>	<u>2,437,500</u>	<u>1,287,499</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,868,506	(1,904,344)	(4,626,510)
Balance beginning of year	<u>17,341,029</u>	<u>12,796,262</u>	<u>17,340,172</u>
Balance end of year	<u>\$ 19,209,535</u>	<u>\$ 10,891,918</u>	<u>\$ 12,713,662</u>

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Variance - Over (Under) Budget	Actual as a % of Amended Budget
\$ 465,484	102
769	100
(7,257,387)	76
22,040	125
155,328	104
26,222	106
<u>272,514</u>	<u>191</u>
<u>(6,315,030)</u>	<u>90</u>
(536,062)	96
(940,102)	93
(216,849)	98
(4,517,659)	49
(654,630)	90
(58,559)	96
(3,155,253)	70
(428)	51
(9,441)	98
<u>(3,261,815)</u>	<u>39</u>
<u>(13,350,798)</u>	<u>81</u>
7,035,768	
<u>(540,752)</u>	
6,495,016	
<u>857</u>	
<u>\$ 6,495,873</u>	

**DUBUQUE COUNTY**  
**BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2012**

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	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 59,122,205	\$ 680,617	\$ 59,802,822
Expenditures	<u>58,000,446</u>	<u>250,258</u>	<u>58,250,704</u>
Net	1,121,759	430,359	1,552,118
Other financing sources, net	746,747	411	747,158
Beginning fund balances	<u>17,341,029</u>	<u>311,573</u>	<u>17,652,602</u>
Ending fund balances	<u>\$ 19,209,535</u>	<u>\$ 742,343</u>	<u>\$ 19,951,878</u>

**DUBUQUE COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**JUNE 30, 2012**

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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 \$14,436,444. 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, 2012, disbursements did not exceed the amounts budgeted for any function. However, disbursements in certain departments exceeded the amounts appropriated.

**DUBUQUE COUNTY**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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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)
2010	7/1/2008	-	\$ 1,844,149	\$ 1,844,149	0.00%	\$ 19,799,709	9.3%
2011	7/1/2010	-	1,967,749	1,967,749	0.00%	17,793,761	11.1%
2012	7/1/2010	-	2,126,084	2,126,084	0.00%	18,327,574	11.6%

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



Other Supplementary Information  
**Dubuque County**

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**DUBUQUE COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

Assets	Special			
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome
Cash and pooled investments	\$ 30,643	\$ 39,360	\$ 700,862	\$ 55,153
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Notes receivable	-	-	616,485	-
<b>Total assets</b>	<b>\$ 30,643</b>	<b>\$ 39,360</b>	<b>\$ 1,317,347</b>	<b>\$ 55,153</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Restricted	30,643	39,360	1,317,347	55,153
Committed	-	-	-	-
<b>Total fund balances</b>	<b>30,643</b>	<b>39,360</b>	<b>1,317,347</b>	<b>55,153</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,643</b>	<b>\$ 39,360</b>	<b>\$ 1,317,347</b>	<b>\$ 55,153</b>

Revenue			Capital Projects			Total Nonmajor Governmental Funds
Sheriff Forfeiture	TIF	Time-21	Capital Projects	Conservation Land Acquisition	Debt Service	
\$ 70,884	\$ -	\$ 534,769	\$ 500,000	\$ 381,190	\$ 8,790	\$ 2,321,651
-	-	-	-	-	946	946
-	-	-	-	-	550,691	550,691
765,894	-	-	-	-	-	765,894
-	-	-	-	-	-	616,485
<u>\$ 836,778</u>	<u>\$ -</u>	<u>\$ 534,769</u>	<u>\$ 500,000</u>	<u>\$ 381,190</u>	<u>\$ 560,427</u>	<u>\$ 4,255,667</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,691	\$ 550,691
765,894	-	-	-	-	918	766,812
<u>765,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,609</u>	<u>1,317,503</u>
70,884	-	534,769	-	381,190	8,818	2,438,164
-	-	-	500,000	-	-	500,000
<u>70,884</u>	<u>-</u>	<u>534,769</u>	<u>500,000</u>	<u>381,190</u>	<u>8,818</u>	<u>2,938,164</u>
<u>\$ 836,778</u>	<u>\$ -</u>	<u>\$ 534,769</u>	<u>\$ 500,000</u>	<u>\$ 381,190</u>	<u>\$ 560,427</u>	<u>\$ 4,255,667</u>

**DUBUQUE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Special			
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	30,046	-	-	-
Charges for service	-	21,871	-	-
Use of money and property	51	81	19,201	137
Miscellaneous	-	-	-	-
Total revenues	<u>30,097</u>	<u>21,952</u>	<u>19,201</u>	<u>137</u>
Expenditures:				
Operating:				
County environment and education	-	-	5,268	-
Governmental services to residents	-	6,300	-	-
Debt service	-	-	42,450	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>6,300</u>	<u>47,718</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,097</u>	<u>15,652</u>	<u>(28,517)</u>	<u>137</u>
Other financing sources:				
Transfers in	-	-	-	-
Note payable issued	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	30,097	15,652	(28,517)	137
Fund balances beginning of year	<u>546</u>	<u>23,708</u>	<u>1,345,864</u>	<u>55,016</u>
Fund balances end of year	<u>\$ 30,643</u>	<u>\$ 39,360</u>	<u>\$ 1,317,347</u>	<u>\$ 55,153</u>

Revenue			Capital Projects			Total Nonmajor Governmental Funds
Sheriff Forfeiture	TIF	Time-21	Capital Projects	Conservation Land Acquisition	Debt Service	
\$ -	\$ 255,782	\$ -	\$ -	\$ -	\$ 510,594	\$ 766,376
-	-	279,218	-	-	13,615	322,879
-	-	-	-	-	-	21,871
170	-	-	-	-	-	19,640
70,714	-	255,551	-	171,801	-	498,066
<u>70,884</u>	<u>255,782</u>	<u>534,769</u>	<u>-</u>	<u>171,801</u>	<u>524,209</u>	<u>1,628,832</u>
-	255,782	-	-	-	-	261,050
-	-	-	-	-	-	6,300
-	-	-	-	-	516,923	559,373
-	-	-	727,688	15,040	-	742,728
-	<u>255,782</u>	-	<u>727,688</u>	<u>15,040</u>	<u>516,923</u>	<u>1,569,451</u>
<u>70,884</u>	<u>-</u>	<u>534,769</u>	<u>(727,688)</u>	<u>156,761</u>	<u>7,286</u>	<u>59,381</u>
-	-	-	500,000	-	-	500,000
-	-	-	746,747	-	-	746,747
-	-	-	1,246,747	-	-	1,246,747
70,884	-	534,769	519,059	156,761	7,286	1,306,128
-	-	-	(19,059)	224,429	1,532	1,632,036
<u>\$ 70,884</u>	<u>\$ -</u>	<u>\$ 534,769</u>	<u>\$ 500,000</u>	<u>\$ 381,190</u>	<u>\$ 8,818</u>	<u>\$ 2,938,164</u>

**DUBUQUE COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

Schedule 3

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>COUNTY AUDITOR</b>				
Assets:				
Cash and pooled investments	\$ 5,924	\$ 162	\$ -	\$ 6,086
Liabilities:				
Trusts payable	\$ 5,924	\$ 162	\$ -	\$ 6,086
<b>COUNTY RECORDER</b>				
Assets:				
Cash and pooled investments	\$ 90,636	\$ 1,487,747	\$ 1,503,353	\$ 75,030
Accounts receivable	2,500	3,297	2,500	3,297
Total assets	<u>\$ 93,136</u>	<u>\$ 1,491,044</u>	<u>\$ 1,505,853</u>	<u>\$ 78,327</u>
Liabilities:				
Due to other funds	\$ -	\$ 758,344	\$ 758,344	\$ -
Due to other governments	93,136	732,700	747,509	78,327
Total liabilities	<u>\$ 93,136</u>	<u>\$ 1,491,044</u>	<u>\$ 1,505,853</u>	<u>\$ 78,327</u>
<b>COUNTY RECORDER'S ELECTRONIC TRANSACTION FEE</b>				
Assets:				
Cash and pooled investments	\$ 4,287	\$ 31,305	\$ 33,648	\$ 1,944
Due from other governments	4,717	1,792	4,717	1,792
Total assets	<u>\$ 9,004</u>	<u>\$ 33,097</u>	<u>\$ 38,365</u>	<u>\$ 3,736</u>
Liabilities:				
Due to other governments	<u>\$ 9,004</u>	<u>\$ 33,097</u>	<u>\$ 38,365</u>	<u>\$ 3,736</u>

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>COUNTY SHERIFF</b>				
Assets:				
Cash and pooled investments	\$ 453,534	\$ 2,146,798	\$ 2,517,200	\$ 83,132
Liabilities:				
Due to other governments	\$ 432,371	\$ 2,136,583	\$ 2,496,037	\$ 72,917
Trusts payable	21,163	10,215	21,163	10,215
Total liabilities	<u>\$ 453,534</u>	<u>\$ 2,146,798</u>	<u>\$ 2,517,200</u>	<u>\$ 83,132</u>
 <b>E911 FUND</b>				
Assets:				
Cash and pooled investments	\$ 448,479	\$ 419,719	\$ 456,902	\$ 411,296
Accounts receivable	-	84,922	-	84,922
Due from other governments	-	15,443	-	15,443
Total assets	<u>\$ 448,479</u>	<u>\$ 520,084</u>	<u>\$ 456,902</u>	<u>\$ 511,661</u>
Liabilities:				
Accounts payable	\$ 32,877	\$ 29,585	\$ 32,877	\$ 29,585
Due to other governments	415,602	490,499	424,025	482,076
Total liabilities	<u>\$ 448,479</u>	<u>\$ 520,084</u>	<u>\$ 456,902</u>	<u>\$ 511,661</u>
 <b>DRAINAGE DISTRICT FUND</b>				
Assets:				
Cash and pooled investments	\$ 717	\$ 2	\$ -	\$ 719
Liabilities:				
Due to other governments	\$ 717	\$ 2	\$ -	\$ 719

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>AGRICULTURAL EXTENSION EDUCATION FUND</b>				
Assets:				
Cash and pooled investments	\$ 1,106	\$ 275,648	\$ 274,805	\$ 1,949
Property tax receivable:				
Delinquent	230	544	230	544
Succeeding year	274,949	309,899	274,949	309,899
Total assets	\$ 276,285	\$ 586,091	\$ 549,984	\$ 312,392
Liabilities:				
Due to other governments	\$ 276,285	\$ 586,091	\$ 549,984	\$ 312,392
 <b>COUNTY ASSESSOR FUND</b>				
Assets:				
Cash and pooled investments	\$ 273,126	\$ 552,214	\$ 515,784	\$ 309,556
Property tax receivable:				
Delinquent	1,454	1,590	1,454	1,590
Succeeding year	550,130	752,854	550,130	752,854
Total assets	\$ 824,710	\$ 1,306,658	\$ 1,067,368	\$ 1,064,000
Liabilities:				
Accounts payable	\$ 482	\$ 2,957	\$ 482	\$ 2,957
Salaries and benefits payable	18,135	19,893	18,135	19,893
Due to other governments	806,093	1,283,808	1,048,751	1,041,150
Total liabilities	\$ 824,710	\$ 1,306,658	\$ 1,067,368	\$ 1,064,000

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> June 30, 2011	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> June 30, 2012
<b>CITY ASSESSOR FUND</b>				
Assets:				
Cash and pooled investments	\$ 339,825	\$ 689,371	\$ 548,207	\$ 480,989
Property tax receivable:				
Delinquent	652	870	652	870
Succeeding year	<u>689,821</u>	<u>764,400</u>	<u>689,821</u>	<u>764,400</u>
Total assets	<u>\$ 1,030,298</u>	<u>\$ 1,454,641</u>	<u>\$ 1,238,680</u>	<u>\$ 1,246,259</u>
Liabilities:				
Salaries and benefits payable	\$ 19,235	\$ 29,683	\$ 19,235	\$ 29,683
Due to other governments	<u>1,011,063</u>	<u>1,424,958</u>	<u>1,219,445</u>	<u>1,216,576</u>
Total liabilities	<u>\$ 1,030,298</u>	<u>\$ 1,454,641</u>	<u>\$ 1,238,680</u>	<u>\$ 1,246,259</u>
<b>SCHOOLS FUND</b>				
Assets:				
Cash and pooled investments	\$ 565,736	\$ 59,164,764	\$ 59,313,872	\$ 416,628
Property tax receivable:				
Delinquent	112,736	113,280	112,736	113,280
Succeeding year	<u>55,086,417</u>	<u>52,198,027</u>	<u>55,086,417</u>	<u>52,198,027</u>
Total assets	<u>\$ 55,764,889</u>	<u>\$ 111,476,071</u>	<u>\$ 114,513,025</u>	<u>\$ 52,727,935</u>
Liabilities:				
Due to other governments	<u>\$ 55,764,889</u>	<u>\$ 111,476,071</u>	<u>\$ 114,513,025</u>	<u>\$ 52,727,935</u>

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> June 30, 2011	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> June 30, 2012
<b>AREA SCHOOLS FUND</b>				
Assets:				
Cash and pooled investments	\$ 37,477	\$ 4,059,018	\$ 4,068,291	\$ 28,204
Property tax receivable:				
Delinquent	7,406	7,733	7,406	7,733
Succeeding year	<u>1,546,992</u>	<u>1,591,764</u>	<u>1,546,992</u>	<u>1,591,764</u>
Total assets	<u>\$ 1,591,875</u>	<u>\$ 5,658,515</u>	<u>\$ 5,622,689</u>	<u>\$ 1,627,701</u>
Liabilities:				
Due to other governments	<u>\$ 1,591,875</u>	<u>\$ 5,658,515</u>	<u>\$ 5,622,689</u>	<u>\$ 1,627,701</u>
<b>CORPORATIONS FUND</b>				
Assets:				
Cash and pooled investments	\$ 468,411	\$ 38,506,846	\$ 38,689,785	\$ 285,472
Receivables:				
Property tax:				
Delinquent	37,050	39,820	37,050	39,820
Succeeding year	25,452,951	27,035,457	25,452,951	27,035,457
Special assessments	<u>28,501</u>	<u>67,209</u>	<u>28,501</u>	<u>67,209</u>
Total assets	<u>\$ 25,986,913</u>	<u>\$ 65,649,332</u>	<u>\$ 64,208,287</u>	<u>\$ 27,427,958</u>
Liabilities:				
Due to other governments	<u>\$ 25,986,913</u>	<u>\$ 65,649,332</u>	<u>\$ 64,208,287</u>	<u>\$ 27,427,958</u>
<b>TOWNSHIPS FUND</b>				
Assets:				
Cash and pooled investments	\$ 3,724	\$ 571,833	\$ 571,285	\$ 4,272
Property tax receivable:				
Delinquent	1,873	1,893	1,873	1,893
Succeeding year	<u>564,214</u>	<u>617,954</u>	<u>564,214</u>	<u>617,954</u>
Total assets	<u>\$ 569,811</u>	<u>\$ 1,191,680</u>	<u>\$ 1,137,372</u>	<u>\$ 624,119</u>
Liabilities:				
Due to other governments	<u>\$ 569,811</u>	<u>\$ 1,191,680</u>	<u>\$ 1,137,372</u>	<u>\$ 624,119</u>

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>AUTO LICENSE AND USE TAX FUND</b>				
Assets:				
Cash and pooled investments	\$ 2,915,019	\$ 27,964,351	\$ 28,038,878	\$ 2,840,492
Liabilities:				
Due to other governments	\$ 2,915,019	\$ 27,964,351	\$ 28,038,878	\$ 2,840,492
<b>BRUCELLOSIS AND TUBERCULOSIS ERADICATION FUND</b>				
Assets:				
Cash and pooled investments	\$ 117	\$ 11,646	\$ 11,680	\$ 83
Property tax receivable:				
Delinquent	24	23	24	23
Succeeding year	11,632	12,511	11,632	12,511
Total assets	\$ 11,773	\$ 24,180	\$ 23,336	\$ 12,617
Liabilities:				
Due to other governments	\$ 11,773	\$ 24,180	\$ 23,336	\$ 12,617
<b>JOINT DISASTER SERVICES FUND</b>				
Assets:				
Cash and pooled investments	\$ 73,658	\$ 185,392	\$ 188,594	\$ 70,456
Due from other governments	159	39,000	159	39,000
Total assets	\$ 73,817	\$ 224,392	\$ 188,753	\$ 109,456
Liabilities:				
Accounts payable	\$ 1,060	\$ 678	\$ 1,060	\$ 678
Salaries and benefits payable	4,099	4,299	4,099	4,299
Due to other governments	68,658	219,415	183,594	104,479
Total liabilities	\$ 73,817	\$ 224,392	\$ 188,753	\$ 109,456

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>COUNTY HOSPITAL FUND</b>				
Assets:				
Cash and pooled investments	\$ 104,117	\$ 1,027,277	\$ 1,048,395	\$ 82,999
Property tax receivable:				
Delinquent	1,886	1,871	1,886	1,871
Succeeding year	946,547	1,022,167	946,547	1,022,167
Total assets	\$ 1,052,550	\$ 2,051,315	\$ 1,996,828	\$ 1,107,037
Liabilities:				
Due to other governments	\$ 957,511	\$ 1,975,028	\$ 1,901,789	\$ 1,030,750
Trusts payable	95,039	76,287	95,039	76,287
Total liabilities	\$ 1,052,550	\$ 2,051,315	\$ 1,996,828	\$ 1,107,037
<b>TAX SALES</b>				
Assets:				
Cash and pooled investments	\$ -	\$ 2,386,780	\$ 2,386,780	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 2,386,780	\$ 2,386,780	\$ -
<b>CANINE</b>				
Assets:				
Cash and pooled investments	\$ 4,578	\$ -	\$ -	\$ 4,578
Liabilities:				
Due to other governments	\$ 4,578	\$ -	\$ -	\$ 4,578

(continued)

**DUBUQUE COUNTY** **Schedule 3**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES** **(continued)**  
**AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>COMMISSARY</b>				
Assets:				
Cash and pooled investments	\$ 60,905	\$ -	\$ 22,417	\$ 38,488
Liabilities:				
Due to other governments	\$ 60,905	\$ -	\$ 22,417	\$ 38,488
<b>TOTAL COMBINED FUNDS</b>				
Assets:				
Cash and pooled investments	\$ 5,851,376	\$ 139,480,873	\$ 140,189,876	\$ 5,142,373
Receivables:				
Property tax:				
Delinquent	163,311	167,624	163,311	167,624
Succeeding year	85,123,653	84,305,033	85,123,653	84,305,033
Special assessments	28,501	67,209	28,501	67,209
Accounts	2,500	88,219	2,500	88,219
Due from other governments	4,876	56,235	4,876	56,235
Total assets	<u>\$ 91,174,217</u>	<u>\$ 224,165,193</u>	<u>\$ 225,512,717</u>	<u>\$ 89,826,693</u>
Liabilities:				
Accounts payable	\$ 34,419	\$ 33,220	\$ 34,419	\$ 33,220
Salaries and benefits payable	41,469	53,875	41,469	53,875
Due to other funds	-	758,344	758,344	-
Due to other governments	90,976,203	223,233,090	224,562,283	89,647,010
Trusts payable	122,126	86,664	116,202	92,588
Total liabilities	<u>\$ 91,174,217</u>	<u>\$ 224,165,193</u>	<u>\$ 225,512,717</u>	<u>\$ 89,826,693</u>

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

	<u>2012</u>	<u>2011</u>	<u>Modified 2010</u>
<b>Revenues:</b>			
Property and other County tax	\$ 30,913,768	\$29,574,036	\$28,562,060
Interest and penalty on property tax	224,476	240,058	261,911
Intergovernmental	23,358,148	20,318,005	20,845,449
Licenses and permits	108,715	83,304	75,470
Charges for service	4,004,656	3,912,029	3,792,025
Use of money and property	168,113	307,016	467,130
Miscellaneous	<u>1,024,946</u>	<u>560,346</u>	<u>393,937</u>
 Total	 <u>\$ 59,802,822</u>	 <u>\$54,994,794</u>	 <u>\$54,397,982</u>
 <b>Expenditures:</b>			
<b>Operating:</b>			
Public safety and legal services	\$ 13,249,658	\$13,136,717	\$12,079,638
Physical health and social services	13,472,096	12,993,063	12,779,713
Mental health	9,989,686	8,552,515	7,925,094
County environment and education	4,093,931	3,269,688	3,654,391
Roads and transportation	6,215,014	6,741,818	6,298,896
Governmental services to residents	1,345,280	1,339,640	1,370,059
Administration	6,979,699	5,257,900	4,081,313
Non-program	116,734	310,965	183,530
Debt service	559,373	543,399	542,900
Capital projects	<u>2,229,233</u>	<u>335,339</u>	<u>5,337,010</u>
 Total	 <u>\$ 58,250,704</u>	 <u>\$52,481,044</u>	 <u>\$54,252,544</u>

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 Accrual Basis
 

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<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$27,240,375	\$25,406,202	\$24,190,478	\$23,020,154	\$21,831,098	\$20,266,271	\$19,144,204
204,352	177,902	192,133	80,611	156,422	150,455	135,401
19,812,556	19,187,628	16,933,453	16,539,239	15,709,496	15,688,918	13,947,328
178,046	60,989	81,279	95,459	75,408	75,352	74,905
3,922,171	3,169,249	3,523,109	3,356,019	3,709,352	3,091,200	2,532,583
633,308	1,129,355	1,192,835	1,022,662	645,616	425,907	766,244
409,897	328,877	315,320	288,477	320,706	295,860	349,517
<u>\$52,400,705</u>	<u>\$49,460,202</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>
\$11,965,162	\$11,360,666	\$10,788,429	\$ 9,656,409	\$ 9,109,419	\$ 9,059,895	\$ 7,294,779
12,154,247	11,551,452	11,475,539	11,501,263	11,055,587	6,294,233	2,082,828
8,467,938	8,996,144	8,740,684	7,695,818	8,132,532	12,127,062	12,674,349
3,075,000	2,762,417	2,807,662	2,183,929	2,080,390	2,201,639	1,962,072
6,583,797	6,675,885	5,063,529	5,965,514	5,331,620	5,978,774	6,320,443
1,519,862	1,375,544	1,353,856	1,206,131	1,379,327	1,190,902	1,150,037
4,559,159	2,828,811	2,635,300	2,662,217	2,546,948	2,631,399	2,362,147
20,496	172,268	100,032	14,038	11,315	65,714	5,763
541,050	543,300	539,001	539,850	534,650	535,574	537,488
3,394,096	1,916,989	4,223,880	4,883,263	1,599,550	7,326,820	6,374,823
<u>\$52,280,807</u>	<u>\$48,183,476</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>



Information Provided to Comply with  
*Government Auditing Standards*  
and OMB Circular A-133

June 30, 2012

**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 financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, (County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 26, 2013. 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**

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses 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 a 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 deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-B-12 to be material weaknesses.

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-C-12, II-D-12, and II-E-12 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012, 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.

The County's responses to 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 them.

This report is intended solely for the information and use of the management, officials, others within the entity, 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa  
March 26, 2013

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

To the Officials of Dubuque County:

**Compliance**

We have audited the compliance of Dubuque County, Iowa, (County) 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 its major federal programs for the year ended June 30, 2012. 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 noncompliance 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 of the County's compliance with those requirements.

In our opinion, 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, 2012.

**Internal Control over Compliance**

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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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

This report is intended solely for the information and use of the management, officials, others within the entity, 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 Bailly LLP".

Dubuque, Iowa  
March 26, 2013

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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		\$ 50,060
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	144,752
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-204	3,850,315
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRB-209	20,956
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRPG-218	32,028
Total U.S. Department of Housing and Urban Development			4,048,051
National Park Service:			
Direct Program:			
Save America's Treasures	15.929		125,000
U.S. Department of Justice:			
Pass-Through Program From:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-12-31	61,559
Violence Against Women Formula Grants	16.588	VW-12-32	1,296
			62,855

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
Pass-Through Program From: (continued)			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and			
Community Policing Grants			
	16.710	09-HotSpots	<u>\$ 3,555</u>
ARRA - Recovery Act - Edward Byrne			
Memorial Justice Assistance Grant			
(JAG) Program/Grants to States and			
Territories			
	16.803	ARRA-3551B	<u>112,313</u>
Total U.S. Department of Justice			<u>178,723</u>
U.S. Department of Transportation:			
Pass-Through Program From:			
Iowa Department of Transportation:			
Highway Planning and Construction			
	20.205	EDP-CO31(50)--7Y-31	<u>16,667</u>
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I			
	20.601	11-410, Task 24	16,679
Alcohol Impaired Driving Countermeasures			
Incentive Grants I			
	20.601	12-410, Task 26	<u>21,016</u>
			<u>37,695</u>
Iowa Department of Homeland Security:			
Interagency Hazardous Materials Public			
Sector Training and Planning Grants			
	20.703		<u>2,401</u>
Total U.S. Department of Transportation			<u>56,763</u>
U.S. Department of Energy:			
Pass-Through Program From:			
Iowa Office of Energy Independence:			
ARRA - Energy Efficiency and			
Conservation Block Grant Program			
	81.128	EECBG 10-3396	<u>202,992</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Black Hawk County, Iowa:			
Public Health Emergency Preparedness	93.069	5881BT31	\$ 10,513
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT331	23,788
Genesis Health System:			
Public Health Emergency Preparedness	93.069	5882BT31	35,801
			<u>70,102</u>
Iowa Department of Public Health:			
Environmental Public Health and Emergency Response	93.070	5882LP03	<u>5,709</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5881OB08	63,542
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5882NB11	<u>46,394</u>
			<u>109,936</u>
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants			
	93.531	5882HP06	<u>8,377</u>
Iowa Department of Human Services:			
Child Support Enforcement	93.563	BOC 07-013	<u>151,009</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>85</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>11,063</u>
Foster Care - Title IV-E	93.658		<u>18,249</u>
Adoption Assistance	93.659		<u>5,296</u>
Social Services Block Grant	93.667		303,099
Social Services Block Grant	93.667		<u>15,969</u>
			<u>319,068</u>
Children's Health Insurance Program			
	93.767		<u>174</u>
Medical Assistance Program	93.778		<u>46,956</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

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: (continued)			
Iowa Department of Public Health:			
HIV Prevention Activities - Health Department Based	93.940	5882AP07	\$ 6,220
HIV Prevention Activities - Health Department Based	93.940	5881AP07	5,263
			<u>11,483</u>
Total U.S. Department of Health and Human Services			<u>757,507</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	619,464
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1930-DR-IA	63,534
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4018-DR-IA	781,495
Total U.S. Department of Homeland Security			<u>1,464,493</u>
Total			<u>\$ 6,883,589</u>

**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	\$ 4,016,023

**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	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program
93.667	Social Services Block Grant
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee	No

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

### Material Weaknesses

#### II-A-12 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.

**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 County will work to acquire appropriate training and to better track grant revenues.

#### II-B-12 Preparation of Government-wide Financial Statements

**Criteria** – A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements by internal personnel of the entity.

**Condition** – We were requested to draft the County’s government-wide 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 is that a portion of the financial reporting was prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

**Recommendation** – We recommend that staff receive relevant training and County officials review financial statement preparation procedures in order to enable staff to prepare all of the financial statements accurately and in a timely manner.

**Response** –The County will pursue additional training for staff to allow financial statements to be prepared accurately and in a timely manner.

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

**Significant Deficiencies**

**II-C-12 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.

**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.

**II-D-12 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.

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

**II-E-12 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, we noted credit card disbursements with no detail receipts on file and/or no public purpose documented.

**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 is continuing to research policies regarding procurement of services, which will address County credit card usage. The usage of procurement cards is also being researched.

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

**III-A-12 Certified Budget** – Disbursements during the year ended June 30, 2012, did not exceed the amount budgeted for any 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** – We will amend the budget when required. Those responsible for budgetary departments are apprised of the necessity to not spend above their appropriated amount.

**III-B-12 Questionable Expenditures** – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

**III-C-12 Travel Expense** - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

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

III-D-12 **Business Transactions** - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mary Lammers, secondary roads employee, spouse owns White Front Feed and Seed	Supplies	\$ 3,593
Sue Breitbach, information services employee, spouse owns Breitbach Feeds	Supplies	\$ 252

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Breitbach Feeds do not appear to represent a conflict of interest since the total transactions were less than \$1,500 during the fiscal year. The transactions with White Front Feed and Seed may represent a conflict of interest since not all of the transactions were entered into through competitive bidding in accordance with Chapter 331.342 of the Code of Iowa.

In addition to the business transactions between the County and employees, we also noted business transactions between the County and a child of a County 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.

III-E-12 **Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure that the coverage is adequate for current operations.

III-F-12 **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.

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

III-H-12 **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).

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

III-I-12     **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, 2012, for the County Extension Office did not exceed the amount budgeted.

The amount of county agricultural extension education funds the County Extension Office can carry over into the next fiscal year is limited by Chapter 176A.8(13) of the Code of Iowa. The limit is equal to one-half the amount expended from the fund in the previous year. The amount carried over from fiscal year 2012 to fiscal year 2013 exceeded this limit.

**Recommendation** – The County Extension Office Board should consult with the Iowa State University Extension Office to compute the excess. The excess should be deposited with the County Treasurer in accordance with Chapter 176A.8(13) of the Code of Iowa.

**Response** – Iowa State University Extension & Outreach has consulted with Andy Nielsen, Deputy Auditor of State, and Ron Swanson, Manager, in regards to Code of Iowa 176A.8(13) and what revenue and expense streams are subject to the 50% carryover. It was determined that moving forward what is designated as Other in our accounting software will be combined into the County Agricultural Extension Education fund and be part of the carryover calculation subject to 50%. Along with this determination we were given guidance and it was determined that all of the Iowa State University Extension & Outreach districts would finalize this move by FY15.



March 26, 2013

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, (County) for the year ended June 30, 2012. 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 21, 2012. 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, 2012. 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 estimate affecting the County's financial statements was:

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.

The financial statement disclosures are neutral, consistent, and clear.

#### **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 clearly 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:

	Equity Increase (Decrease)	
	Fund Statements	Governmental Activities
<b>Secondary Roads Fund</b>		
To adjust road use tax recorded in local option sales tax fund	\$ 306,665	\$ -
To record inventory	\$ 668,825	\$ 668,825
To record additional receivables	\$ 109,339	\$ 109,339
<b>Local Option Sales Tax Fund</b>		
To adjust road use tax recorded in local option sales tax fund	\$ (306,665)	\$ -

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)	\$ 326,000

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, a disagreement with management is 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 26, 2013.

**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.

**Other Information in Documents Containing Audited Financial Statements**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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.

Sincerely,

EIDE BAILLY LLP

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